

**Susan K. Neely**  
**President & CEO**

November 30, 2020

Superintendent Eric A. Cioppa, Co-Chair  
Executive Deputy Superintendent My Chi To, Co-Chair  
Special (EX) Committee on Race and Insurance, Workstream One  
National Association of Insurance Commissioners  
2301 McGee Street, Suite 800  
Kansas City, MO 64108

**RE: Diversity and Inclusion within the Insurance Industry**

Dear Co-Chair Cioppa and Co-Chair To:

It was a pleasure providing ACLI's perspectives on diversity and inclusion in the insurance sector during the November 18<sup>th</sup> NAIC Workstream One meeting. I found the panelists to be very insightful and I learned a great deal listening to them.

As I mentioned during my remarks, we reached out to our member company Chief Diversity Officers to gain their valuable input on the detailed written questions asked of the panelists in advance of the November 18 meeting. Attached please find the aggregated responses we received, which provide many additional insights into the progress being made within the life insurance sector to advance diversity, equity and inclusion.

We hope these responses serve as a valuable resource to you, your fellow regulators and the NAIC on this very important initiative.

Sincerely,



Susan K. Neely  
President & CEO

## Feedback from ACLI Member Company Chief Diversity Officers

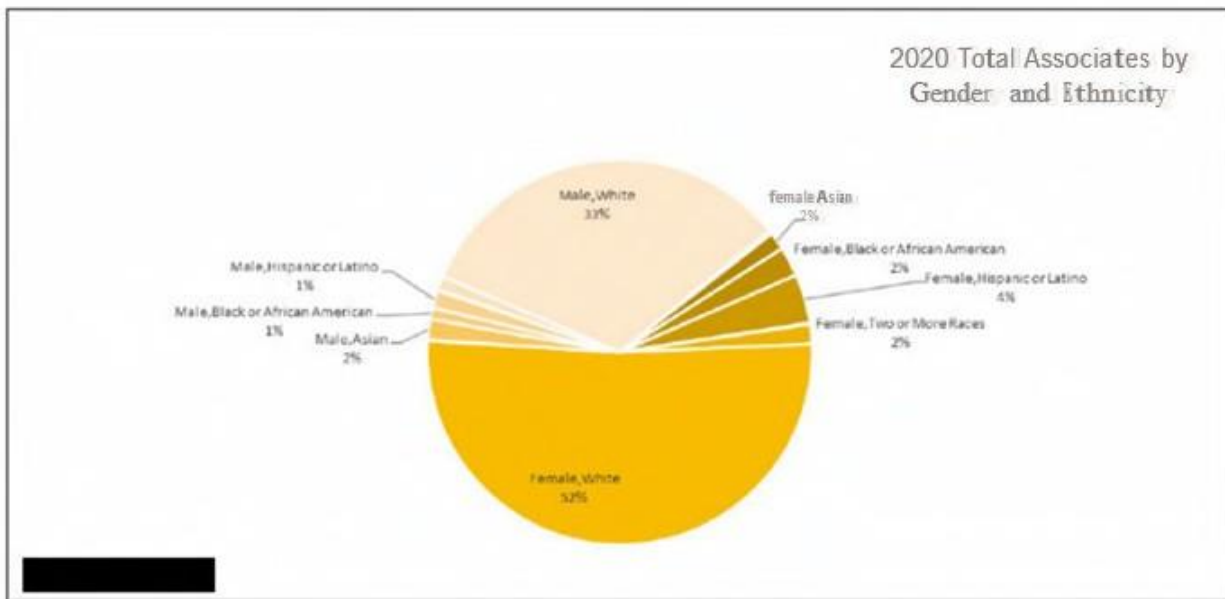
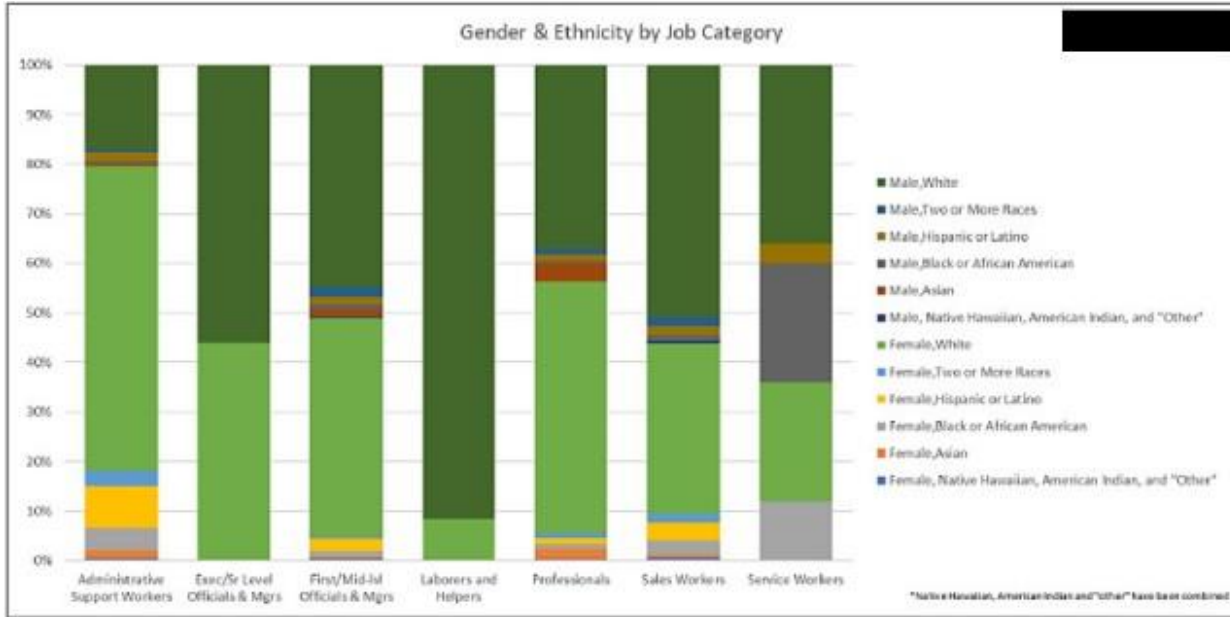
### Diversity within insurance companies

*Do you have statistics on the representation of people of color and historically underrepresented groups in insurance companies? What data is not currently available that would be helpful for companies to have?*

- Industry benchmarks to compare where our company is against others.
- Yes – we track workforce representation, promotion rates, hiring rates, attrition (amongst other analysis) by gender, race, LGBTQ+, veterans, disabled.
- We currently have statistics on ethnicity, gender, age, marital status, and education level. We want to start gathering Veteran, disability and LGBTQ+ status via surveys in 2021 as we believe that would be helpful to measure our I&D efforts.
- Promotion, turnover, pay equity.

*What are the retention trends for people of color and historically underrepresented groups and are there areas where they are more represented than others?*

- Trending up for Latinx and Asian, trending down for Black & African American. Mostly increases in Asian leaders.
  - Retention is trending up in 2020, although the attrition rate for Black employees is slightly above their peers. Contributing to this is higher representation of Black employees in Service roles, which tend to have higher turnover rate regardless of race.
  - We currently do not track retention by diversity but hope to start in 2021 as we expand our turnover reporting. Areas where we feel we have good diversity (both gender and ethnicity) representation are in our middle management, professional and administrative support levels. We have an opportunity for greater diversity at the executive/senior leader and laborer/helper levels. We have a high representation of women throughout the company, which results in 62% of our workforce being women.
  - Some studies report turnover 2.5x higher than non-diverse populations.
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What in your view have been the primary challenges for people of color and/or historically underrepresented groups within the insurance industry?

- Lack of representation in Insurance Industry leads to challenges in ability to attract, recruit and retain.
- We believe that there may be a general lack of awareness of the industry and the opportunities that are available beyond sales positions and so it may be that people of color don't see the industry as one that offers meaningful career paths.

- Lack of networking opportunities and exposure to the insurance industry and areas of study. Most enter insurance professions because of someone they know or early exposure to the idea of this career.
- 1) Held to same criteria as peers, disregarding portfolio demographics, wealth gap and additional time required to build a portfolio and 2) staying employed and supporting their families since compensation structure doesn't take the above-mentioned challenges into consideration.

*What can companies do to attract, retain and promote people of color and historically underrepresented groups? What initiatives have worked and not worked?*

- Create an inclusive culture that embraces difference, put accountability and transparency measures in place. Focus on developing inclusive leaders through transformative education, targeted strategies to build a diverse pipeline. Has worked: Leader alignment, transformative education, metrics and transparency, and accountability. Not worked: progressive ideas before their time, such as "blind recruiting".
- We believe partnerships with universities and local chambers of commerce are the best bet. Conversations with our peers and other employers indicate that they have had success using this method.
- Attract/hire
  - Broaden searches to include posting opportunities with diverse organizations and work with organizations like Year Up to offer opportunities to diverse young adults.
  - Review job descriptions – make broader so that the requirements are based on work outcomes, not credentials, and scrub for words that may be viewed as having a potential bias.
  - Practice methods that mitigate unconscious bias during the interview process, such as Behavioral Based Interviewing.
  - Require diverse candidate slates of candidates and diverse panels of interviewers.
- Retain/promote
  - Offer formal mentorship program and opportunities to extend networks.
  - Provide leadership development programs targeted to diverse talent.
  - Position Employee Resource Groups to make a strategic impact.
  - Mitigate unconscious bias by training all employees. Review processes to mitigate unconscious bias throughout the talent cycle.
  - Foster belonging and an inclusive culture.
- Listen to employees' sentiments and take meaningful actions
- Infuse inclusion into recruiting, hiring and retention practices
- Measure and transparently share progress
- Hold leaders accountable within performance management and rewards systems
- Complacency doesn't work. Continued, measurable progress is the key.

*What metrics does the industry use for talent acquisition and retention? How is diversity considered by outside recruiting agencies retained by insurance companies for board and executive searches?*

- Not sure. At [company], we measure diversity in our candidate slates, diversity of the interview panels, hires, and measure all along the recruiting process (applicants, presented to hiring manager, invited to interview, received an offer. We measure and track turn over (voluntary and involuntary), net hire ratio. Not sure. We have found that we often need to educate our external partners.
- Talent acquisition metrics: demographics of applicants throughout the flow of the hiring process, source of applicants (e.g., where did the applicant apply), internal referrals, hiring rates, analysis by role/department/function, benchmarking to external sources.
- Retention: retention rates by various demographics (race, gender, level, function, tenure, high potentials, development program participants, etc.), reason for departure by demographic, benchmarking to external sources.
- For executive searches, recruiting agencies are required to provide diverse slates of candidates.
- For board recruiting, we have engaged a woman-owned recruiting firm with a specialty in placing diverse candidates. Given this focus, they naturally have a variety of programs and approaches that they have used to build their network of diverse candidates.
- Typical metrics may include but are not limited to, time to fill, turnover, offer acceptance rate, quality of hire, etc. Companies tend to determine how and what is most relevant for them to measure.
- This may vary by company as they each may have different inclusion and diversity goals that are specific to their organization. The most common candidate slate requirements include having a candidate slate inclusive of at least one female and one person of color that are presented and interviewed as part of the search before extending any offers. When engaging with a retained search firm an organization is usually requiring them to implement similar standards in their searches. Some retained agencies may have a specialty niche in diversity recruiting.
- Companies should measure progress of women and POC, separately. The metrics should look at progress at senior levels separate from total results. Some of the metrics include:
  - % diverse candidate slates
  - % hired
  - % promoted
  - % retained (1st year, 2 year and 3-year increments)

*Is workforce diversity considered in management compensation and, if so, how and how much?*

- Yes, progress in increasing workforce diversity is a factor in measuring company performance and impacts annual incentive pay for all employees. Currently, it makes up 5% of the bonus pool.
- The Board considers a number of non-quantitative and non-financial factors when determining the overall annual bonus result. Diversity & Inclusion activity is featured prominently among them.
- Not currently.

- Our balanced scorecard provides an overall evaluation of our performance relative to several financial and non-financial metrics. The 12 measures used are the most critical in understanding our company-wide performance and informing business decisions. The Diversity Index is one of the 12 measures included in our balanced scorecard. It not only impacts compensation for management but for employees as well.

*What is the significance of the board's role with regard to advancing diversity? [Company's] board is a driver of our progress.*

- Results and initiatives are shared with the board annually. What are the key challenges and best practices to diversifying board leadership? Our CEO is responsible for and committed to having a diverse board. [Company] currently has one of the most diverse boards in the industry.
- Boards are the ultimate supervisory group at any company, and always play a role in overseeing key initiatives like diversity. One of the key challenges for diversifying leadership is the incredible level of competition for diverse board talent. Best practices include: (i) considering whether search parameters should be broadened so that there are more eligible candidates, and looking at candidates outside of the typical CEO profile, for example, academics, non-profit executives, etc., (ii) working with diverse search firms, (iii) adhering to some version of the "Rooney Rule," and (iv) accepting a slightly larger board size so that women and diverse candidates can be added at a faster clip than just replacing retiring directors.
- The Board must make inclusion and diversity a priority and hold our management team accountable. The challenge we face in diversifying board leadership is identifying candidates who do not have personal or professional conflicts of interest that would prevent them from joining our board. This is a challenge regardless of whether a likely candidate would bring additional diversity to our board.
- The Human Resources Committee of the board is chartered to annually review the diversity of the Company's workforce and the Company's diversity and inclusion program. And updates on progress are provided more frequently with the committee, board, and executive management group. As with business strategies, accountability, clarity and commitment are best practices.

*What can the NAIC and state insurance regulators do to support companies' efforts to increase the representation of people of color and historically underrepresented groups in the insurance industry?*

- The NAIC and state regulators could use their own media channels and other platforms to promote with people of color and historically underrepresented groups the fact that the industry is hiring and that it's a rewarding industry in which to work.
- Make sure that underwriting standards are equitable and that we are collectively offering education starting with elementary school. Increase awareness in the industry regarding the opportunities for a career working in the industry.
- Require companies to share data. NAIC can also add some positive peer pressure by annually recognizing the Top 10 companies in representation.

## Recruitment related questions

*How often is diversity a factor in senior level searches and have you seen a change in the last few months?*

- It has been a focus of ours for over a decade, and a factor in our bonus program since 2017. Yes, we have seen changes, especially since 2017.
- Diversity factors into every executive search. We haven't seen any changes the last few months.
- Our goal with any level search is to consider a diverse slate of candidates. Since signing the CEO Action pledge and providing additional educational opportunities, we are seeing an increased discussion on this topic within leadership. As we look toward future planning, we are looking at implementing diverse candidate slate requirements and interview panel requirements.
- Diversity remains a factor in senior level searches and more diverse talent is included in our candidate slates.

*What is your response to the comment that there are not enough diverse candidates for senior roles?*

- We'd say you're not trying hard enough.
- Companies need to broaden their approach to recruiting and not follow traditional practices. For example, seek applicants from outside the insurance industry, relook at job descriptions (see response above), consider potential and hire to a success profile vs. specific skill requirements, lean into referral programs, build relationships with diverse colleges and organizations, do passive candidate searches.
- It is not necessarily about enough candidates but asking ourselves if we are looking in the right places and if we have opened up our minds to consider candidates with a diverse background or moving aside our biases to open up the candidate pools.
- Perceptions and excuses have long impacted companies' abilities to attract and retain diverse talent at all levels. The issue is a perception gap, not a talent gap. Companies should examine recruiting, hiring and retention practices and remove barriers to diversity, including unconscious biases.

*In your experience, what can companies do to foster a more inclusive environment to attract and retain diverse executives and board members?*

- Demonstrate commitment and take action. Provide a supportive environment where differences are valued and leveraged.
- One way is to ensure that there is not just diverse board membership, but also diverse board leadership, for example, that the Lead Director and/or Committee Chairs are diverse.
- Communication, education, transparency and cultivating an environment where associates feel they can bring their whole authentic self to work.
- CEOs and other senior executives must first hold themselves accountable. As always, action follows accountability. The accountability for D&I can and should be the same as the accountability for business goals.

*Do boards prioritize diversity at the board and C-suite level in the same way as the broader workforce?*

- Yes, it is an important focus for [company] to have diversity at all levels.
- Absolutely. Board diversity is top of mind at our company, in the governance press, and with the regulators.
- This varies by company. Commonly, organizations have determined at the higher-ranking levels of their organization that there is a greater opportunity to make influential impact from an inclusion and diversity perspective. One may say there are more defined goals and targets at the C-suite and board levels than the broader workforce, but this does not necessarily take away from the importance of cultivating an inclusive and diverse environment and workforce.
- Diversity is a priority for boards. The oversight is likely heightened at senior levels within companies.

Diversity within industry trade associations/groups and outside vendors retained by insurers

*Do you have statistics on diversity within industry trade associations/groups?*

- We have access to some benchmarks through Gartner, and surveys conducted by LIMRA and LOMA.

*Do insurers look at the level of diversity of potential outside vendors (including whether a business is owned by people of color or historically underrepresented groups or the diversity of the outside vendor teams working for an insurer) when making decisions regarding possible contractual relationships? If so, can you describe the process?*

- Our procurement process requires that we include a diverse owned vendor in all competitively sourced projects when there is a diverse supplier that meets the capability requirements. Diverse vendors include minority (Asian, Black, Hispanic and Native American), women, LGBTQ, veteran, and disabled owned business.
- We measure and report our spend with diverse owned vendors and investment brokers.
- Certain business areas track the diversity of the vendor teams working on their engagements, but this is not a company-wide practice.
- We currently do not but do know that some of our peers do.
- We are often asked to provide our EEO statement and share diversity related practices and data when entering the procurement process with non-insurance vendors.
- [Company] recognizes value in doing business with diverse suppliers. Through our supplier diversity program, [Company] actively supports and facilitates the purchase of products and services from diverse businesses. Our approach supports the growth and development of the communities we serve and delivers value to shareholders by tapping into the widest possible selection of suppliers, innovative solutions, and creative thinking. We strive to include diverse suppliers in all bidding opportunities and seek partners that contribute to our strategic business objectives and financial performance. We continuously refresh our processes to improve our supplier bid inclusion and diverse spend across all categories. Our supplier diversity goals, including bid inclusion and spend, are aimed at providing business opportunities to diverse suppliers.



*What can insurance companies do to help create greater opportunities for diverse businesses or diverse employees at outside vendors?*

- Establish a supplier diversity programs and be intentional and purposeful in creating opportunities for diverse owned businesses.
- Create policies that mandate or support inclusion of diverse suppliers in procurement opportunities.
- Form internal supplier diversity advisory council with representatives from all parts of the business to help further drive the supplier diversity initiative across the organization.
- Partner with organizations that advocate for, develop and connect diverse owned vendors to corporations for opportunities.
- Participate in or create programs that develop and educate suppliers on how to do business with insurers/corporations. Such programs could be corporate mentorship or coaching programs, education scholarships for diverse business owners and executive management, or technical assistance for the vendors.
- Community involvement, creating networking opportunities and potentially requiring some sort of diversity requirement before engaging in business with the vendor.
- Survey and train diverse businesses on needs, trends, financials, etc.
- Ensure bid inclusion
- Set supplier diversity goals

How does diversity in the insurance industry affect consumers?

*Does the level of diversity within the insurance industry—from the boardroom, to product development and marketing staff to producers and other consumer-facing employees—have an impact on consumers?*

- Absolutely. Diverse perspectives lead to better outcomes and solutions for all consumers.
- Yes. It shows that the company is focused on diversity, which may be important to our consumers. It also provides broader and differentiated perspectives and experiences resulting in diversity of thought and decision-making, which impacts consumers. We are very involved in the communities where we do business. When a company reflects the same level of diversity as the community, it provides legitimacy to our community involvements.
- Yes, it impacts accessibility to products and services and ultimately business growth.

*Do you think that the level of diversity in the industry impacts what companies are doing to reach or sell insurance products to people of color and historically underrepresented groups or to ensure that their marketing, underwriting, and other practices do not reduce access to or increase the cost of insurance products for people of color and historically underrepresented groups?*

- Absolutely. [Company-specific unit] facilitates knowledge, ideas, and resources to help our field force maximize impact, reach, influence, and business growth in the communities in which we all live and work. Customizing our products, services, marketing, and approach allows us to expand reach and meet specific consumer needs.
- Historically, a lack of diversity in the insurance industry almost certainly negatively impacted our ability to reach underrepresented groups and people of color. In the past decade we've seen some of the bigger companies making strides to improve in these areas and some have led the way – even garnering national media attention. The deaths of George Floyd, Breonna Taylor, and others sparked outrage and protests across the nation in 2020. Recent calls for greater diversity, inclusion and justice for BIPOC and other underrepresented communities across America have resulted in more focus on DEI in the insurance industry, including greater transparency and accountability.
- As companies ponder this question, they should think about all products, including group benefits. Large companies are beginning to include diversity representation as factors to retain business, including group benefit. Companies lagging in this area will likely not be around in 10+ years and others will thrive.