

Testimony

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A Review of Diversity and Inclusion at America's Largest Insurance Companies

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Good afternoon Chairwoman Beatty, Ranking Member Wagner, and distinguished members of the subcommittee. Thank you for inviting me to testify today and share with the Subcommittee some of my work around diversity and inclusion on behalf of the American Property Casualty Insurance Association (APCIA) that I believe directly aligns with the important work of this Committee. I am the founder and principal of PlusUltré and president of Evolution Advisors, LLC. Evolution Advisors is an Acrisure joint venture focused on providing growth acceleration and greater access to minority owned insurance agencies and brokers. In addition to Acrisure, our founding partners are Russell Wilson of the Denver Broncos, his spouse recording star Ciara Wilson, and Russell Westbrook of the Los Angeles Lakers. I have worked as an independent consultant with APCIA since 2020 on a variety of projects aimed at assessing and advancing the industry's investment in diversity, equity, inclusion, and belonging.

In 2019, APCIA's Board of Directors adopted DEI as a strategic priority for the trade association and established a CEO-level Working Group on Social Equity & Inclusion to oversee its initiatives and long-term planning. The Working Group commissioned me to develop an anonymized Catalog of APCIA member companies that examines diversity efforts among the property casualty industry's workforce, boards, and supply chains. The initial Catalog was intended to be used to measure industry progress and accountability through continued analysis and ongoing updates to the data.

The inaugural 2020 Catalog included feedback from 52 property casualty insurers and results are broken down by company size, based on 2019 average direct premiums written as small, mid-sized, or large. I have attached the complete findings from the Catalog to my testimony. The Catalog findings revealed that many companies already have established and intentional investments in DEI, for example:

- The majority of companies (88%) have DEI embedded into business/talent practices and company culture.
- 92% of companies conducted employee surveys for feedback on company culture.
- 62% shared that DEI was incorporated into strategic goals.
- 24% of companies have adopted quantifiable interview goals and metrics.
- 92% of large companies discussed DEI issues at the board level, compared to 54% and 79% of small and mid-size companies, respectively. Additionally, 60% of all companies responded that their current boards are diverse.

In addition:

- A majority (65%) of respondents undertook pay equity analyses and this was across all sectors and sizes of companies, through internal or third-party studies.
- 56% of the companies that adopted DEI as a core value and 55% of those that have incorporated DEI in their strategic goals have established Employee Resource Groups.
- 60% of the respondents reported supporting trade groups and organizations that promote diversity in the insurance industry, such as the National African American Insurance Association (NAAIA) and Latin American Insurance Agents Association (LAAIA).

Although geography was the most cited challenge to DEI objectives, 27% of companies reported that the COVID-19 pandemic actually created opportunities for recruiting and retaining diverse staff. We also found that:

- 69% of overall company's recruitment goals include strategies to engage and hire diverse talent.
- 73% report using different sourcing methods to attract diverse candidates. 47% offer appealing workplace policies and 45% have designed job postings that appeal to diverse candidates.
- 39% of the respondents indicated that they partnered with HBCUs and Hispanic Serving Institutions (HSIs) or developed strategies to recruit potential candidates from those institutions.

The findings clearly show areas for continued improvement, very similar to those in the House Financial Services report. For example:

- 73% of companies did not have DEI metrics as organizational key performance indicators (KPIs).
- 38% of the respondents stated that they require DEI training for hiring managers.
- 16% of companies reported having a Chief Diversity Officer, and only 13% of those CDOs report directly to the Chief Executive Officer. 25% reported to the Chief Human Resources Officer, and 62% reported to other positions.
- 49% of all respondents acknowledged that there was a designated person with responsibility for DEI implementation within their companies.
- Identifying and developing more diversity amongst senior executives is a significant concern. Large companies were more likely to have programs to retain and develop diverse talent into the executive team and require a diverse candidate slate for leadership positions.

This proactive effort by APCA is not a singular exercise but an ongoing focus that will continue to assess progress, including an update for the Catalog this year. Our preliminary findings from the 2022 update show that companies continue to make progress in DEI efforts since last reported in 2020. I look forward to sharing those final findings with the Subcommittee once available (The complete 2020 Catalog is available following my written testimony for review by the Committee).

This year, I had the great honor of emceeding APCA's annual Diversity, Equity, and Inclusion Conference cohosted with the American Council of Life Insurers (ACLI) and the Life Insurance Council of New York (LICONY). This industry-wide event brings together insurance thought-leaders to discuss tangible ways insurers can move forward on the issue.

There is substantial work to be done on diversity and inclusion. My role with Evolution Advisors is a concrete example of "how" DEI can be implemented, and I am updating research on the journey of African American insurance professionals through the National African American Insurance Association.

This should not be just about the number of diverse faces at the table, but about their experiences. The industry is shifting from an isolated focus on recruitment data to inclusive perspectives on retention. I see an expanding number of leadership development, training, mentorship, and sponsorship programs that should attract more minority candidates into the insurance industry and, hopefully, build their careers and become agents of change.

There is no one-size fits all solution, but having platforms like this will draw attention to the underlying issues. I am encouraged to work with groups like APCIA to show that through intentional effort and collaboration, insurers can move the needle.

2021

Diversity, Equity, and Inclusion P&C Industry Catalog

An analysis of property casualty insurers' commitment to diversity, equity, and inclusion in the workforce, on boards, and in supply chains

2021 Diversity, Equity, and Inclusion P&C Industry Catalog

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Background

The inaugural APCIA Diversity, Equity, and Inclusion (DEI) Catalog is a significant first step for the Association and its member companies and is a meaningful contribution to the insurance industry's efforts to achieve diversity, equity, and inclusion. The Catalog provides a panoramic view of how leading property and casualty insurers are addressing these complex, multivariate issues. Using broad definitions of diversity to include race, ethnicity, gender, and other aspects, the Catalog has a wealth of information on current trends and patterns that can ultimately become the basis for the future discussions, programs, and innovations.

The Catalog findings reveal that several companies already have established, intentional investments in DEI, evidenced by >80% positive responses on "Creating more inclusive workplace policies" and high percentages on "Educating managers on the benefits of DEI in the workplace". The findings also show areas for continued improvement in implementation of DEI practices is needed, for example, in addressing long standing challenges such as hiring and retaining employees from underrepresented groups or identifying and developing minority executives. Thus, the Catalog will enable the Association to raise awareness for sound DEI practices, offer guidance on how member companies can operationalize their goals, and ultimately further embed those practices into their corporate cultures.

Future versions can expand upon this initial information base, allowing for comparison and contrast on member companies' progress, and paving the way for continuous improvement and potential breakthroughs.

GOALS OF THE DEI CATALOG

The goals of the Catalog were as follows:

- To establish DEI investment and commitment among APCIA's membership
- To understand the depth of DEI practices among APCIA member companies
- To provide guidance and insights to members as a trusted industry repository of information
- To inform APCIA's advocacy and reputational positioning on DEI issues at local, regional, and national levels

CATALOG STRUCTURE AND CONTENT

The Catalog captured anonymized foundational information through a set of questions that focused on the following broad categories:

- CEO and Board commitment to DEI in strategic planning
- CEO/C-Suite/Senior Management investment in workforce programming
- Company policy adoption e.g., hiring, supplier diversity, and product marketing for diverse communities
- Chief Diversity Officer, or designated internal role(s) responsible for DEI implementation
- Training/Professional development on DEI
- Recruitment (workforce and board) practices for individuals from underrepresented groups
- Retention (workforce and board) experience for individuals from underrepresented groups. Emphasis on senior level roles.
- Impact of virtual workplaces on DEI implementation
- Investments in community and economic empowerment programs.

We did not collect company-specific demographical information, and the Catalog does not disclose individual company results, or assess the effectiveness or efficacy of current DEI practices.

TARGET AUDIENCE

Our primary audience for data collection was Human Resources executives representing APCIA member companies. APCIA engaged company D&I officers) to oversee the drafting of the questions.

RESEARCH TEAM

Aon Ward Group – Census development, distribution, collection, analysis, reporting, presentation
 PlūsUltré LLC and Dr. Leroy Nunery – Advisory services, narrative, reporting, presentation

Insights

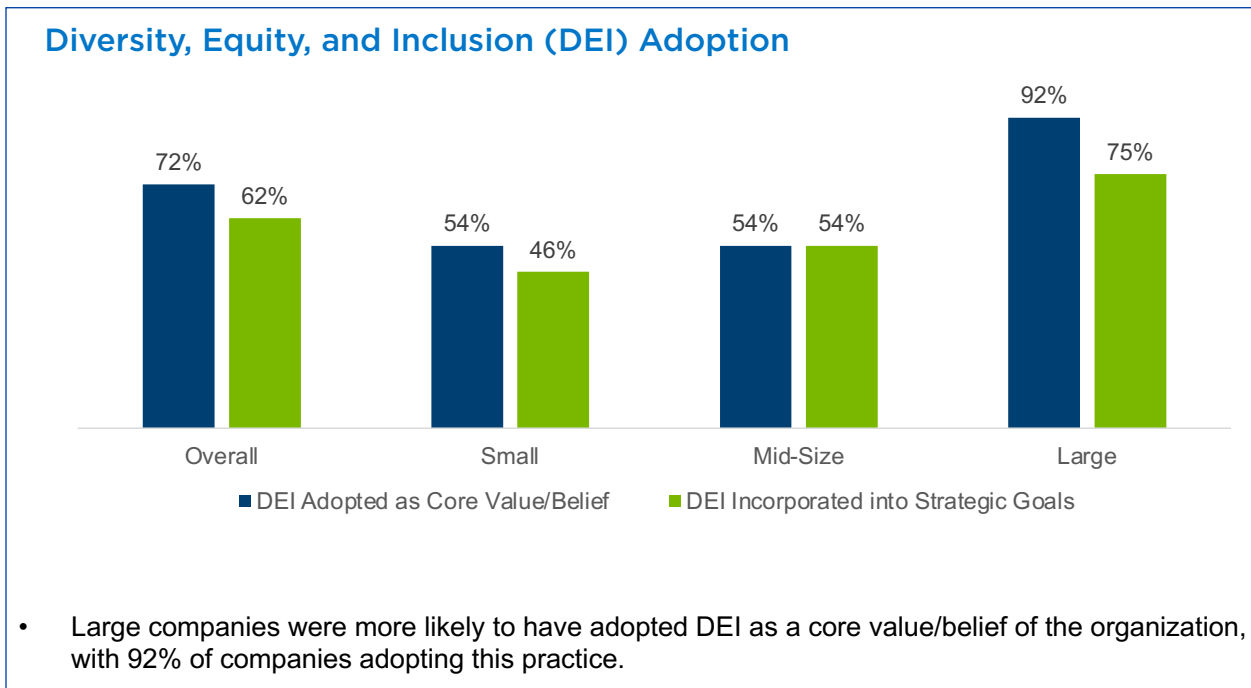
The Catalog insights presented in this Executive Summary have been organized by question, with short narratives that expound on each question or group of related questions. The attached Appendix includes the actual results from catalog questions, grouped by broad themes to facilitate understanding of the trends and patterns of participant responses. We received 52 company responses to the Catalog, and results are broken down by company size, based on 2019 average direct premiums written as small, mid-sized, or large.

Participant Profile

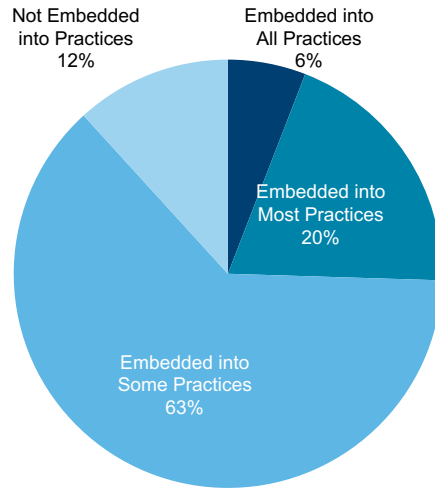
Performance Metric	Overall	Small	Mid-Size	Large
Number of Companies	52	14	14	24
Financial Profile				
1. 2019 Average Direct Premiums Written (000s)	\$3,743,210	\$237,129	\$893,588	\$7,450,704
2. 2019 Average Personal Direct Premiums Written (000s)	\$2,107,970	\$40,091	\$335,073	\$4,348,424
3. 2019 Average Commercial Direct Premiums Written (000s)	\$1,635,240	\$197,038	\$558,516	\$3,102,281

Adoption and Implementation of DEI Practices

- Q2:** Has diversity, equity, and inclusion been adopted as a core value/belief for your company and has it been incorporated into your strategic goals?
- Q3:** How deeply is diversity, equity, and inclusion embedded into your company’s culture and business/ talent practices?



How DEI is Embedded into Business/Talent Practices & Company Culture



- The majority of companies (88%) have DEI embedded into the business/talent practices and company culture.

Performance Metric	Overall	Small	Mid-Size	Large
How DEI is Embedded into Business/Talent Practices & Company Culture				
6. DEI Embedded into All Business & Talent Practices	6%	7%	7%	4%
7. DEI Embedded into Most Business & Talent Practices	20%	7%	21%	26%
8. DEI Embedded into Some Business & Talent Practices	63%	79%	57%	57%
9. DEI Not Embedded into Business & Talent Practices	12%	7%	14%	13%

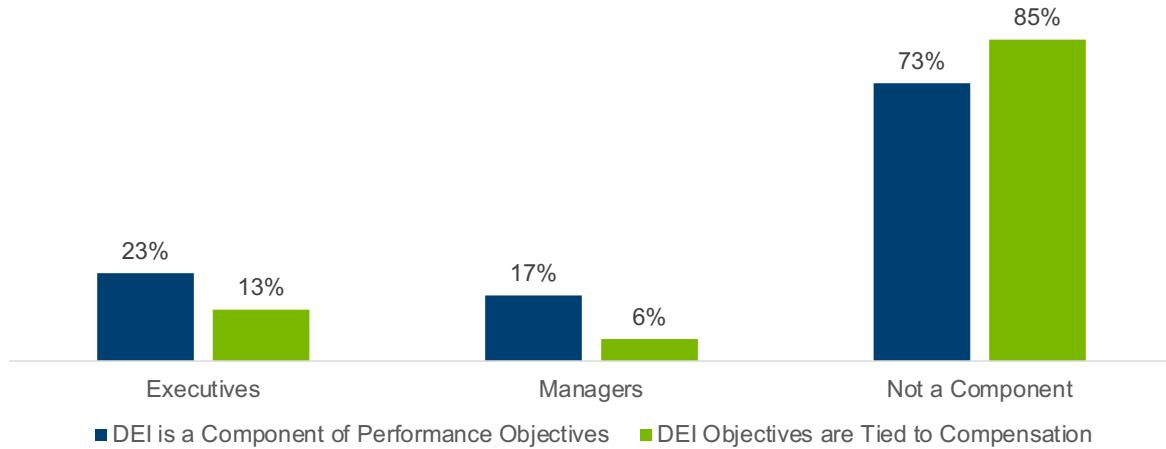
Question 2 examines whether DEI is a leadership priority and demonstrates the depth and breadth of its adoption and translation into actionable and measurable objectives at operational levels. Overall, Catalog respondents reported a high rate of adoption of DEI as a core value and belief (72%), and 62% took the next step of incorporating DEI into their strategic goals. There is a propensity for large companies (92%) to have adopted DEI, mostly likely because of the breadth and distribution of their businesses, and the implementation of best practices (as described in subsequent sections), such as inclusive workplace policies, educating managers on DEI, and pay equity analysis. Smaller companies (54%) had lower rates of adoption of DEI in their core values and strategic goals, most likely because of geography/markets served, the composition of ownership and stakeholders, and limitations to their access to sources of diverse talent.

Embedding DEI practices (Q3) in a company’s culture takes time and commitment. The overall rate of 6% for “All Business and Talent Practices” and the responses across categories of size, business lines, or geography indicates that there are substantial opportunities for progress.

Q5: Is DEI a component of your performance objectives for the following positions?

Q6: Are DEI objectives tied to compensation for the following positions?

DEI Alignment to Objectives and Compensation



- While 62% of companies responded that DEI has been incorporated into strategic goals, 27% have tied DEI into Executive or Manager performance objectives and 15% have tied DEI objectives to compensation.
- Similar to the individual performance objectives, 73% of companies did not have DEI metrics included as part of organizational key performance indicators (KPIs).

Significantly, DEI is not broadly tied to either performance objectives (73%) or compensation (85%) for either the executive or managerial levels. This outcome suggests that while DEI may be widely embraced at the corporate level, individual accountability for concrete, measurable implementation is an area of opportunity for companies moving forward. Taken together, responses to Q5 and Q6 indicate that companies can significantly deepen and broaden the adoption of DEI by increasing levels of accountability, particularly at middle and senior levels.

Impact of Employee Voice on DEI Initiatives

Q7: Does your company conduct annual/biannual employee surveys to obtain feedback and broad perspective on company culture?

Q8: If your company conducts annual/biannual employee surveys, what has your company done to address feedback from employees to improve DEI internally?

Actions Taken Based on Feedback from Employee Survey

92% of companies conducted an employee survey for feedback on company culture. The responses below indicate the actions taken based on this feedback:

Business Practice	% employing
Create More Inclusive Workplace Policies	81%
Educate Managers on Benefits of DEI in Workplace	72%
Acknowledge/Honor Religious & Cultural Practices	55%
Create Employee-led Task Forces	55%
Focus on Building Multigenerational Workforce	53%
Segment Employee Surveys by Minority Groups	47%
Promote a Multilingual Workforce	34%
Other	26%
Openly Discuss Pay Equity Gap	23%
Establish Gender-Neutral Restrooms	21%

There was an overwhelmingly positive response to Question 7. Ninety two percent (92%) of the companies that have adopted DEI as a core value (Q2) responded that they deployed culture surveys, and 94% of the respondents which have incorporated DEI into their strategic goals also used company culture surveys. It appears that companies that have advanced DEI programs are more likely to use employee input to activate and sustain their initiatives.

Of the actions listed for consideration in Q8, “**Creating more inclusive workplace policies**” was the highest ranked action and “**Educating managers on the benefits of DEI in the workplace**” was the second-most mentioned response. These results indicate that companies have striven to normalize and codify DEI as part of their comprehensive approach to managing human resources, at least at the policy formation level. The results reveal that several companies have used culture surveys to respond to either internal or external concerns, ranging from how they are building multi-generational workforces to how they consider religious practices.

Employee-led task forces are popular vehicles for translating climate surveys into action: 67% of companies adopting DEI as a core value hosted these task forces, as did 75% of those incorporating DEI into strategic goals. These task forces (or Employee Resource Groups, etc.) may prove to be valuable ways to advance DEI agendas, allowing for greater allyship and affinities, and bestowing greater ownership for DEI at the employee level.

Overall, 47% of the respondents noted that they “**Segment employee engagement surveys by minority groups**”. Fifty five percent (55%) of companies adopting DEI as a core value, and 61% of those incorporating DEI into strategic goals, used that survey segmentation to decipher responses. The mixed result may be due to low proportions of minority employees at the respective companies or because companies have not yet determined if segmentation will deepen their understanding of underlying issues.

Findings from climate surveys can be more widely utilized to create actionable programs, identify “pain points”, or instruct managers and staff on how to operationalize DEI. For example, although companies reported that “**Education of managers on the benefits of DEI in the workplace (Q8)**” was highly rated, it is unclear how DEI policies extended to, or are reinforced in, specific managerial practices, as noted above in the narrative for manager or executive performance objectives (Q5) or compensation (Q6). These anomalies reveal substantial opportunities to accelerate the adoption and implementation of DEI by embedding the policies into individual accountabilities. Additionally, actions derived from culture survey findings such as “**Promoting a multilingual workforce**” may be more widely adopted as workforce demographics change over time, particularly in certain geographic areas.

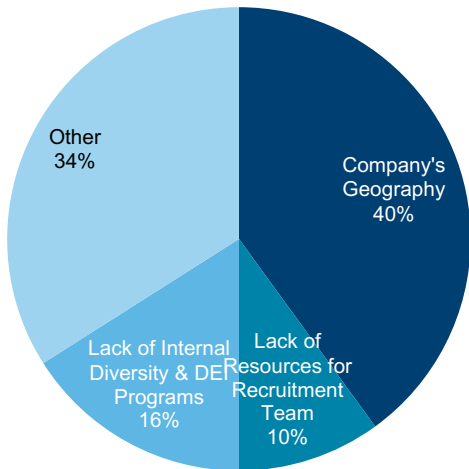
DEI Training and Professional Development

Q9: Does your company require DEI training for hiring managers?

Q10: Is DEI training incorporated as part of your onboarding process?

Recruiting Challenges & Hiring Practices

Biggest Challenge to Recruit Diverse Talent



- 33% of companies responded that recruiting diverse talent was difficult for the general workforce, but it was less difficult for executive leadership and directors.
- Geography was the most common response for challenges to recruit talent. Among “Other” responses, common issues included:
 - Lack of diverse leadership
 - Inadequate local talent pool from which to recruit
 - Competition for talent

Business Practices Adopted to Hiring Practices	% employing
Established Recruitment Goals to Engage & Hire Diverse Talent	69%
Established Procedures to Prevent Unconscious Bias in Hiring	62%
DEI Training Incorporated into Onboarding Process	48%
DEI Training Required for Hiring Managers	38%
Leadership Development Program for Underrepresented Groups	18%

Overall for Q9, 38% of the respondents stated that they require DEI training for hiring managers. Companies that have adopted DEI as a core value (42%) and those that have incorporated DEI into strategic goals (45%) reported a greater likelihood to make training a requirement. These results may reflect how companies perceive DEI as philosophical, or even compliance-driven, initiatives but are not directly tied to managerial performance. Looking at the results for Q10, it appears that DEI is incorporated into onboarding in greater frequency than required as training (48% overall for Q10 vs. 38% for Q9). This difference points to DEI's importance as part of a company's "vocabulary" for new employees, in line with introductions to its Codes of Conduct and other requisite norms.

These results also suggest that while DEI is perceived as an important aspect at an employee's point of entry, DEI best practices are not as highly emphasized in management development programs and policies. Thus, managers may not be formally exposed to how they can incorporate those practices into their hiring processes, and more work can be done to embed DEI in how managers train and develop their teams.

Q11: Does your company have Employee Resource Groups or other similar formats that provide employees with ongoing opportunities to meet and discuss pertinent issues?

Employee Resource Groups (ERG's) or other employee affinity groups have broader adoption in larger company settings, because of the employee population sizes. Fifty-six (56%) of the companies that adopted DEI as a core value and 55% of those that have incorporated DEI in their strategic goals have ERG's. Smaller insurers reported lower presences of ERG's (only 21%), which may indicate that at smaller companies, employees have greater access to leadership/ownership and less need for aggregations based on race, gender, ethnicity, etc.

Company Support and Sponsorship of External DEI Initiatives

Q12: Does your company sponsor or support organizations that promote diversity, such as National African American Insurance Association, Latin American Insurance Agents Association, etc.?

Q13: Does your company have external programs that demonstrate a commitment to supporting diverse communities and economic empowerment for diverse groups?

Q14: If yes, please describe.

Q15: What percentage of your annual giving budget is devoted to organizations who are focused on DEI? (between 0 and 100).

This question received strong positive responses: Overall, 60% of the respondents reported support of such trade groups, and 75% of those who adopted DEI as a core value and 71% of those incorporating DEI as a strategic goal were supportive. As expected, the missions of DEI-centric trade groups align well with corporate support, as exemplified by their missions: NAAIA was "organized to create a network among people of color and others employed in or affiliated with the insurance industry and is engaged in the sharing of information for personal growth and professional development," and LAAIA "works to ensure a healthy insurance environment by providing continuing education, legislative advocacy, representation on national advisory councils, monthly networking events, community outreach and the largest annual insurance convention and trade fair in South Florida." It appears that these groups have more traction with larger companies (83%), probably a reflection of their visibility and access to company decision-makers. The comparatively lower rates of support from smaller insurers (29%) are most likely due to lower exposure to those organizations, fewer/

nonexistent chapter membership in the geographic vicinity of the smaller insurers, etc. The responses to these questions may offer an opportunity for those organizations to reach out to the leadership of non-sponsoring companies to increase awareness and become de facto extensions of the companies DEI efforts.

Responses to Question 13 were varied and demonstrated how several companies have committed to supporting the missions and goals of those organizations, at the local, regional, or national levels. While only forty-six percent (46%) of carriers have those connections to external programs, there was greater evidence of commitment for companies that adopted DEI as core values or that have incorporated as strategic goals (58% for both categories). Based on these results, it appears that carriers can further their DEI initiatives by identifying, selecting, and funding organizations where employees can volunteer, become active members, or through which the carriers can deepen their commitments.

The detailed responses to Q14 show that companies are engaged through community-facing programs that reveal the complexities and variations of culture, language, economic development, etc. There is strong evidence of responding to the needs of under-represented communities, captured by comments such as:

- “Acute awareness that communities of color are adversely impacted institutional and systemic racism.”
- “Partnering with local community college and high schools to help fund scholarships for underserved populations for dual credit courses.”

A number of companies encourage employee engagement with local community-based organizations and regional branches of national organizations, such as the United Way and National Urban League, with avowed missions to uplift their communities. Corporate giving programs (such as grants aimed at diverse communities), matching gift programs, and volunteering (i.e., “active employee participation”) were also noted as evidence of how carriers encourage employee engagements in their communities. There were several educational linkages noted, such as high school and university internships.

Other notable actions include CEO’s signing onto significantly visible programs, such as “CEO Action for D&I”, and sponsoring leadership developing programs for women and minorities.

Measurement of DEI Initiatives

Q16: Are DEI metrics included as part of your Key Performance Indicators (KPI)?

Q17: Does your company perform a pay equity analysis?

Q18: If you answered yes to question 17, is the analysis conducted internally or by a third party?

A majority (65%) of respondents undertook pay equity analyses, across all sectors and sizes of companies, and through internal or third-party studies. Compensation gaps are widely acknowledged as fundamental indicators of inequity, particularly for minorities and women as compared to majority males. It is unclear how the companies are using the analyses to rectify pay imbalances, or more importantly, to effectively establish more transparent, systemically fair, compensation programs.

Only 26% of all respondents have included DEI metrics in their KPIs, and similarly, KPI metrics were present only at 35% of companies which adopted DEI as a core value and 37% of companies which have DEI in their strategic goals. It is not clear how the absence of quantifiable metrics affects how companies effectively gauge progress on their initiatives, or whether or not there are ramifications if expectations are not met.

Roles and Responsibilities for DEI Leaders

Q19: Do you have a chief diversity officer whose primary job function is responsibility for DEI implementation?

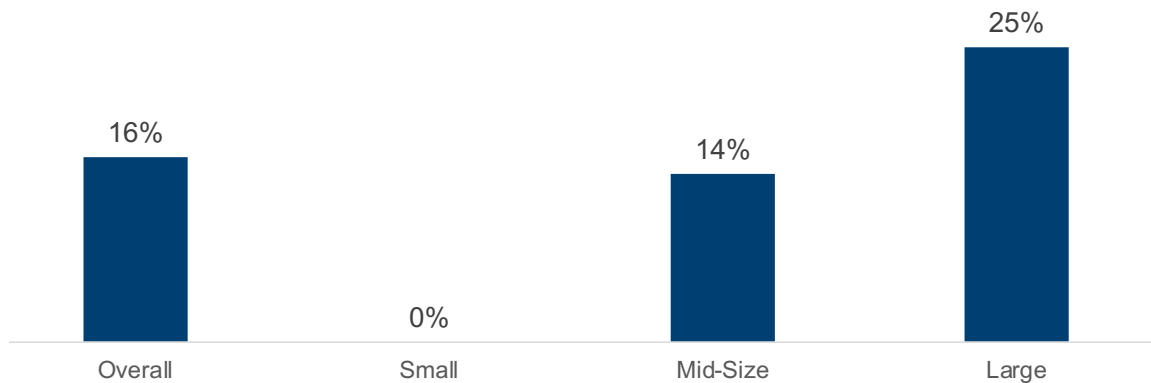
Q20: If you answered yes to question 19, who does the chief diversity officer report to? CEO, CHRO, Other?

Q21: If you do not have a chief diversity officer, do you have another designated internal role at another level whose primary job function is DEI implementation?

Performance Metric	Adopted DEI as Core Value	Incorporated DEI into Goals
1. Have Chief Diversity Officer Position	19%	26%
2. If No CDO, Have Role Responsible for DEI Implementation	64%	70%
Reporting Relationship for Chief Diversity Officer		
3. CEO	14%	13%
4. CHRO	29%	25%
5. Other	57%	63%

Chief Diversity Officer

Have Chief Diversity Officer Position



- Large companies were more likely to Chief Diversity Officer.
- For companies with a Chief Diversity Officer, 13% reported to the Chief Executive Officer. 25% reported to the Chief Human Resources Officer, and 62% reported to other positions.

Questions 19 and 20 reveal a relatively low presence of Chief Diversity Officers (CDO), even for those carriers that have adopted DEI as a core value (only 19%) or for those which have DEI in their strategic goals (only 26%). However, on a positive note, for those companies without formal CDOs, 49% of all carriers acknowledged that there was a designated person with responsibility for DEI implementation. We did not inquire about the individual's position, function, or level of responsibility and it is unclear about how much authority non-CDO's have for implementation, or where DEI responsibility is embedded (e.g., Human Resources).

In addition to the lack of CDO presence, CDOs most often did not report to CEOs or even Chief Human Resources Officers, but rather to another individual (63%). These responses suggest that the CDO may be reporting into a lower visibility role, or that CDO roles are not well articulated. A September 2020 Harvard Business Review article by Mita Mallick entitled, “Do You Know Why Your Company Needs a Chief Diversity Officer?” suggests that “The CDO should report directly to the CEO or to the head of HR with a dotted line to the CEO. Either way, a close partnership with HR, legal, and corporate communications, with full access to and support from the entire C-Suite, will be critical. Your new hire must have a seat at the senior leadership table if you want to see meaningful change.”¹ It is conceivable that DEI adoption would be advanced if roles and responsibilities for DEI were clarified and defined.

Recruitment and Retention Policies and Practices

- Q22:** Does your company have a program aimed at retaining and developing diverse talent, as it pertains to race, gender, sexual orientation, gender identification, disability, or veteran status into executive leadership roles?
- Q32:** What is your biggest challenge as it pertains to recruiting diverse talent? (Company’s geography, Lack of resources for recruitment team, Lack of internal diversity and inclusion programs to attract diverse talent, Other)
- Q33:** Has your company actively established procedures to prevent unconscious bias in hiring and recruitment?

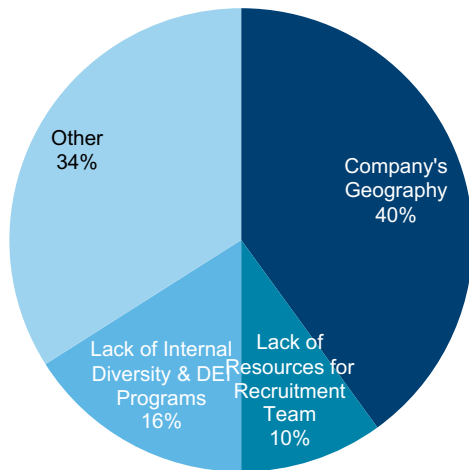
The questions in this section are interrelated, as they pertain not only to how talent is recruited into respective companies, but also how the organizations attempt to groom and develop those individuals. As noted in multiple studies on DEI practices, retention of talent — i.e., eliminating or mitigating attrition — is one of the most challenging aspects confronting employers. Without access to opportunities, viable networks, exposure, or mentoring and sponsorship, the likelihood of attracting and retaining diverse talent drops precipitously.

The combined responses to Q22 (Presence of specific retention and development programs to increase diverse talent into executive levels) and Q25 (Requiring diverse candidates for leadership positions), revealed relatively low overall outcomes (26% and 35%, respectively). These results speak to the intentionality and focus of recruitment efforts, i.e., how companies gain access to, and present opportunities to, seasoned individuals who can immediately contribute. The findings indicate that combining recruitment of early stage/junior level talent and developing seasoned talent (e.g., mentoring programs and sponsorship of high potential/high performing executives) would be the most efficacious ways to respond to the needs.

¹ Mallick, Mita. Do You Know Why Your Company Needs a Chief Diversity Officer? <https://hbr.org/2020/09/do-you-know-why-your-company-needs-a-chief-diversity-officer> (September 11, 2020)

Recruiting Challenges & Hiring Practices

Biggest Challenge to Recruit Diverse Talent



- 33% of companies responded that recruiting diverse talent was difficult for the general workforce, but it was less difficult for executive leadership and directors.
- Geography was the most common response for challenges to recruit talent. Among “Other” responses, common issues included:
 - Lack of diverse leadership
 - Inadequate local talent pool from which to recruit
 - Competition for talent

Business Practices Adopted to Hiring Practices	% employing
Established Recruitment Goals to Engage & Hire Diverse Talent	69%
Established Procedures to Prevent Unconscious Bias in Hiring	62%
DEI Training Incorporated into Onboarding Process	48%
DEI Training Required for Hiring Managers	38%
Leadership Development Program for Underrepresented Groups	18%

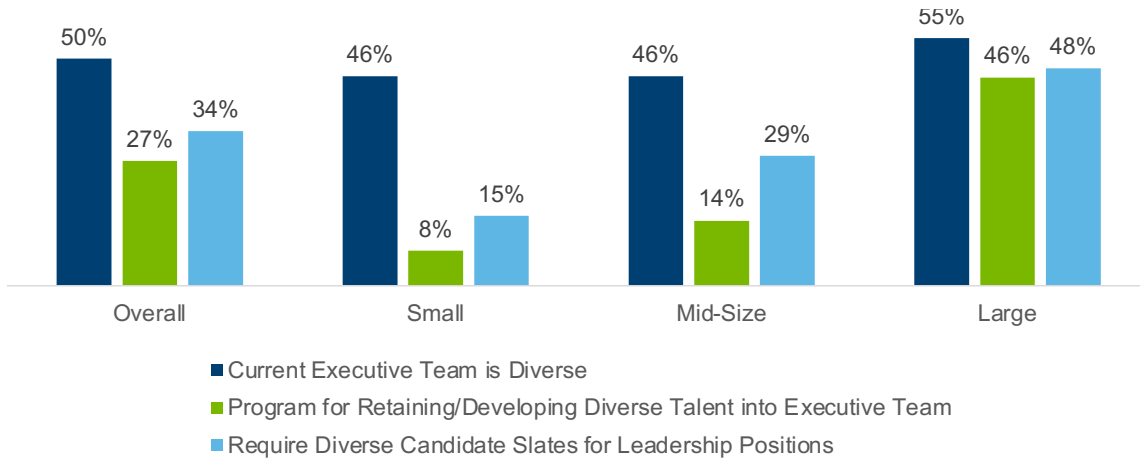
Q23: If you answered yes to question 22, please describe the progress made in increasing the diversity in your executive leadership.

In response to Q23, there were concrete examples offered that highlight purpose and intentionality:

- “Inclusion Cohort program to help retain and up-skill accelerated talent that is culturally diverse for future leadership roles.”
- “Women’s Leadership group focused on advancing women into leadership roles and have seen greater % of representation in our supervisor to mid-level leader positions.”
- “Increase in board diversity with more women members, including an African-American woman, and a member of Asian descent.”
- “Elevating Women in Leadership is an initiative to accelerate the leadership development of key high potential female leaders (and their managers).”

Respondents also offered several examples of success, e.g., promotion and elevation of women to supervisory and mid-management, and executive level programs that emphasize succession and leadership development.

Executive Team DEI Practices



- 50% of companies responded the current executive team was diverse, with large companies more likely to have a diverse team.
- Large companies were also more likely to have programs to retain and develop diverse talent into the executive team and require a diverse candidate slate for leadership positions.

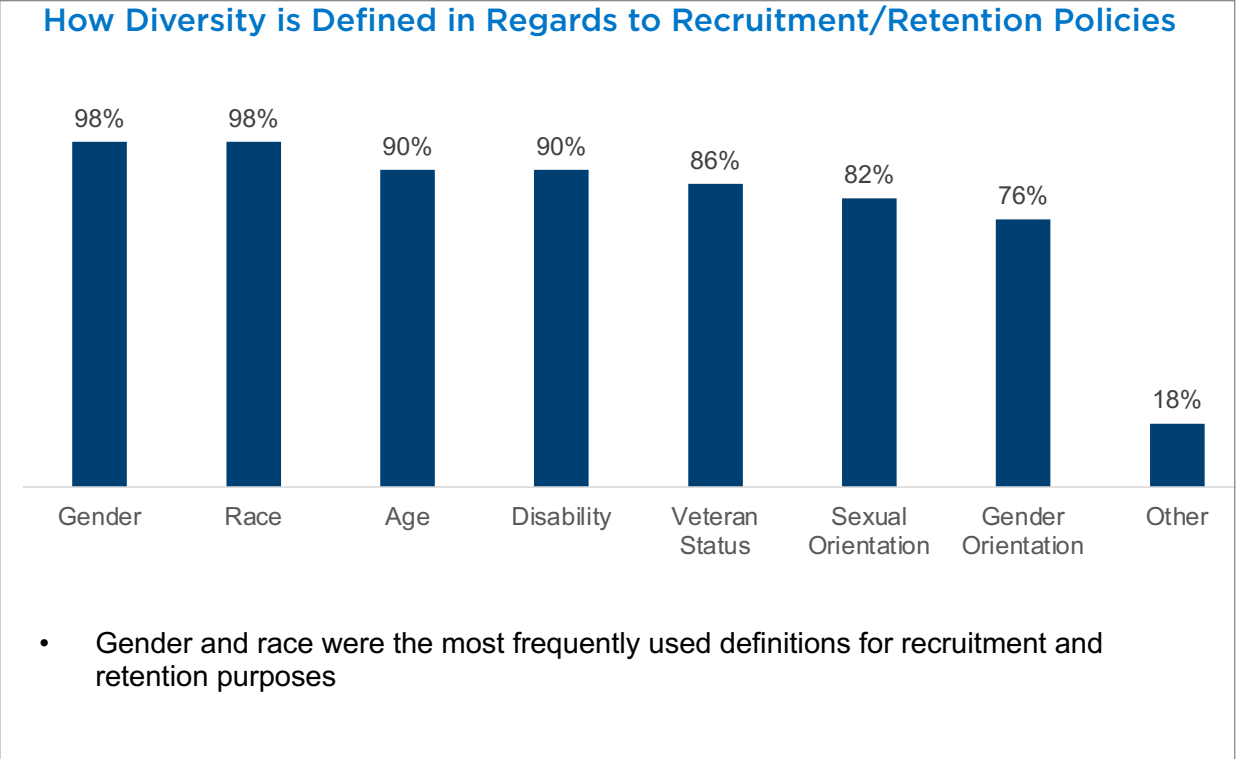
Q24: Is the current demographic composition of your executive leadership team diverse, as it pertains to race, gender, age, sexual orientation, gender identification, veteran status, disability, or other?

Interestingly, for Q24 respondents claimed that they had a relatively high level of diversity in executive leadership (50% for the overall response). We posit that respondents viewed gender as the prevailing factor in determining whether a leadership team reflects diversity. In future Catalogs, additional questioning will help determine which categories of diversity were represented with the executive/C-suite ranks and help identify threshold percentages in order to deem if an executive leadership team is “diverse”.

Performance Metric	Adopted DEI as Core Value	Incorporated DEI into Goals
Require Diverse Candidate Slates for Leadership Positions	46%	50%

Q25: Do you require diverse candidate slates for leadership positions?

Q25’s responses (above) reflect the presence or absence of available diverse candidates. The results show that the size of the company is major factor in determining the level of success in meeting requirements for diverse leadership slates. Moreover, it is very likely that results will vary depending upon the position and discipline (e.g., underwriting or production, which persist as areas with historically low representation), and the perceived opportunity at any particular company. Given the current stiff competition for diverse, experienced talent within underrepresented groups, companies will have to be creative in how and where they identify sources of high potential candidates.



Q26: How does your company define diversity, as it relates to your recruitment and retention policies and programs? Please select all that apply.(Race, Veteran Status, Age, Disability, Sexual Orientation, Gender Orientation, Other)

Q26 (“How does your company define diversity, as it relates to your recruitment and retention policies and programs?”) received exceptionally high coherence regardless of the size, line of business, or location of the respondents. As the graphic above shows, there is almost universal agreement that gender, race, age, and disability are the predominant markers for diversity in recruitment. This result indicates that the theme of diversity has been sufficiently popularized such that most insurers are using the same definitions and/or interpretations in their searches for talent. More importantly, given the broad alignment, it appears that successful implementations of DEI programs essentially rests upon the level of responsibility and accountability of the individuals who spearhead the programs.

Q27: Do your company recruitment goals include strategies to engage and hire diverse talent, as it pertains to race, gender, age, sexual orientation, gender identification, veteran status, disability, or other?

Performance Metric	Overall	Small	Mid-Size	Large
Recruitment Goals to Engage & Hire Diverse Talent	69%	38%	79%	79%

The responses to Q27 (“Do your company recruitment goals include strategies to engage and hire diverse talent?”) were also relatively high with 69% overall responding in the affirmative. The strongest results were from larger companies, but it is notable that all respondent categories showed commitment in this area.

Q28: What strategies has your company adopted to recruit diverse talent? Please select all that apply.

Under Q28 (“What strategies has your company adopted to recruit diverse talent?”), we provided an extensive list of possible strategies.

Diverse Recruiting Strategies

Business Practices Adopted to Improve Diverse Recruiting	% employing
Use Sourcing Methods that Contain Diverse Candidate Pipelines	73%
Offer Workplace Policies that Appeal to Diverse Candidates	47%
Write Job Postings to Attract More Diverse Candidates	45%
Partnerships & Strategies to recruit from HBCUs & HSIs	39%
Establish Diversity Strategy for Intern Recruitment & Pipeline Development	39%
Use Personality Assessments to Recruit Diverse Candidates	8%
Screen Resumes Using Artificial Intelligence	6%
Remove Candidates' Name from Their Resumes	2%
Conduct Blind Interviews	2%

- Although geography was the most cited challenge to DEI objectives, 27% of companies also reported that the COVID-19 pandemic has created both opportunities for recruiting and retaining to diverse staff. Work from home and remote staffing strategies may allow companies to recruit talent from a larger geographic area.

By far, using different sourcing methods to attract diverse candidates (73%) is the predominant strategy deployed by carriers, with offering appealing workplace policies (47%) and designing job postings that appeal to diverse candidates (45%) are secondary strategies. Overall, 39% of the respondents indicated that they partnered with HBCUs and Hispanic Serving Institutions (HSIs) or developed strategies to recruit potential candidates from those institutions. This outcome reveals an opportunity for carriers to expand the diversity of their baccalaureate and professional school talent pools. Although a number of HBCU's/HSI's do not have formal risk management programs, recruitment efforts can be a substantially inexpensive, yet efficient, way to build brand awareness and identify talent which otherwise would not be attracted to the industry. Without exposure to these institutions, carriers may be foregoing a vital source of well trained and highly motivated individuals.

29. How does your company evaluate if your current diversity recruitment efforts are effective? Please select all that apply.

Measuring Effectiveness of Diversity Recruiting Efforts

Business Practices Adopted to Evaluate Diversity Recruiting	% employing
Review of Recruitment Outcomes	50%
Do Not Have a System for Evaluating Effectiveness	42%
Employee Feedback and Surveys	36%
Quantifiable Interview Goals and Metrics	24%
Surveys to Candidates who Interviewed for Feedback	14%
Surveys to Hiring Managers	14%

- 42% of companies do not have a system for evaluating the effectiveness of diversity recruiting efforts.
- 24% of companies have adopted quantifiable interview goals and metrics. Larger companies were more likely to have formal process across most of the measures.

Reviewing recruitment outcomes (50% of respondents overall) appears to be more evident as a practice, but it is not clear how those reviews actually inform and lead to improvements. The lack of recruitment outcome reviews could prevent companies from understanding whether or not their diversity initiatives are really effective at the “point of sale” – i.e., exchanges between recruiters and candidates. And, given that we are in a virtual environment, which limits face to face interviews, it would appear that reviewing recruitment strategies and outcomes is an absolute necessity.

On a consolidated basis, the relatively low occurrence of the remaining evaluation techniques (e.g., “Quantifiable interview goals and metrics” at only 24%, or lack of “Systems for evaluating effectiveness” at 44%) should be viewed as areas of opportunity for carriers to dramatically improve the ways they source talent, regardless of background or experience. Responses to this group of questions suggest that carriers can enhance their talent acquisition strategies and institute effectiveness measures that better inform how they are deploying resources in their efforts. More importantly, without these techniques in place, the potential for biases in interviewing on a conscious or unconscious basis, substantially increases.

DEI and Leadership Succession Planning

Q30: Does your company require diversity in your succession plans?

Q31: If you answered yes for question 30, what level does your company require diversity in succession plans?

Only one third of responding companies require diversity in succession, which may be a reflection of the paucity of diverse talent ready for upward mobility, or that diversity has not been recognized as an essential element in succession planning. For those companies adding commentaries in their responses, individuals must have officer level designations as a prerequisite for consideration in succession planning, and vice president titles appear to be the most common base line for consideration. This indicates that companies must pay close attention to how they promote talent, incorporating DEI as a key variable in their assessments, along with job performance, client satisfaction, etc.

On the issue of requiring diversity in succession plans, we learned from several respondents that their companies have been striving to accomplish the goal. Some examples of those attempts are presented below:

- “[Require diversity in succession plans at] all levels.”
- “We focus on diversity in succession planning through manager levels as well as professional individual contributor roles that can lead to management”
- “[We require diversity] within 3 levels of reporting to the CEO”
- “Our practices indicate that diverse slates of candidates should be considered for every position, and every effort is made to ensure a diverse slate of candidates for succession plans.”
- “Enterprise critical roles, e.g., selected Vice President and Senior Vice President roles, in addition to the C-Suite”.
- “All management levels and pipelines of succession plans is reviewed during local management meetings and executive strategy meetings.”

Impact of COVID-19 on DEI Recruitment

Q34: Has working from home during COVID-19 created challenges or opportunities in recruiting or retaining diverse talent?

Q35: If you answered yes for question 34, could you please describe?

Performance Metric	Overall	Small	Mid-Size	Large
Challenges/Opportunities Created by COVID-19 to Recruit/Retain Diverse Talent				
18. % of Carriers Where COVID-19 Created Challenges/Opportunities	27%	8%	38%	32%

Performance Metric	Adopted DEI as Core Value	Incorporated DEI into Goals
Challenges/Opportunities Created by COVID-19 to Recruit/Retain Diverse Talent		
18. % of Carriers Where COVID-19 Created Challenges/Opportunities	30%	34%

The COVID-19 pandemic has disrupted every aspect of our lives, and our respondents remarked about the impact of the virus on their recruitment and retention practices. The results reveal that although traditional means of talent acquisition has been suspended, e.g., in-person interviews or career fairs, carriers are leveraging available technologies as feasible substitutes. For companies that have adopted DEI as a core value, only 30% reported that COVID-19 has changed their current recruitment/retention practices, about the same level as companies that have DEI incorporated in their strategic goals (34%). Twenty-seven percent (27%) of the 52 responding companies reported that the COVID-19 pandemic has created opportunities for recruiting and retaining to diverse staff.

It is apparent that today's "Work from Home" modality, remote staffing strategies, and heavier reliance on online talent networks (e.g., LinkedIn, Indeed.com, or company websites) may in fact allow companies to recruit talent from a larger geographic area, as opposed to being relegated to customary physical approaches. As for retention issues, however, it is not clear that the virtual environments are fully effective, and respondents would be encouraged to undertake additional study on how employees are interacting and engaging with their managers, peers, and clients.

Leadership Development Programs

Q36: Has your company found it difficult to retain diverse talent in your workforce, executive leadership, or board of directors?

Q37: If you answered yes for any group for question 36, could you please describe? (Workforce, Executive Leadership, Board of Directors)

Performance Metric	Overall	Small	Mid-Size	Large
Difficulty in Retaining Diverse Talent by Employee Category				
15. Overall Workforce	33%	25%	31%	38%
16. Executive Leadership	21%	20%	18%	22%
17. Board of Directors	10%	18%	18%	0%

Performance Metric	Adopted DEI as Core Value	Incorporated DEI into Goals
Difficulty in Retaining Diverse Talent by Employee Category		
15. Overall Workforce	35%	41%
16. Executive Leadership	18%	23%
17. Board of Directors	3%	11%

When asked if there were difficulties in retention in three domains – workforce, executive leadership, and boards of directors (Q36 and Q37), participants noted a mixture of responses. Representative responses are listed below by domain, and as expected, there are recurring themes, namely: how companies attract talent; their geographical locations; and a lack of emphasis on retention practices.

Workforce:

- “We have greater success with attracting diverse talent compared with retention of diverse talent. We are actively focused on leveraging data insights and developing retention strategies.”
- “We are working closely with our business resource groups to continue to help engage and develop visibly diverse talent.”
- “[There is a] lack of career pathing for diverse talent, lack of access to executive sponsorship”
- “[Our] corporate offices are in medium-sized, midwestern town which is not as attractive to a diverse population as some locations.”
- “[There is] competition for talent; people are being recruited away.”

Executive Leadership:

- “[There are] challenges with geography of our headquarters”
- “[There is] competition for talent; people are being recruited away.”
- “[We] need to be more deliberate in hiring practices.”

Board of Directors:

- “[We] need to be more deliberate in recruiting practices.”
- “25% of BOD is diverse in gender and people of color.”

Q38: Does your company have a separate leadership development program for underrepresented groups?

Q39: If you answered yes for 38, please specify which underrepresented groups (women, Black, Hispanic, etc.)

Performance Metric	Overall	Small	Mid-Size	Large
Have Leadership Dev. Program for Underrepresented Groups	18%	8%	14%	26%

Performance Metric	Adopted DEI as Core Value	Incorporated DEI into Goals
Have Leadership Dev. Program for Underrepresented Groups	26%	17%

In response to the Questions 38 and 39 regarding separate leadership programs for underrepresented groups, we found that while the current results are low (only 18% overall have such programs), some respondents noted that they have initiatives underway. In line with the definitions of diversity in Q26, companies that have dedicated leadership development programs involve women and People of Color (Black, Hispanic, Asian, Indigenous, multiracial/multiethnic), and in one instance, a respondent noted that it has a “women’s leadership group to advance women into leadership roles. We also recently implemented a mentoring program to pair high-potential leaders with our senior and executive leaders to help promote underrepresented leaders into more [senior roles]”.

Internal, dedicated leadership development programs can be essential to retention efforts, but only if those programs are perceived as integral grooming talent in general, not as set-asides for underrepresented groups, and more importantly, are regularly and actively tapped to source executive or senior positions. Additionally, management development programs at universities or professional development institutes could prove to be effective ways to achieve the same goals. Critical factors in successful execution of these programs are the organization and delivery of content; support and endorsement of managers/supervisors; and allowances granted to individuals in order to fully complete the program.

Impact and Engagement of DEI on Governance and Boards of Directors

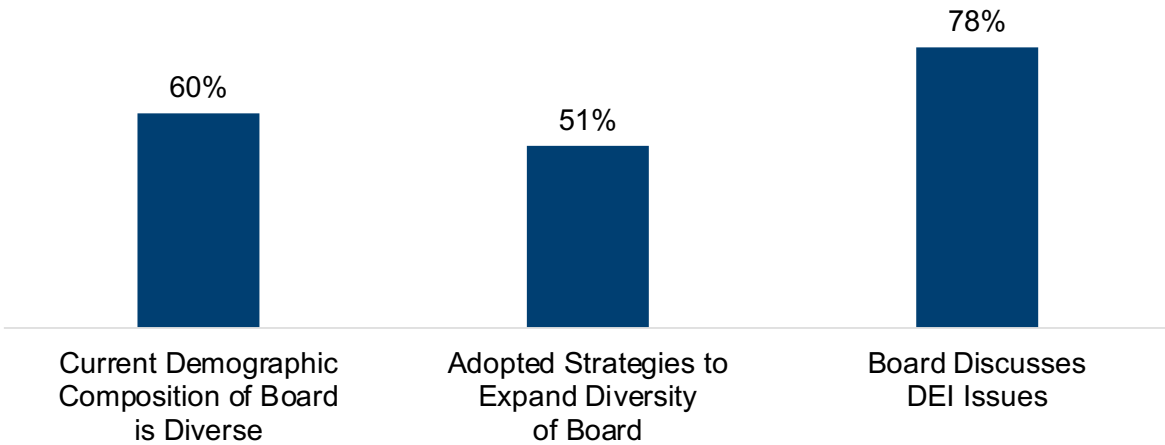
Q4: Are you required to report out on your DEI efforts to your board on a regular basis?

Q40: Is the current demographic composition of your board of directors diverse, as it pertains to race, gender, age, sexual orientation, gender identification, veteran status, disability, or other?

Q41: Has your company adopted strategies to expand the diversity of your Board of Directors, as it pertains to race, gender, age, sexual orientation, gender identification, veteran status, disability, or other?

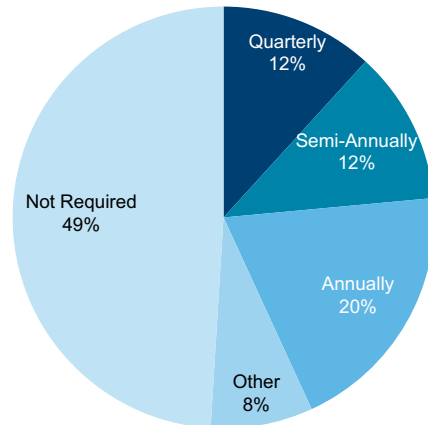
Q42: Does your Board discuss DEI issues either at a committee level or as a whole?

Board DEI Practices



- 60% of companies responded the current Board was diverse, which was similar for companies of all sizes.
- 92% of large companies discussed DEI issues at the board level, compared to 54% and 79% of small and mid-size companies, respectively.

Frequency to Report DEI Efforts to Board of Directors



- Nearly half of the companies did not report DEI efforts to the Board.
- Large companies were more likely to report efforts to the board, 65% versus 21% and 57% of small and mid-size companies, respectively.

Significantly, the Catalog responses revealed that board-level discussions about DEI are prevalent, and as the graphics above show, 92% of large companies discussed DEI issues at the board level, compared to 54% and 79% of small and mid-size companies, respectively. Additionally, 60% of all companies responded their current boards are diverse, similar for companies of all sizes, although they did not distinguish how board diversity was defined (i.e., by race, gender, religion, veteran status, etc.).

Despite the promising results on board composition or board-level discussions, 49% of all respondents stated that there was no requirement to report DEI issues at that level. Moreover, the absence of mandated reporting to company directors on DEI initiatives correlates to the low percentages in Q5 (Performance Objectives), Q6 (Compensation), and questions 16 and 19 (regarding Key Performance Indicators). In order for DEI initiatives to be more efficaciously implemented, these must be ongoing visibility, attention, and accountability at each level, particularly from boards and C-Suites.

Summary

This inaugural APCIA DEI Catalog is a significant endeavor to document the efforts of member companies to achieve their DEI goals. As a foundational document, the Catalog can have substantial impact on the entire insurance industry because it highlights areas of accomplishment and opportunity in a major segment of the industry. Association members should be pleased about the robust participation, and we appreciate the contributions of the 52 members in this first-ever effort.

The Association will be organizing presentations and professional development sessions on the Catalog throughout 2021. It also plans to engage member companies in dialogues on how to support their initiatives and offer guidance, as needed. We hope there will be numerous discussions about the Catalog and we invite readers to study the underlying findings and raise questions. Member companies should compare and contrast their individual efforts to the aggregated results, looking for ways to enhance DEI practices or explore new approaches. Readers are also encouraged to consider how the findings and the following recommendations can guide them in advancing and redesigning their DEI efforts.