

sheffield haworth

Insurance Outlook 2021

The Year of Radical Transformation

11 experts give their predictions
for the year ahead



Edited by:

Ben Johnson, Managing Director & Global
Head of Insurance at Sheffield Haworth

**Digital Transformation * Culture & Diversity * Creative Thinking
* Sustainability * Regulation * Attracting Top Talent**

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Introduction



Ben Johnson, Managing Director & Global Head of Insurance at Sheffield Haworth

This is not the time to conform or adhere. It is the time to be brave, to be bold... to be daring.

From embracing creativity and agility to building inclusive and diverse cultures. From designing customer-centric products to becoming truly digitally enabled. The insurance industry needs to stop and reconsider what we do, why we do it, how we do it, and most importantly who we do it for.

When my marketing director asked me to choose an image for this cover, I reviewed a wonderful array of graphics with chic lines and abstract blocks of colour. The sort of images we've all seen many times before. They seemed 'appropriate' – acceptable and safe.

But I wanted something more reflective of the challenging topics you're going to read about in the following pages. This year our industry needs to transform in a way it never has before. We need to be courageous. To feel uncomfortable. To feel uncertain about exactly how we get to where we want to be. That is the way truly great things happen.

Many thanks to everyone who contributed their time and insights to this 2021 Insurance Outlook. I really appreciate it.

“ Creativity takes courage. ”

Henri Matisse

A Shot In the Arm For Insurance

The global pandemic was the wake-up call insurers needed. Now we need to prove we can keep up with the post-pandemic world.



By Dr. Artur Niemczewski
Board Member, Chartered Insurance Institute

The pandemic was the wake-up call the insurance industry needed to realise we were falling behind. The risk landscape, customer needs, and working norms fundamentally shifted in 2020. But we in the insurance profession did not keep pace. In 2021 we must be more innovative, proactive, and vocal. Otherwise, we risk being marginalised.

Risk transfer is essential for economic growth. But the gap is widening between our clients' needs and what the industry currently offers. The pandemic only served to accelerate this.

While we are great at insuring tangible assets such as offices, these are standing empty. Yet we are failing to effectively insure intangibles such as technology and IP – now a rapidly growing part of the economy. What does this say about how responsive we are to economic change?

As an industry, we don't have a choice. We must close this gap. We must be part of the solution to shape the post pandemic world. Most importantly, we must identify the critical skills we need to get there.

Too many frustrated customers

As a result of the pandemic, many people are now more risk aware and less certain about the future. The insurance industry must understand these changing attitudes. And how they affect what people need from us.

Service levels visibly dropped in early 2020. Some insurers were unresponsive to customers. As a result, many customers felt frustrated, even abandoned.

We must do better. Products and services should not only be more responsive to customers' needs, but also integrate risk management.

Vitality Health is a good example of this. Vitality encourages good behaviours by granting customers 'benefits' based on a points system for healthy eating and exercising.

“ Many customers felt abandoned in 2020. ”

This doesn't just take on the customer's health risk – it actively manages that risk. Cyber insurance is another good example where sophisticated risk management is an integral part of insurers' and brokers' offerings.

There's a difference between gathering data and using it effectively. Customers don't want to feel Big Brother is watching. But data analytics and artificial intelligence (AI) can provide great customer experiences.

“ Data analytics and AI can provide great customer experiences. ”

One excellent example is Ping An in China. They have built an AI-driven app for car accidents. Within minutes of pointing a camera at the damage, the app quotes the cost of repair. It identifies a local garage and offers to book or pay on the spot. The customer feels the service they have received is hyper-personalised.

Data is useless without a true digital business model

Data may be “the digital oil of the 21st Century”. Yet in insurance it is still mostly unstructured, patchy, and not interchangeable. Although the pandemic pushed the industry to adopt a digital approach in only a few months, most insurers’ business models are still not truly digital.

“ Most insurers’ business models are still not truly digital. ”

Having worked in the London market for over 20 years, I’ve seen several initiatives to implement electronic trading. At the beginning of 2020, the take up was c. 60%. Within three months of lockdown, this had increased to 95%. There is now no other way to trade in the London market outside one of the online platforms, as face to face has disappeared.

However, there is a catch – data structure. Specialty insurance has large volumes of unstructured data. It is difficult to search or process and arguably useless. While the London market has switched to using PPL (or equivalent), it is still a glorified exchange of largely unstructured documents. Only the next generation PPL, being built this year, will offer true data-first electronic trading.

Our sector needs structured data from beginning to end to enhance the customer journey. We’re getting there. But there’s still a way to go to match the digital business models and value chains of industries such as media or banking.

“ Our sector needs structured data to enhance the customer journey. ”

4 New Leadership Skills for 2021

A hybrid working model looks likely to emerge post pandemic. People will meet in the office for specific team interactions and creative tasks but carry out their day-to-day work from home.

As the world is changing, the four core new skills for insurance leaders in 2021 are creativity, innovation, digital, and data. These are must-haves for all companies – insurers, brokers, risk managers, loss adjusters, and service providers. The industry needs to be creative. We must innovate to remain relevant in a changed world.

We also need our leaders to have strong soft skills in a digital data-driven world, motivating and inspiring teams while working remotely.

“ We must innovate to remain relevant in a changed world. ”

How to attract and grow top talent

Our sector still needs skills in a variety of core insurance roles. Understanding risk, product design, pricing, client service, and claims management remain vital. At the same time, new technology provides us with exciting tools to help us become more productive. AI has not replaced underwriting and pricing skills, for example. It has augmented them.

Yet despite the range of compelling job roles we offer, attracting top candidates to the industry remains a problem. Young people see our industry as boring and not diverse.

This is not new. What is new is the number and variety of genuinely exciting, innovative projects underway. And the growing class of insurtechs who are reshaping insurance. As well as the increasing importance of applying data science to risk transfer and management.

“ **We need to show prospective candidates how much scope there is for a great career in insurance across a multitude of disciplines.**”

We need to show prospective candidates just how much scope there is for a great career in insurance across a multitude of disciplines. We simply must get better at publicising what we do.

Attracting the right people is just the start. We also need to give them a path to grow and become the leaders of tomorrow. One way of doing this is to provide continued professional development.

With everyone working from home, face to face mentors and peer groups have disappeared. This makes career progression more challenging. Happily, one of the benefits of lockdown was the rapid expansion of e-learning. It's now easier than ever to access truly high-quality content, for example the IIL CPD lectures, anyplace anytime.

At the same time, insurers and brokers must find alternatives to traditional informal face to face career coaching and mentoring. Those who do will end up with the most effective future leaders. They are also likely to find it easier to attract top talent in the first place.

Shaping the Future

The insurance industry should rightly play a key role in the global recovery in 2021 and beyond. We should be helping shape the future. But we will only be able to do that if we are honest about our failings and grasp the nettle of innovation and relevance. We must not just listen to customers but prove that we are listening and addressing the risks they worry about. Otherwise they will desert us.

Let us see 2021 as our chance to become better – and to deliver on our enormous and exciting potential as an industry.

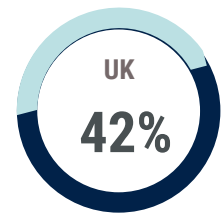
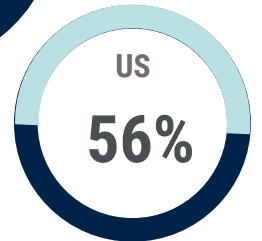
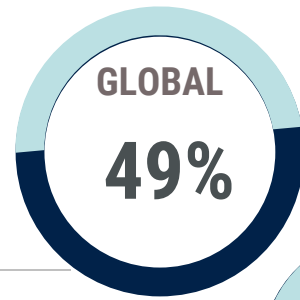
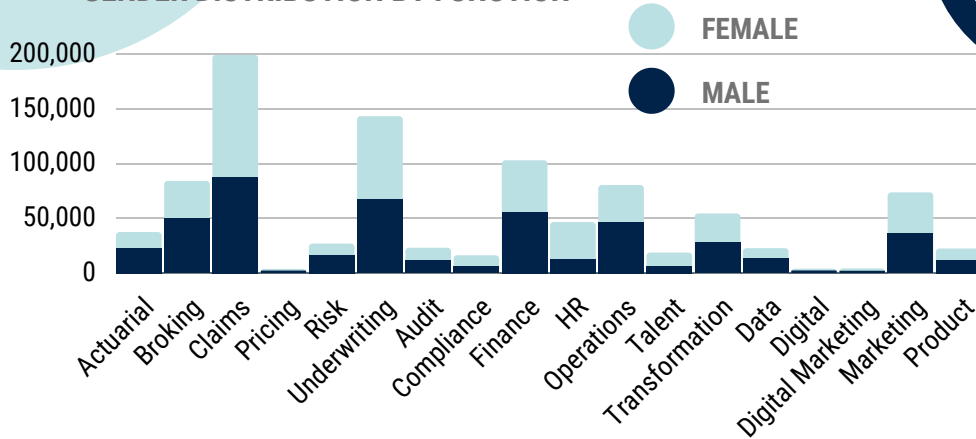
Dr. Artur Niemczewski, Engagement Board Member, Chartered Insurance Institute

Dr. Artur Niemczewski is an experienced executive and non-executive in the London Market and Global Specialty Insurance with experience across North and South America, Asia and Europe. Artur began his career at strategy house McKinsey & Company and most recently was CEO of Pro Global Insurance Solutions. Artur holds a PhD in Nuclear Engineering and an MSc in Public Policy from Massachusetts Institute of Technology.

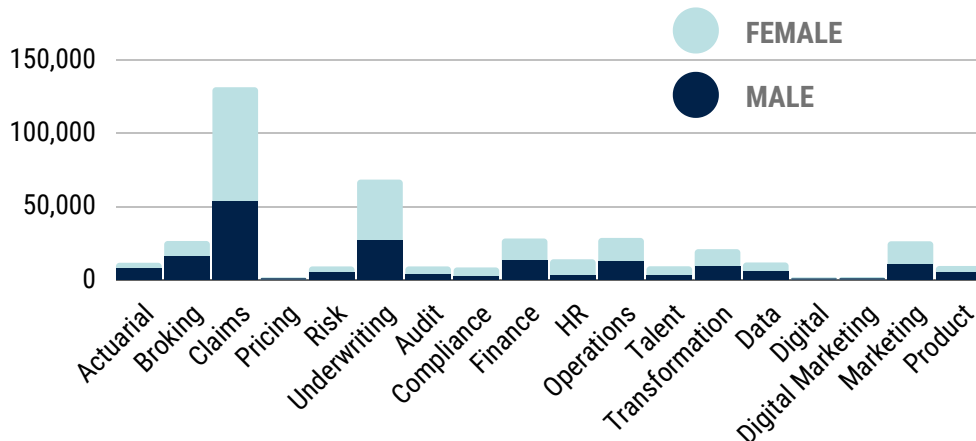
The views and opinions expressed here are the interviewee's own and not necessarily those of the organisation.

2020 Hiring Insights

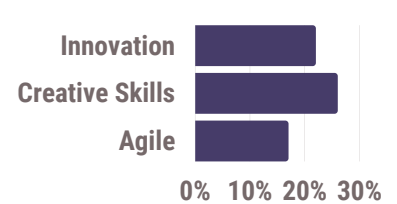
GLOBAL HEADCOUNT
GENDER DISTRIBUTION BY FUNCTION



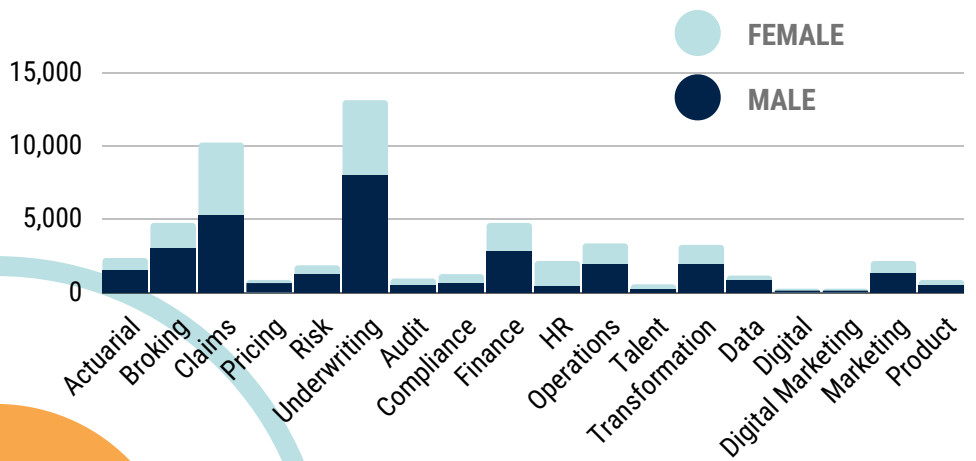
US HEADCOUNT
GENDER DISTRIBUTION BY FUNCTION



SKILLS GROWTH
2020 V 2019



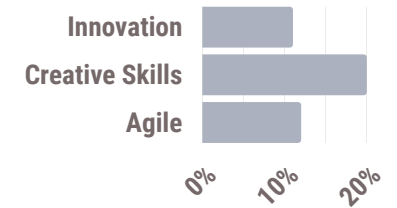
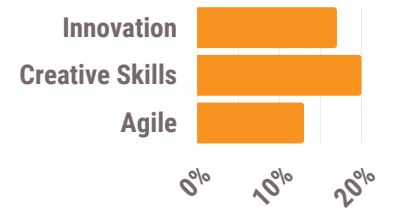
UK HEADCOUNT
GENDER DISTRIBUTION BY FUNCTION



GLOBAL

US

UK



2020 Hiring Insights

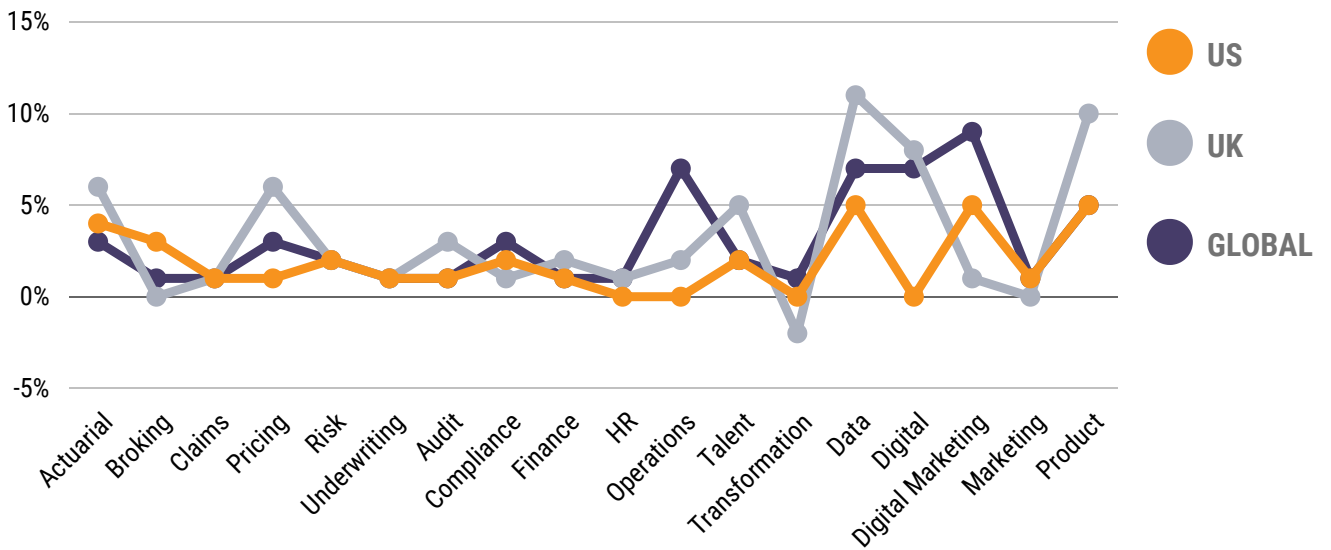
HEADCOUNT INCREASE 2020 V 2019

US **1.8%**

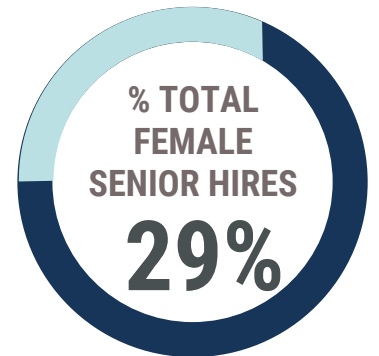
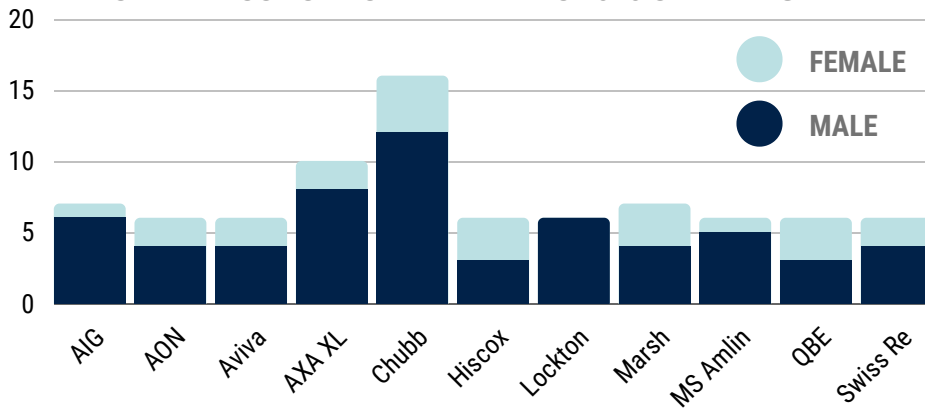
UK **0.7%**



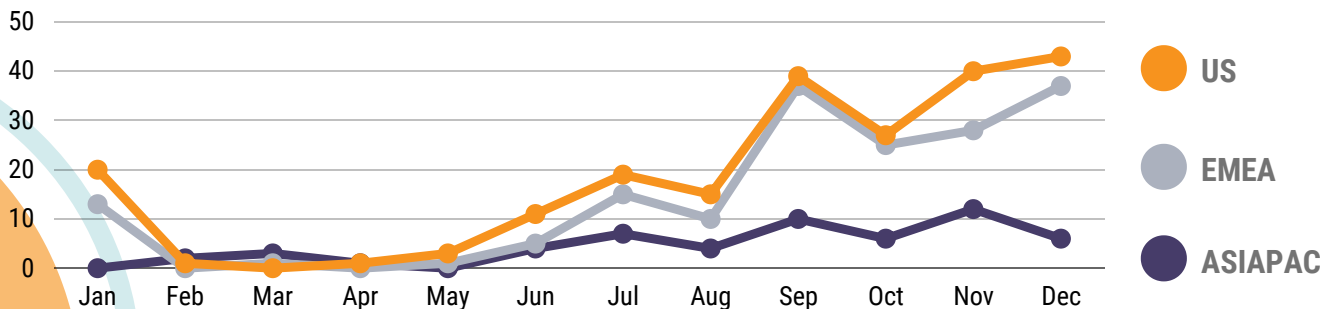
% GROWTH 2020 V 2019 +/- BY FUNCTION



FIRMS WITH MOST SENIOR LEVEL HIRES 2020 SPLIT BY GENDER



SENIOR MOVES ACTIVITY BY REGION IN 2020



Brexit: Unfinished Business

The UK has now officially left the EU single market. But the relationship between the London and European insurance markets is far from settled.

By Dave Matcham,
CEO, International Underwriting Association of London

While the UK left the EU single market with a trade deal on 31st December last year, that deal did not include financial services. This leaves the insurance industry with several unanswered questions. Around access rights to EU markets, regulatory equivalence, and the threat of business transferring out of London. And more. This article outlines some of the industry's biggest concerns.



The vast majority of London market insurers and brokers were ready for a 'hard' Brexit before the end of last year. Many had implemented their plans before the 31st December deadline.

The 2020 trade negotiations between the European Union and United Kingdom did not include financial services. But that was clear from the start. This meant the industry had to plan for no deal, to provide clarity and reassurance for EU clients. It also meant insurers had plenty of time to do so.

“ The industry had to plan for no deal, to provide clarity and reassurance for EU clients.”

Setting up EU subsidiaries

In simple terms, London can no longer underwrite insurance or reinsurance business for clients based in the European Economic Area (the EU27 plus Iceland and Norway).

To continue to write EU business, London firms set up subsidiaries in the EU. Some even set up EU-based subsidiaries with 'reverse branches' in the UK. But each subsidiary needs to be a fully functioning company with senior executives to satisfy local countries' licence requirements.

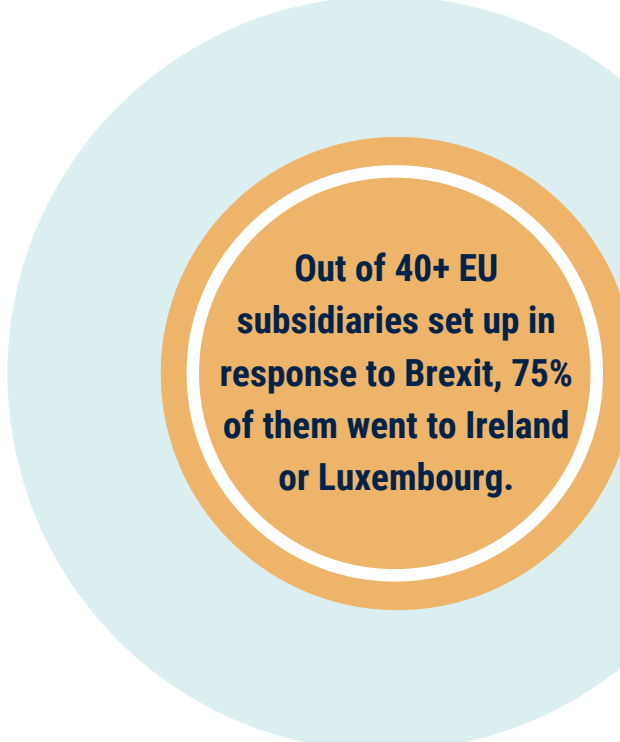
Which EU countries have benefitted most from this?

There were two clear frontrunners in the race to attract financial services subsidiaries from London prior to 2021: Ireland and Luxembourg.

Ireland had several obvious advantages. It's a close trading partner with the UK. It's English speaking. It already had many branch offices up and running. It also has a common set of laws. And a broad understanding of the jurisdiction.

Luxembourg's advantages included an attractive tax regime and a well-qualified workforce. It also had a long-standing track record in financial services.

In the end, Ireland and Luxembourg did get the lion's share of relocated business. Out of the 40-plus EU-based subsidiaries set up between 2016 and the end of last year, around 75% went to those two countries.



Out of 40+ EU subsidiaries set up in response to Brexit, 75% of them went to Ireland or Luxembourg.

How Brexit is affecting the UK insurance workforce

The actual number of employees moved out of London due to Brexit has been lower than many expected. That said, one area Brexit does still affect is the reciprocal recognition of qualifications. This needs a speedy resolution. Especially for those parts of the market which need these qualifications to trade.

What does Brexit mean for run-off insurance business?

Run-off is the question of whether UK insurers can continue to service live contracts with EU clients. Many IUA members raised it with us as we approached the end of the transition period.

“ There are still books of business that need to be managed before they fully transfer or naturally come to an end. ”

Many firms have pursued a part VII transfer – opening EU subsidiaries specifically for servicing insurance contracts. But there are still books of business that need to be managed before they fully transfer or naturally come to an end.

Depending on the member state, insurers have varying amounts of time to run off contracts through their UK company rather than their EU subsidiary.

Regulatory divergence – how far are we likely to go?

Over time, UK regulations could become unrecognisable in comparison to the Solvency II rules we know today.

But we probably won't see much diversion for a while. The UK government wants to agree a memorandum of understanding on financial services by the end of March 2021. The EU will need to be comfortable with the UK's plans for Solvency II to agree to that.

“ UK regulations could diverge to the point that they become unrecognisable. But that's highly unlikely in the short term. ”

The UK needs to strike a balance going forward. On the one hand the government wants to set its own rules where that would benefit UK firms. On the other, they want to maintain close business ties with EU partners where possible.

In practice, the discussion will likely focus on equivalence of outcomes, not strict adherence to the same rules. This is similar to the UK's current relationship with the US on financial services.

The re-insurance sector needs insurance equivalence

“The UK re-insurance market risks losing out to other jurisdictions.”

Without re-insurance equivalence, the UK re-insurance market risks losing out to other jurisdictions. These include the likes of Bermuda and the US. Those countries do have re-insurance equivalence with the EU. So they could be better placed than London to write EU business. That's why I hope the UK can get re-insurance equivalence before the summer.

The biggest threats to the future of the UK insurance market

The single biggest threat is how much the market might shrink, due to EU subsidiaries booking business outside of London.

Another threat is that London loses its unique position as the global specialist market. Luxembourg or Ireland might build up a stronger capability to compete for specialty business.

There are currently no signs of this happening, however. Most non-EU business is still coming to London. The UK must continue to offer the quality products, services, and technology that will ensure business retention.

The biggest opportunities for the UK insurance market

There are many opportunities for the UK market post-Brexit. This is mainly due to the sheer size and complexity of the London insurance ecosystem.

In terms of skills, London remains attractive to any client with specialty risk. Given the growth in this type of business coming from North America and Asia, London will be able to keep evolving in this market regardless of Brexit fallout.

In terms of talent, London needs to work hard to retain and nurture its best people. But this also is an opportunity. The way we talk about insurance today is to reframe it in terms of risk. This seems to make it more interesting to the next generation of insurance professionals.

In terms of size, the London insurance market is an economic cluster of 40,000 people collaborating to deliver world-class services.

London is the only city that hosts all the world's twenty largest insurance groups. We also have an incredibly strong network of brokers and many supportive trade associations. Indeed, London is not just a city with insurance companies in it. It is an insurance market with a city around it.

The government is also keen to promote the UK as a strong independent trading nation. Over time, and because of Brexit, they will introduce policies and regulations that support this agenda.

From an accounting perspective London has lost premium. But it has not lost influence. Despite the risks, the UK insurance market is likely to emerge from its current uncertainties stronger than before.

“London is not just a city with insurance companies in it. It is an insurance market with a city around it.”

Dave Matcham, Chief Executive, International Underwriting Association of London

With a career in insurance spanning over 40 years, Dave Matcham is the Chief Executive of the International Underwriting Association of London. Through the IUA, Dave acts as the representative voice within the UK and internationally for the London Company Market as well as providing technical services to assist members' underwriting businesses.

2020 Hiring Insights

Highlights in Marketing & Digital Marketing - Insurance

UK Digital Marketing teams

+25%
Simply Business

+25%
AXA

+50%
Hastings Direct

US cross functional backgrounds



Global Marketing

Digital Intern hiring
+42%

+11%
Increase Digital Marketing demand

Digital Marketing Managers hiring
+9%

7%
Increase Marketing capability

17%
Changed company

52% MALE **48% FEMALE**

FCA Pricing Reforms: 4 Lessons Insurers Must Learn in 2021

What the banking sector can teach insurers about delivering fair value for customers.



By Ben Johnson, with James Yerkess, Founder & Managing Director, HAL Consulting and Ian Hughes, CEO, Consumer Intelligence.



The insurance industry could struggle to implement new FCA rules on pricing and fair value this year. But there is an example to follow – the retail banking sector. Ian Hughes from Consumer Intelligence and James Yerkess from HAL Consulting speak to Ben Johnson about which lessons insurers should learn in 2021.

The FCA's reforms on general insurance pricing come into force in Q3 this year. They will force firms to review the "fair value" they offer customers longer term. That includes the value of add-on products and premium finance. Not just the core policies.

Worryingly, the FCA reckons these reforms could save consumers up to £11bn in the next ten years. Have insurers been overcharging customers that much? (Is it a coincidence that consumer trust in the industry is so low?)

The new rules could cost insurers up to £11bn

These FCA estimates don't mean insurers will lose £11bn in revenue. But that figure does represent a transfer of value. In other words, to raise prices, insurers will have to justify this by having increased the value of their product in some way. They will no longer be able to charge renewal customers more than new customers for the same products.

2020 research from Consumer Intelligence showed motor insurance premiums rising by an average of 2.54% at renewal. For home insurance, the figure was an astounding 12.67%. Raising prices at renewal is known as "price walking".

All of this likely means more cost and complexity for insurers – at least in the short term. No wonder some in the industry could struggle. Luckily, insurers don't have to start from scratch. Instead, they should learn from the recent history of the banking sector.

“ Insurers don't have to start from scratch. ”

According to James Yerkess, Managing Director of HAL Consulting, "The fair value transformational changes that are about to begin are the start rather than the end. The future for insurance will be very similar to the recent past of retail banking in terms of fair value regulation."

So what specific lessons can insurers learn from their cousins in banking?

Lesson 1: Anticipate future regulation

Retail banking has been adapting to fair value rules for years. And 2021 is likely to start a similar long process for insurers. Seeing how regulation developed in banking offers clues for how it could develop in insurance.

“**The banking sector contains rich learning, case studies, and clear examples for insurers.**”

As James says, “the banking sector contains rich learning, case studies, and clear examples for insurers.”

An early example in banking is the Retail Distribution Review from 2012. This replaced broker commission systems with flat-fee models.

Next came the Markets in Financial Instruments Directive (2017). This standardised regulatory disclosures to improve transparency.

Then came the Payment Services Directive from 2018. This aimed to increase innovation and security for digital payments.

That’s nine years of reforms. And the banks are still complying with new aspects of these rules today. Insurers should expect years of regulatory pressure in this area.

“**Insurers should expect years of regulatory pressure in this area.**”

Lesson 2: Rebuild customer confidence - or else

According to James Yerkess, “banking shows how fair value is likely to evolve or be forcibly driven by the regulator if the required customer outcomes do not materialise”.

Ian Hughes, CEO of Consumer Intelligence, adds: “Some parts of the insurance industry will experience significant short-term pain. But we know there are long-term gains to be had. The removal of price walking and the introduction of the concept of fair value provides an opportunity for a major reset of consumer confidence and trust for the industry.”

Lesson 3: Build fair value into your business model

James Yerkess, who led elements of value management compliance in banking, highlights how this progressed according to four parallel themes:

- 1 Product management, service, and communication design.**
- 2 Infrastructure development and digital transformation – particularly in terms of digital competence and mobile capability.**
- 3 Changing organisational structures, hiring, skill sets, and talent management.**
- 4 Data management, regulatory reporting, and market benchmarking.**

All four led to positive commercial outcomes longer term. And led to the banks being able to anticipate future regulatory trends.

The potential benefits here for insurers must be obvious. Learning from known examples of how to build fair use rules and practices into business models will drastically reduce the time to reach compliance. It will increase the likelihood of commercial success. And it will lower or even remove the risk of failure.

Lesson 4: Hire the right talent

"From the banking perspective, hire the right talent with the mindset to deliver fair value outcomes consistently. That's one of the most important steps any business can take to unlock long-term sustainable growth," says James.

Ian Hughes agrees, saying: "Having the right people in the right roles will play a vital part."

Insurance hiring trends for 2020 show a lack of focus on fair value so far. UK financial services – including insurance – has a talent pool of just over 2,600 candidates with "Treating Customers Fairly" (TCF) as a skill.

Only 23% of these are in insurance. The remaining 77% of the pool are in other areas of financial services – mainly banking. Sheffield Haworth hiring data for 2020 shows that digital and data-related recruitment grew between 7% and 9% in insurance, compared with 2019. Similarly, insurance roles related to agile methodology grew by 17%.

Compare this to the slower 3% - 5% growth in product and pricing roles. Or the glacial 1% - 3% growth in underwriting and actuarial roles. Insurers are focused on digital transformation. Just as the banks were prior to 2012.

By contrast, banking sector hiring data for 2020 shows a high volume of TCF roles. These include customer value management, fair value benchmarking, and fair value governance.

These roles evolved over time in banking. They are likely to do so in insurance too. We expect these roles to begin emerging in 2021 and 2022. Those insurers who take the lead are likely to benefit most longer term.

Why 2021 is the 'Year of the Consumer' when it comes to pricing

Looking to the future, Ian Hughes predicts that value creation will be vital to a brand's survival.

"2021 is the Year of Consumer," he adds. "In either the direct guise or indirect (via the regulator), driving long term consumer value is where it's going to be.

"The insurance industry has got too used to looking inside itself. Looking in an insular way at its data, its analytics, its underwriting results, its investors, its bonuses. It has forgotten the reason why it exists – to catch people when they fall. To give the reassurance that I can live my dreams.

"To quote from American Family insurance's TV campaign: 'insure carefully, dream fearlessly'. In 2021 helping people dream fearlessly and live their most valuable lives will be the key to surviving and growing, no matter what else happens."

James Yerkess, Founder & MD at HAL Consulting

With a career spanning executive leadership roles across financial services, global retailers and start-up banks, James Yerkess is the Founder of HAL Consulting. HAL joins highly experienced value and pricing experts with exclusive benchmarking data to deliver long term sustainable growth across global locations.

Ian Hughes, CEO, Consumer Intelligence

Ian Hughes is CEO of Consumer Intelligence helping companies to better understand their customers through market and consumer benchmarking. A Fellow of the Institute of Direct Marketing and an I Love Claims Member, Ian is also a graduate of Harvard Business School and regular contributor to the Post and Insurance Times.



Only 23% of TCF roles in financial services are in insurance. This proportion will have to increase.



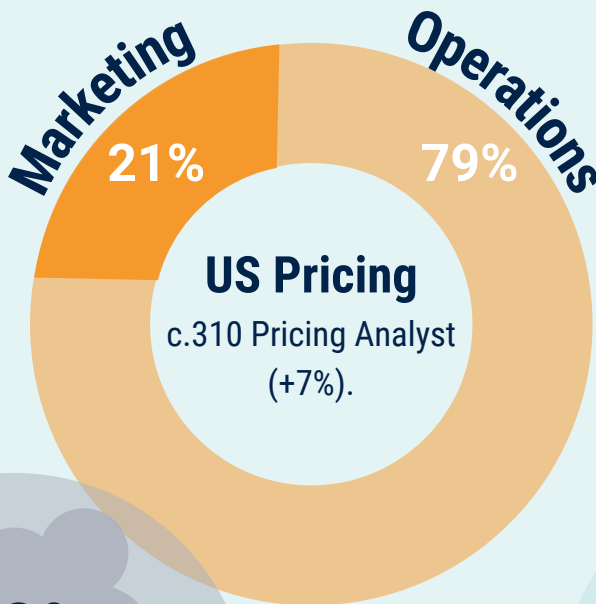
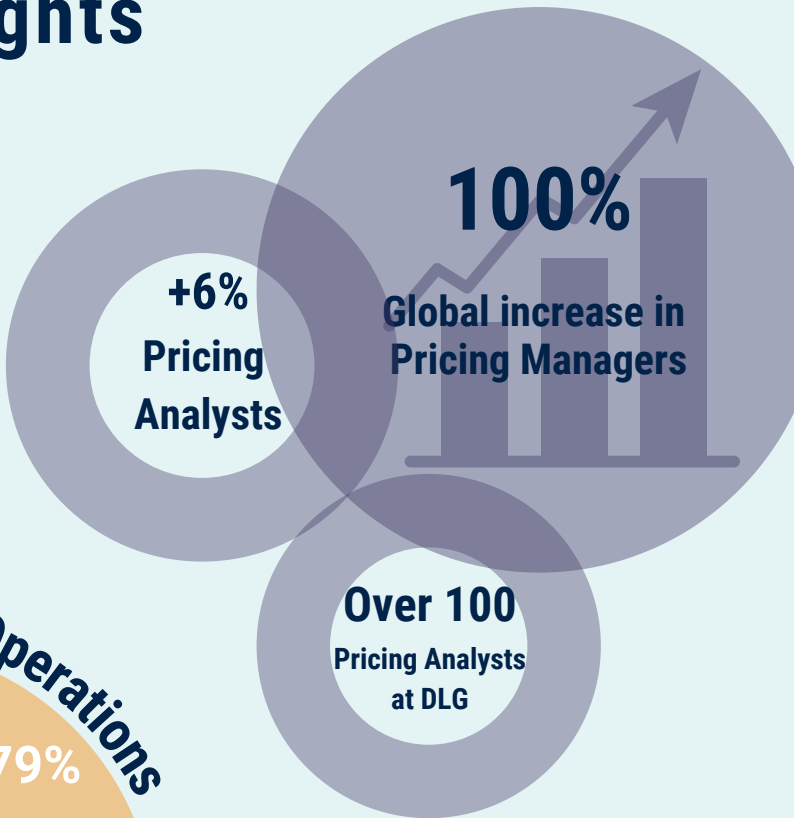
Digital & data related recruitment grew between 7% and 9% in 2020

2020 Hiring Insights

Highlights in Pricing - Insurance

Cross sector/industry backgrounds
A global shift for Insurance to a more diverse hiring pool:

Telco's, The Arts, Retail, Healthcare, Sports, Food & Bev, Utilities & Aviation.



DEI
significant advantages of moving towards a pricing-based model - less reliance on traditional insurance experience



The Symbiotic Relationship Between Digital and Cultural Transformation

Why your digital transformation will likely fail unless you also transform your culture.



By Lisa Meigh, People Director and Graeme Howard, Chief Information & Technology Officer, Covea Insurance.

In 2020, the Computing Digital Technology Leaders Award named Covea Insurance one of the best places to work in Digital. We also won the Diversity Award at the British Insurance Awards, and the Diversity and Inclusion Award at the Yorkshire Financial Awards last year. This is not a coincidence – and we’re not trying to show off. For us, digital and cultural transformation go hand in hand. We would like to explain why this is important for the wider insurance industry.

Unless you think about wider cultural change, your digital transformation will probably fail. Take this statistic from McKinsey: “Organizations that focus on transforming culture and building capabilities during a transformation are 2.5 times more likely to succeed.” Here’s what we’ve learned about successful transformation at Covea Insurance over the last few years.

The foundations of successful transformation

To drive a successful digital and cultural transformation you must have a long-term mindset. It’s important to have a clear long-term aim that goes beyond a simple 5-year strategy, because that’s where real transformation happens. It takes time, and you need to be clear on what needs to happen to deliver this.

“ Being visionary means stretching yourself to the point where you don’t know how you will get there. ”

Transformation is about what is changing and what is sitting beyond the here and now. Being visionary means stretching yourself to the point where you don’t know how you will get there or exactly how that journey will look. It is this aspiration which drives long term strategic thinking.

Another way to think about transformation is that it should challenge the status quo and push the boundaries of what the future is going to become. To start a successful transformation the company has to embrace change.

“ You have to clearly understand, document, and communicate the purpose and the ‘why?’ to ensure that your journey begins in the right way. ”

The CEO, the executive team, senior management and as much of the work force as possible – everyone has to embrace it, or you run the risk of it being rejected. You have to clearly understand, document, and communicate the purpose and the ‘why?’ to ensure that your journey begins in the right way.

Everyone in your organisation has a part to play

The company’s recent awards for diversity and inclusion were a nice validation of our work. But this was a team effort. Everyone at Covea Insurance had a part in delivering our diversity and inclusion strategy, in driving technological transformation, and in creating our culture.

Shifting from ownership to empowerment harnesses the passion of your people and lets them drive change. It’s not about waiting for objectives from the top. It’s about creating those objectives from within, which speeds up the pace of cultural change.

In terms of hard deliverables, the number of females in the business has significantly increased and we are on target for our gender diversity goal of 35% senior executives by 2021. At the beginning of 2019, only 13% of Covea’s people who sat in digital were female. Now it is 30%.

“ Belonging is not about fitting in. It’s about feeling secure in the environment you are in and feeling confident and empowered to stand out. ”

Inclusion creates an environment which supports and nurtures diversity. Belonging is not about fitting in. It’s about feeling secure in the environment you are in and feeling confident and empowered to stand out.

The awards we have won within digital recognise the progress on our internal transformation. But I think part of the reason we won was down to how we clearly defined and scoped our vision, our purposed and our goals in the organisation.

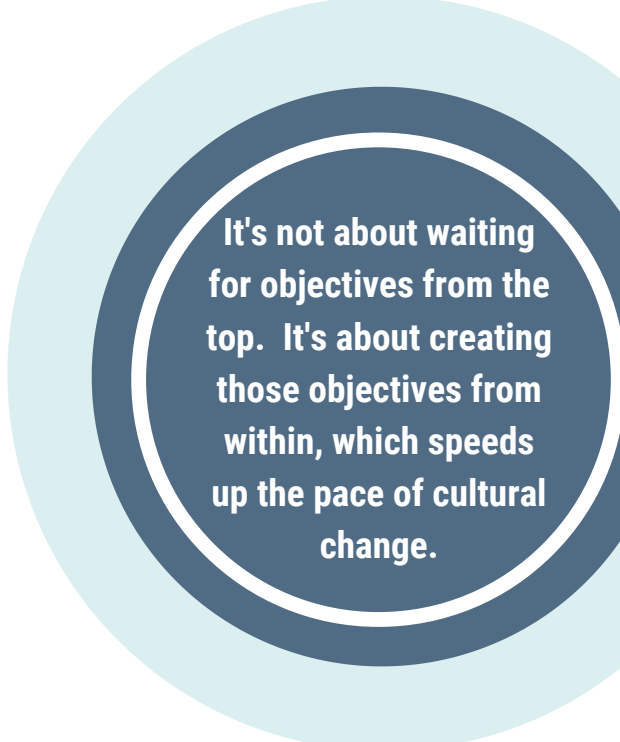
Once this was pinned down, we then worked to define and create the type of culture and identity we wanted to live and work. We launched all these elements under the Covea Digital identity and have created a community we can all thrive within.

A lot of the success of this is down to continual, transparent communication. Because yes, we celebrate success. But we’re also open about our failures.

Don’t just talk about diversity of opinion: encourage it

The digital world is a creative and curious space. You need a culture where people feel empowered to have and say different opinions and challenge the status quo. You need people who can bring a different perspective.

This is where innovation and creativity come from. If you have the same voices that echo each other over and over again, it will result in the same outcome. Our market disruptors do not think the same as their competition. They think creatively about servicing what customers actually want.



It's not about waiting for objectives from the top. It's about creating those objectives from within, which speeds up the pace of cultural change.

“ You need people who can bring a different perspective. This is where innovation and creativity come from. ”

“ Encourage broad thinking and challenge the existing business model. Then your transformation becomes much farther reaching. ”

Anyone should be able to challenge others regardless of hierarchy. At the moment, insurtech companies are challenging the insurance market. When you culturally shift the mindset you take bureaucracy and red tape out of the equation. That allows and encourages creative thinkers to get to the solution. You create a much more agile environment.

You can bend and shape technology to achieve almost anything. It has that power. New capabilities are appearing on a near day-to-day basis.

With that knowledge as the backdrop, the need to think creatively and innovatively becomes the backbone of transformation and company culture. That way, the new tech is not just an updated version of the systems you're replacing – it's truly transformational.

Encourage broad thinking. Challenge the existing business model. Then your transformation becomes much farther reaching – especially in the long term.

Embrace diversity and you will attract and retain the best talent

We want every individual in Covea to believe they can be themselves. To share openly. Not to have to hide any aspect of who they are, but to feel secure in themselves. Fairness and authenticity are fundamental in our organisation.

We want people to know we really mean it, which can be unusual for businesses to acknowledge. Within the business we created the Covea Minds Programme as a result of seeing the ways mental health can have an effect on someone's outlook on life.

Diversity, Equity and Inclusion (DEI) issues are human issues. DEI is about creating a safe space allowing anybody to participate and gain a deeper understanding. That way, everyone can become a true advocate and sponsor of the DEI agenda. It's also critical to have sponsorship from the top. And to form the right partnerships, such as with business in the community.

Identify those already ahead on the journey. Then you can learn from their experiences, pitfalls, and challenges. This learning ensures you get a better start in your own organisation. It will help you to set a great framework which guides your agenda and activities to make change happen. As an example, Covea have partnered with BiTC and Stonewall to help us with our journey.

When we first began our DEI initiatives, we started with gender and formed a women's network. Along the journey, we realised that excluding men from the discussion was a mistake, and this created its own set of issues. We realised the conversation needed to be broader and excluding people is not the way to be inclusive. We needed men to understand, advocate and help support the DEI change. They needed to be on the journey with us.

“ It's about us creating the environment and culture where every employee can come to work and feel that they can be their best selves each and every day, with no fear of repercussions or recriminations if that's different from other people. ”

Lisa Meigh, People Director, Covea Insurance

Lisa is People Director at Covea Insurance where she leads, develops and implements the People Strategy and Culture. She has enjoyed a successful career in insurance over the last 25 years, working previously for Provident Insurance. Lisa is a qualified MBTI practitioner. She holds a post-graduate degree in organisational development and design and is a Level 7 Executive Coach

Graeme Howard, CTIO, Covea Insurance

Graeme Howard specialises in the delivery of transformational digital programs and software development. He currently leads technology transformation and strategy as Chief Technology & Information Officer at Covea Insurance. Covea Insurance ranked 11th in the 2020 CIO Top 100 and won the title of Best Place to Work in Digital at the Digital Technology Leader Awards.

How To Build Your Digital Transformation Dream Team

Successful transformation needs the right combination of skills and mindset. Here are our tips on how to build your 'dream team'.



By Graeme Howard, Chief Information & Technology Officer and Lisa Meigh, People Director, Covea Insurance

You've seen in our previous article how important cultural transformation is for successful digital transformation. You need the right talent, the right skills, the right mindset, and the right environment. But how do you go about building all of that in the real world? Here's what we've learned at Covea Insurance about what works.

The right mindset is crucial

An inclusive and empowered culture is 'table stakes'. It's your foundation for building a team that feels protected and able to challenge the 'as is'. Your people have to feel bold enough to change processes and ways of working. And without that, you're not going to truly transform.

Your people need to be able to live with – even thrive on – ambiguity and uncertainty. This is a mindset must-have for the talent that drives your transformation. Clearly, this culture is not just required for your digital teams. You also need it in your cross-functional business teams who will collaborate to enable the transformation across the organisation.

“ Your people need to thrive on ambiguity and uncertainty. ”

How to attract the creative talent you need

Once you accept the need to change how you engage with customers, the need to attract more creative skills into your business becomes much clearer.

Can you clearly articulate your proposition? Can you present it in the way that customers are used to with other consumer goods and services? Why would insurance companies not want to present the very best customer experience through the lifetime of their products?

A tech-enabled transformation needs creativity, lateral thinking, and problem-solving skills. The challenge of attracting this talent into insurance is the same as the one we face when trying to recruit the best data scientists, product owners, or developers.

“ You need to trade on the excitement of being able to disrupt the industry. ”

You need to trade on the excitement of being able to disrupt the industry. Insurance hasn't seen significant change in over 100 years. Now is the opportunity to be a pioneer and make your mark on a service that everybody needs throughout their life. The transformation itself is the draw, in our view.

Don't rely on traditional staffing models

“ We find that working with key partners who can provide short-term consultancy, advisory or interim solutions is the most effective approach. ”

A flexible work force is a key differentiator if you want to become agile. Your skillset needs can change rapidly, with peaks and troughs – and that doesn't sit well with a more traditional staffing model.

We find that working with key partners who can provide consultancy, advisory or interim solutions at pace on a short-term basis is the most effective approach. That avoids the longer lead times of normal resourcing models.

We also use near-shore 'burst' resources in the more standard agile development roles like scrum masters, developers, or testers. This provides extra capacity to speed up or flex according to business needs.

Building deep relationships with selected suppliers has meant we can trust them to provide the high-quality resources we need at short notice.

The key skills and behaviours insurers need to hire for in 2021

Agility, culture, and integration are the key areas all companies need to foster this year and beyond. The pandemic has shown that whatever your plans, the ability to work anywhere, pivot at a moment's notice, and flex your staff base are key.

In general, people who show resilience in adversity and always put the customer front and centre will always be in high demand. An empathetic superior customer experience skillset is going to become a valuable commodity as digitalisation removes process-driven tasks.

“ Digital transformation is altering so many processes that you need people on the frontline who can really connect with customers. ”

Digital transformation is altering so many processes that you need people on the frontline who can really connect with the customer. You need people who can listen – truly listen – and understand what the customer needs.

There are several key behaviours we recommend hiring for. You need people who are open to change. You need people who think differently. Flexible, agile thinkers – people who can think while keeping an eye on what's going on and be able to deliver at pace when needed.

Data – and data manipulation – skills are already running short. We don't see that changing going forward. In fact, demand is only likely to grow.

Four real-world tips for creating a diverse workforce

As we mentioned in our previous article, the more diverse your workforce, the more likely you will be able to challenge the established norms and innovate successfully. But it's not easy to create a diverse workforce. Especially in an industry like insurance where we're only now beginning to get to grips with it. Here are four tips based on our experience.

Tip 1: Find advocates in your business

Especially in senior leadership teams. Get those advocates onboard and ensure your executive committee are behind them. It's simply the right thing to do, but make the commercial case too for Diversity, Equity and Inclusion to satisfy those who need to see the business rationale for it.

Tip 2: Start from within

Build up advocacy with the people who passionately want to make change. They will do it alongside their job if given the time and resource. And they will astonish you. Ultimately this will make your organisation a talent magnet on the market, which is the best recognition – better than any awards.

Tip 3: Look at your shop window

What does it look like from the outside in? Does your company look like an exciting, colourful, and creative place to work? Will it embrace innovation and excite Gen-Z, who are looking for flexibility and agility?

Tip 4: Stay in touch with differing needs of different generations

Covea has strong links with schools and colleges right down to middle schools and we invest in talent early. Through school networks you can build your own insights into what the future talent wants.

We held workshops with teenagers who were 13-14 years old to discuss what future insurance products could look like and what they would want to be able to buy in the future. This allowed Covea to understand the buying psyche of the next generation. Understanding what they want in the future is important in terms of product development. But it also gives us an insight to their career aspirations. Learn as much as you can from them and this will help you attract the next generation of talent.

Graeme Howard, CTIO, Covea Insurance

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2020 Hiring Insights

Highlights in Digital - Insurance

Fastest growing functions within Digital...Art & Design, Marketing and Operations

GLOBAL

Largest Data functions

c.95

AXA

55

Zurich

50

Chubb

US

Largest Head Count

State Farm

39

All State

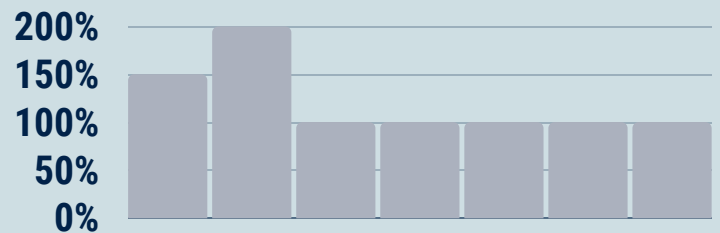
24

Nationwide

30

UK

Data Function Growth



Covea
Lloyd's of London
Assurant
Marsh
Hiscox
CanopiUS
Zurich

2020 Hiring Insights

Highlights in Agile - Insurance

Fastest growing titles were Engineer, Product Owner/Manager and Data Scientist.

Biggest employer

Anthem

GLOBAL

21%
c.2K Identified
Scrum Masters

31%
In Engineering
c.26K identified
most common
function

UK

Fastest growing titles

**Lead/Specialist
Data Engineer
Product Manager**

US

Agile Methodologies
fastest growing titles:

**Engineer, Software
Development & Product
Director**

+14%
Scrum
Masters

**Scrum
Masters
+45%**

The biggest
employer
DLG
c.300 H/C

Engineering
Most common function
35% of hiring
c.15K H/C

Customer Centricity: How Aviva Are Simplifying, Innovating And Transforming

From appointing a new Chief Innovation Officer to investing in British infrastructure projects, here's how Aviva are addressing the needs of customers for the future.

By Andrew Dinwiddie, Chief of Staff, Aviva

Customers face several challenges in 2021 and beyond, and so does society at large. For any responsible company, the task is to think about those future needs and to plan accordingly. Not just in terms of the products we offer, but also how we invest and how we can influence behaviours for the better.



The insurance industry needs customers as much as they need us – if not more. That's why customer centricity is such a powerful concept. Here are some of the ways we at Aviva are working every day to turn that concept into reality.

Speed, transparency and quality are key to customer satisfaction

Customers face a multitude of challenges, both today and as they look to the future. How to save enough to generate an income into retirement? How to improve health and wellbeing?

At Aviva we are actively supporting all our customers on a day-to-day basis while increasing our efforts to develop propositions to address these future customer needs. We are the only insurer in the UK which can support customers at each step of their life.

“ Insurance customers need to understand exactly where in the process their application or claim is at any given time. Transparency into processes affects customer satisfaction scores at least as much as speed and quality. ”

BCG - Customer Centricity in Insurance

Investing for a brighter post-Brexit future

Supporting our customers at their greatest time of need is fundamental to Aviva's purpose, and never more so than as we all face into the Covid pandemic.

As Covid-19 continues to impact our lives we will be extending the extra support we provide to customers. This includes payment deferrals and extending cover to those working from home, commuting, or volunteering.

And we are also supporting the wider economy to build a stronger Britain. In a post-Brexit world, the UK will need its global leader industries, like insurance, more than ever. Here at Aviva we are targeting £10bn of investment over the next three years in UK infrastructure.

Greater efficiency means better service

Every time a company is inefficient, they pass this onto their customers – whether it is poor processes, higher prices, or lack of speed in dealing with customer requests.

At Aviva we are continuously striving to make all parts of our business as efficient as possible in order to improve how we serve customers.

New FCA pricing rules will bring greater consistency for customers

A lot of insurers are talking about the Financial Conduct Authority's (FCA) new rules in respect of general insurance pricing. Of course, we support the FCA's intent to bring greater clarity and consistency to consumers in this way.

Aviva has taken a lead role in working to tackle the issues of insurance pricing, through limiting the differences between new and renewal prices, and testing new insurance products with a renewal price guarantee.

We're committed to working with the FCA and the industry to further address consumer concerns on price differences, and ensure any changes are fair to all customers, regardless of how they buy their insurance.

How Aviva's innovation process works

Aviva is celebrating our 325th anniversary this year and you do not last that long as a company without continuously innovating.

The need to develop customer-led propositions, continue to adapt and learn has been accelerated by Covid.

At Aviva we recognise there is a need for some innovation to take place outside of the day-to-day BAU activities to give it the best chance of success. This can be through rapid test and learn with customers or through partnering with or investing in startups. Once proven at pace these opportunities can be taken on and scaled by our core teams.

We have recently appointed a Chief Innovation Officer who's been tasked with developing customer-led propositions for the future and working in strong collaboration with the wider business.

62% feel the industry is keeping pace with tech advancement....by 2024, 33% of premium volume will come from brand new propositions.

EY - Global Insurance Outlook

A good case study is Wealthify, a digital investment platform. Here, we made an initial investment and then acquired the whole business when it was at a meaningful scale.

How Insurance can bridge the gap with other industries

I believe the insurance industry has a long way to go to reach its full digital potential and at present are the laggards of financial services.

The banks have had to fundamentally address their business models to digitise their customer experiences. Most of their customers now handle their finances through apps. However, we must also acknowledge that the banks have a far higher frequency of interactions with their customers than insurers do.

From my perspective, the insurance industry should be focusing its attention on digitising where it drives most value for the customer. Personally, I'd rather purchase my home insurance digitally or receive an update on my car repair through an app. But if I have a serious health condition and need to make a claim on my health insurance, I would much prefer to speak to an expert.

Many of those responding ...during the early part of the pandemic indicated a preference for greater customisation. Younger buyers in particular showed interest in wider-ranging policies, including one covering all types of transportation rather than being tied to one vehicle.

Deloitte - Global P&C Consumer Survey

Sustainable funds can be 27 times more effective at reducing your carbon footprint

Environmental, Social and Governance (ESG) issues, particularly sustainability, are fundamental to the strategy of Aviva – you will be hearing more from us on this in the coming weeks.

The biggest impact any individual can have on the future of the planet is to take control of their pension investments. Aviva can help with this.

Moving your savings to sustainable funds can be 27 times as effective at reducing your carbon footprint than eating less meat, using public transport, reducing water use, and flying less combined.

Make My Money Matter

Our own research shows 66% of 25 to 34-year-olds think it's important that their pension funds help tackle issues like climate change. We've signed up to the UN Net Zero Asset Owners Alliance – bringing our portfolio in line with the Paris target on climate change.

Prioritising staff health and wellbeing

The safety and wellbeing of our people will always be our priority.

In line with government advice, we have advised our people to work from home if possible. Most colleagues at Aviva can carry on working remotely, but for those who are not, our offices remain open, and Covid secure.

The realisation that we can work from home effectively is perhaps going to be one of the few positives from Covid. We are taking steps to formally recognise this and will in future offer our people a more flexible approach to working and will redesign our workplace to enable this.

But we recognise the mental health and wellbeing challenges are there – from juggling work and home schooling, to not being able to see family and friends.

All our employees have access to mental health, wellness, and domestic abuse support, and an assistance line for anyone needing to talk to someone.

Don't forget the difference seemingly little things can make. At Christmas we awarded all employees a £100 gift voucher to say thank you for going above and beyond in 2020. And in early January we announced that every employee will be entitled to a wellbeing day in addition to their regular holiday allowance.



66%
**of 25 - 34 year olds
think it's important that
their pension funds help
tackle issues like
climate change.**

Andrew Dinwiddie, Chief of Staff, Aviva

Andrew Dinwiddie is the Chief of Staff at Aviva with responsibility for Strategic Delivery and Innovation. He began his career at PwC before moving into the insurance sector, occupying roles across performance management and improvement, FP&A, and strategy.

2020 Hiring Insights

Highlights in Innovation - Insurance

GLOBAL



3000

BD & Sales accounted for nearly 3000 of these individuals.

34%

in Product

52%

Increase in Innovation amongst CIOs

US

900

BD & Sales

300

In Finance

50%

In leadership VP or above

300

In Product Management

50

In Product Management

UK

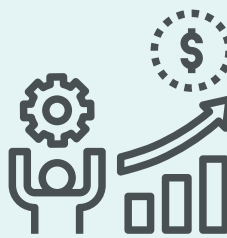
150

In Business Development & Sales

70

In Finance

TOP 3 functions for innovation



BD & Sales



Product



Finance

How Insurtech Is Making Insurance More Creative

Why are so many insurance businesses now hiring for creativity, and what does that say about the direction of the industry in 2021?

By Rachel Walsh, Insurtech Product Leader

Creativity is becoming increasingly significant for the insurance industry. In 2020, there was a 26% increase in demand for candidates with creative attributes. But is it possible for someone with an eclectic, creative background to develop a successful career within insurance?

I've built an exciting career in insurance despite not having a traditional insurance background. I got my undergraduate degree in archaeology and then started my career in fundraising. This was not exactly a traditional route into insurance. My insurance career hasn't exactly been traditional either. Rather, it shows that there's a lot of scope for people with different backgrounds and skills to do well – largely because of the way the industry has been evolving in recent years.



“ My insurance career hasn't exactly been traditional. ”

Increasingly, people in the industry see 'creativity' as a plus. To be clear, I'm defining creative people as problem solvers – lateral thinkers. People who embrace change and clearly communicate ideas.

This goes way beyond traditional 'creative' roles. We're talking product engineers and designers. Scrum masters versed in agile methodologies. Even company founders.

What's driving this sudden interest in 'creativity'?

In a word, insurtech – or insurance technology. The insurance industry is hungry for innovation. To save money on its processes. To speed up claims. To improve customer service. To launch new products.

As a result, it is acquiring, funding, or hiring startup insurtech businesses to solve these problems for them. Businesswire valued the global insurtech market at \$5.84bn in 2019 and expects this to almost double to \$10.14bn by 2025.

Being a product-centric company gives you the structure to think through problems from a customer perspective. This allows you to deliver value quickly. Without locking you into cumbersome solutions. This is invaluable as companies scale. It provides opportunities to innovate in an otherwise heavily regulated and old-fashioned industry.

“ The insurance industry is hungry for innovation. ”

The importance of the outsider perspective

Insurtechs are like tech businesses in most sectors. They want people from all backgrounds. This helps them to innovate because diversity of experience and cultures helps to solve problems in new ways.

When you look at the incumbent heavyweights in insurance, they still seem to have a more traditional approach to hiring. So the real opportunity for creative thinkers in this sector is on the insurtech side. That's where I've built my career.

Not coming from a traditional insurance background gives me an outsider's perspective. This in itself helps me to be innovative.

In my role as a product leader, I need to translate between the technology teams and the wider business. My background means I'm more aware of how to do that effectively.

Keeping customers front of mind during product development

Focusing on customer needs is challenging in the insurance industry because it's so heavily regulated.

It's a balance. Insurers need to develop product strategies for scalability and to fulfil regulatory requirements. But they also need to devote resource and time to product-driven customer-centricity.

“ There is a tendency to overcomplicate how we must receive customer insights. But you can start with a lightweight approach. ”

There is a tendency to overcomplicate how we must receive customer insights. But you can start with a lightweight approach. You can interact with customers through interviews, tracking, and surveys.

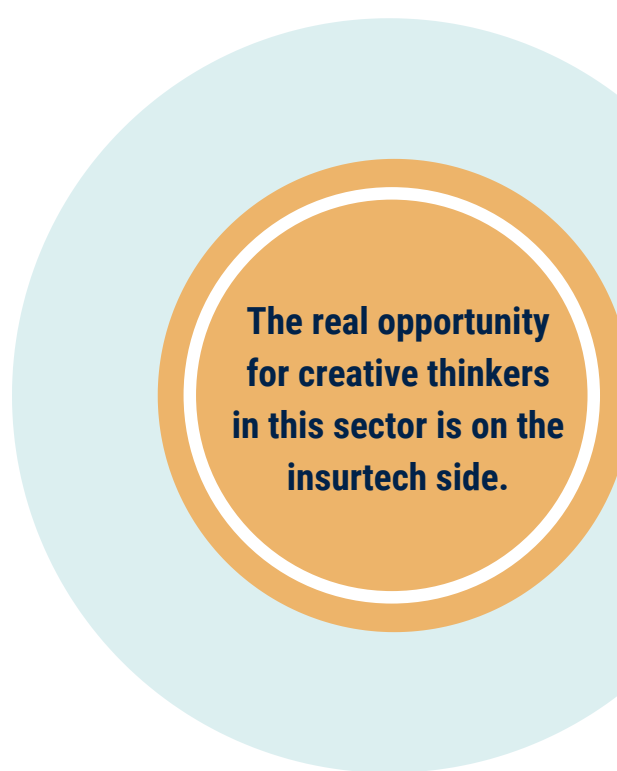
It also helps to understand the impact of seemingly non-consumer journeys on the customer. A renewals flow, for instance. It may not touch the customer directly until you reach the point of online account management. But the consumer touchpoint actually starts long before that.

Customers expect a seamless experience

They want easy access to their information and documents. They want low prices that will stay low. They want easy payment. And they want simple claims processes.

Insurtechs can perform in all these areas. We don't have legacy technology restraints. And we have well-structured product development teams because that's our specialty.

It is increasingly difficult for incumbent insurers with legacy technology to keep pace with insurtechs. They struggle to pivot quickly or to provide improvements in customer journeys, or data collection and usage, at the same speed.



The real opportunity for creative thinkers in this sector is on the insurtech side.

“ We're likely to see the industry moving to more personalised and accurate pricing models in 2021. ”

There is also huge opportunity to innovate in data and machine learning. We're likely to see the industry moving to more personalised and accurate pricing models in 2021 as it leverages developments in artificial intelligence and automation. This could improve everything, from pricing structures to a fair and seamless claims process. If companies can leverage their data, the opportunities are plenty. This is yet another area where a creative mindset is helpful and where we're likely to see more partnerships between insurtechs and incumbents this year.

Agile is not a silver bullet

Agile is a framework tool to deliver iterative change effectively but too many businesses see it as starting and ending with 2-week sprints. This will make little difference if you don't understand your strategic aims. Or if you don't understand the problems you're trying to solve.

“ Agile will make little difference if you don't understand your strategic aims. ”

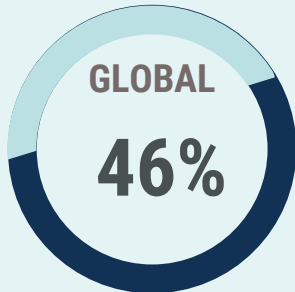
If used as part of a shift in culture, then Agile offers an excellent framework to help increase the value of what is delivered and measured. But that culture shift is the most important aspect.

Rachel Walsh, Head of Product

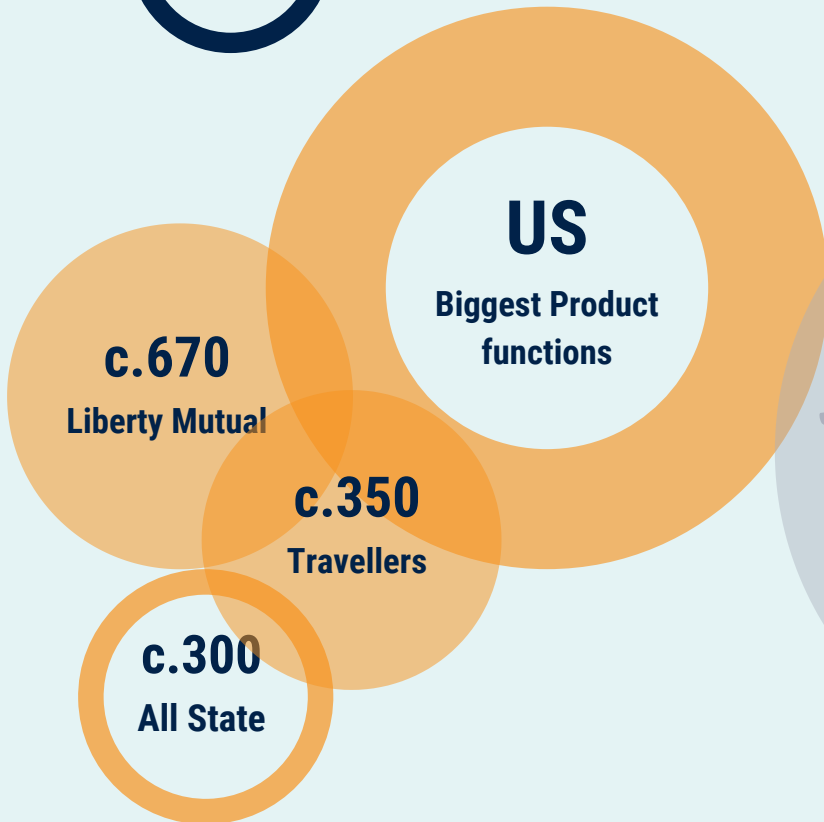
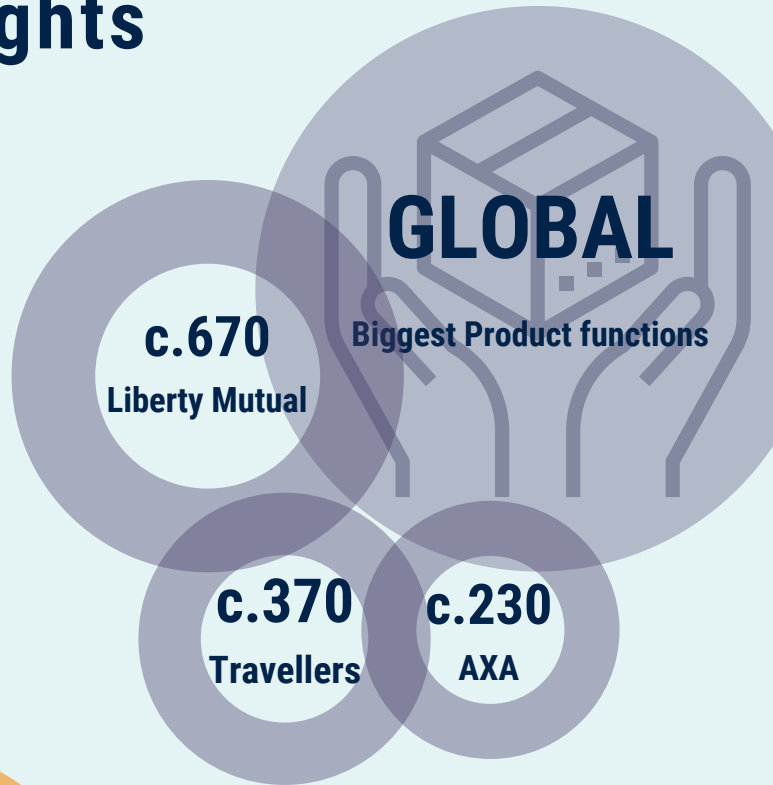
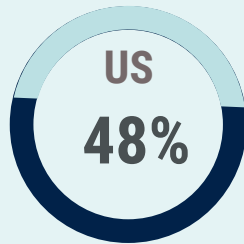
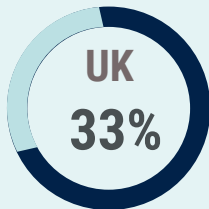
Rachel Walsh is a product leader with significant experience scaling out technology teams and transforming rapid growth startups. Working with insurtech businesses, Rachel creates data-driven and customer-centric products.

2020 Hiring Insights

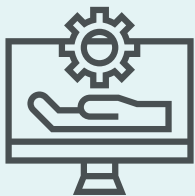
Highlights in Product - Insurance



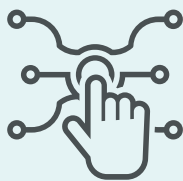
Gender split



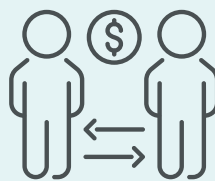
FINANCIAL SERVICES



SOFTWARE



TECHNOLOGY



RETAIL

BACKGROUNDS

2020 Hiring Insights

Highlights in Creativity - Insurance



GLOBAL

BD & Sales functions
accounted for
30%
of overall hiring in creative
skills

US

5% of those from a
highly creative
backgrounds were
Owners and
Co-Founders

**Product
Owners with
creative
skills +48%**

**Product
Management saw a
42%
increase in creative
intern intake**

+65%
increase in intake
of interns from
creative
backgrounds

43%
Increase in
Product Owners
with creative skills

UK

**UAL in top 3
schools**

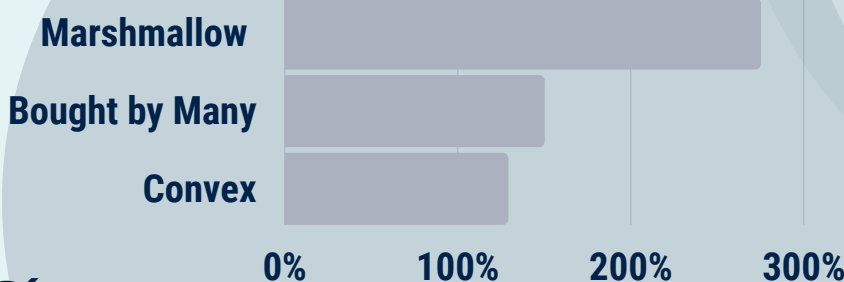
supplying the UK
insurance industry with
creative talent

UK Direct Line
300+
Hires

NFU
200+
Hires

Hastings
Direct
150+
Hires

H/C Growth



5 Tips for Successful Digital Transformation in Insurance

From clear communication, to being truly customer-centric, here are five best practices for successful digital transformation in your organisation.



By Lee Noon, Director of Digital - UK Insurance at Bupa

Digital transformation can revolutionise your entire insurance value chain – from product and pricing to underwriting, claims, and servicing. But while there are clear opportunities for improvement, there are also plenty of potential pitfalls. Here, Lee Noon from Bupa shares his top five success tips and his top five most common mistakes.

There are many benefits to digital transformation, from improving internal processes to enhancing the customer experience. At a macro level, it empowers you to grow revenue, increase margins, and lower costs.

Internally, we can use data to transform operations. Automating basic repetitive tasks improves productivity and efficiency, for example. Applying micro-segmentation and hyper-personalisation deepens your understanding of customers. Then you can deliver tailored content and episodes to them at the right time.

“ A good vision must stand the test of time, consistently trying to attain its goal. The vision for Bupa is to help people live longer, healthier, happier lives. This is something that we consistently try to attain. ”

Here are my top five success tips for digital transformation.

Tip 1: Show strong leadership

Any digital transformation must align with business strategy. It needs clear sponsorship and strong leadership from the CEO down.

Tip 2: Use an outside-in approach

Your customer should drive the vision and strategy. What are their expectations, experience, wants, and needs? The desired customer experience must act as your North Star – the destination for your entire organisation.

Bupa carries out a lot of research with our intermediaries. This helps to ensure the end customer gets what they want. When conducting external market research, Bupa looks for trends around three key areas to develop longer-term strategy – in this order:

- The Customer
- The Market
- Technology

“ 85% of Bupa business is written through brokers and intermediaries. ”

Tip 3: Communicate to everyone in your organisation

Create a clear organisational narrative to explain the purpose of your transformation. This ensures everyone understands and supports it. It's important to take the entire organisation on the journey.

“Your message must revolve around the role people will play in delivering the vision.”

Appropriate communication will drive this narrative. The overarching message needs to be consistent and the medium fitting. Video and visual representations can bring the dream to life in a way that all employees can understand, for example.

Your communication with the board needs to be visionary. It should grow more tangible as you move through the organisation. The message must revolve around the role people will play in leading this change and delivering the vision.

For example, customer-facing staff need to know what the change means for them. As well as the positive impact it will have on customers.

Tip 4: Set out a clear vision

Be clear what success looks like. Define your strategic direction, objectives, and goals at the start of the journey. Track these as you go. Look at what the data is showing along the way and course correct as needed.

“Ping An and their market-leading ecosystem inspire me. They are bold and transparent in their goal to leverage technology and increase the accessibility of healthcare for everyone.”

Tip 5: Be flexible and agile

With all best intentions there are always unexpected events. You need the agility and ability to react to what the data is showing.

Your organisation must be able to pivot. Flexible resources are a key part of this. As is working closely with the recruitment function – ideally with a dedicated resource such as an HR Transformation Director.

“Your organisation must be able to pivot.”

This person can estimate your flexible resource needs. For example, they can pinpoint which skills the company lacks. Then work out whether to hire those skills on a permanent basis or for short periods.

It's important to have a blend of advisory, consultancy, and permanent employees involved. This ensures the right model is in place at the right time. You should also vet all internal solutions first. Do you have the time to train internals if skills are lacking?

Top 5 most common digital transformation mistakes

For every digital transformation best practice there is a potential pitfall. Here are the most common mistakes that make failure more likely.

Mistake 1: Keeping your transformation siloed

Mistakes happen when the transformation is siloed and sits on the fringe of the organisation, especially when delivered functionally. Even if it doesn't fail outright, it won't be as effective as you need. Transformation must be all-encompassing, visionary, and communicated companywide.

Mistake 2: Getting the timing wrong

Timing is everything, as they say. But is this the right time for you? Is your organisation ready to take on a large-scale transformation? You need a real understanding of your company's existing capabilities. Consider external and internal factors. And be honest. If you're not ready, it's better to wait until you are.

“If you're not ready, it's best to wait until you are.”

Mistake 3: Insufficient resources

Don't underestimate the impact – or costs – of large-scale change. Your organisation has a day-to-day business to run.

How much resource is available for the transformation? Can you effectively assign or augment resources and the required capital to make it a success? If not, best to wait until you can. Or to downsize your ambitions.

Mistake 4: Not getting 100% buy-in

“Core traditional functions are usually the last to get onboard.”

Your organisation needs to have 100% confidence in the vision. Especially at the executive level. Has everyone bought in? If not, it will create significant barriers to successful delivery.

Usually, core traditional functions such as operations, pricing and underwriting are the last to get onboard. Also, people tend to buy into transformation with differing views of what it means for them. Some expect radical change while others expect it to be more incremental.

Mistake 5: Lack of data alignment

One of the biggest mistakes is not having the data. Or having the data but not interpreting it as you make changes. Be data-led, not opinion-led.

You must align your digital strategy with your data strategy. From a data perspective, you need to ensure you have the information you need to track progress. It's got to be accessible, visible, and measurable within the organisation.

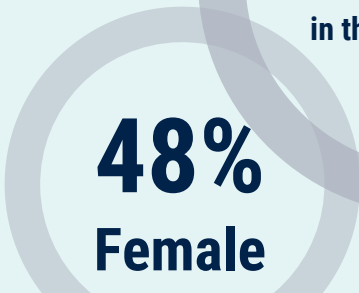
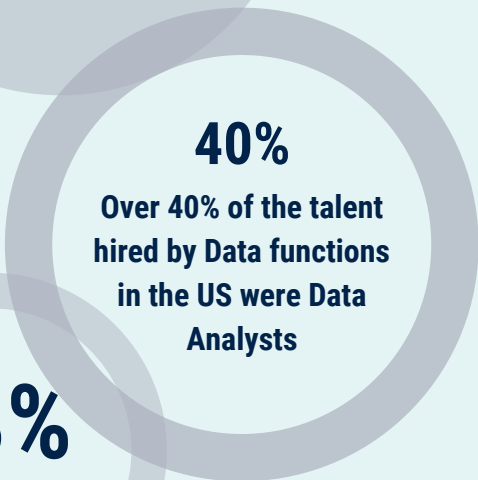
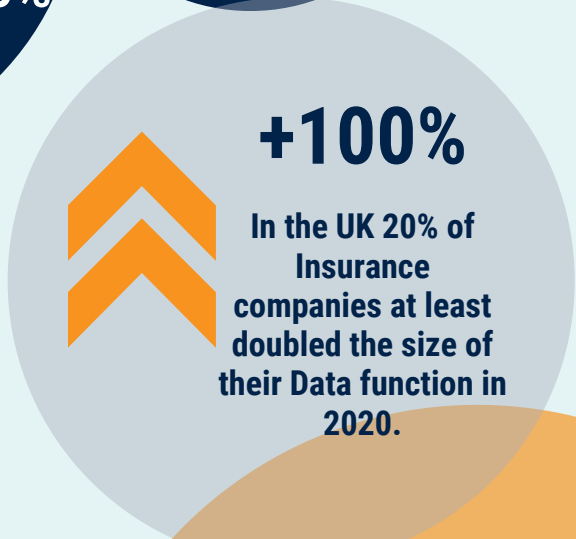
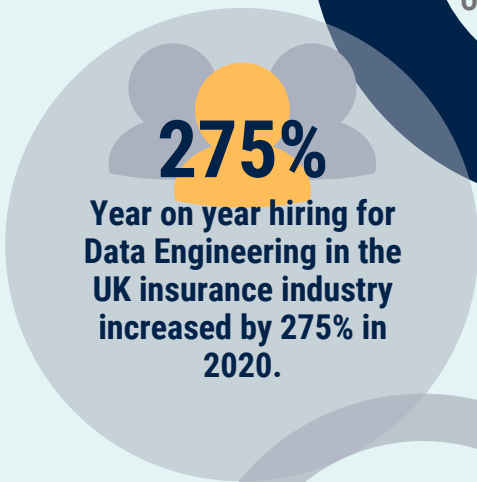
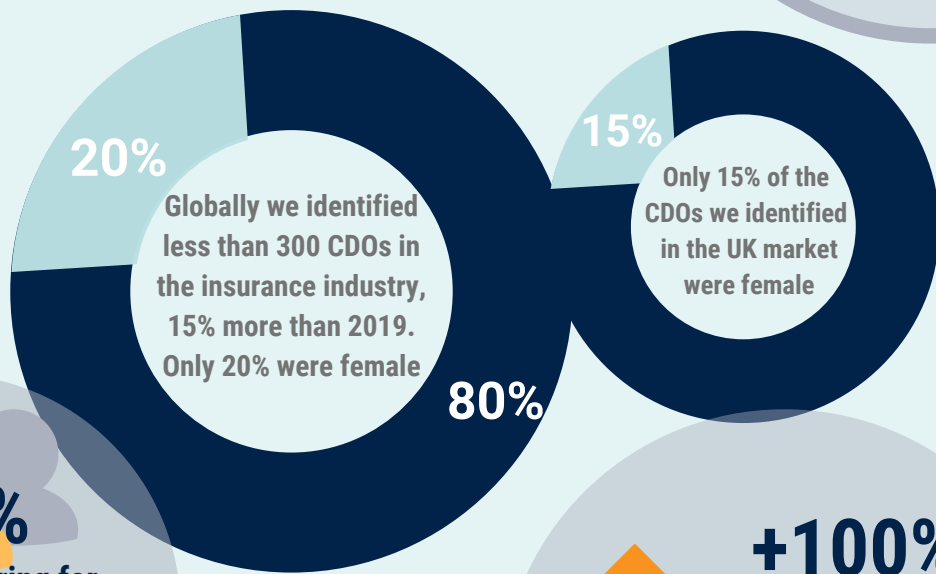
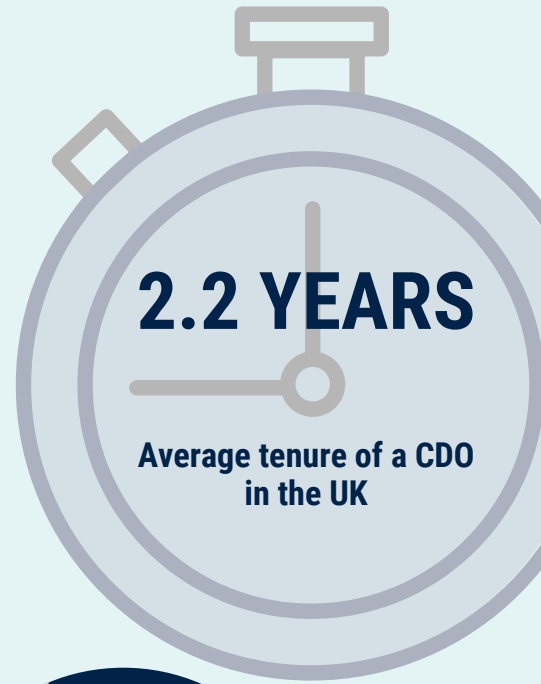
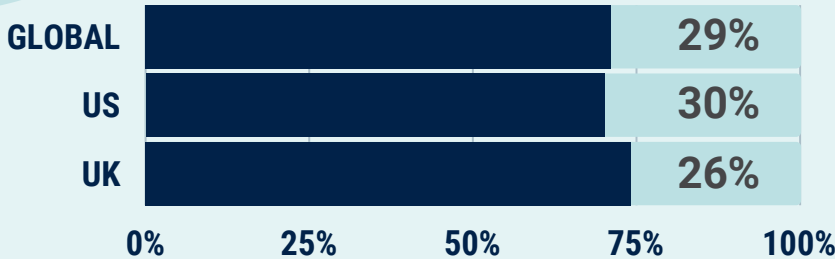
Lee Noon, Director of Digital - UK Insurance at Bupa

Lee Noon is a digital, marketing and transformation executive leader with experience across financial services. Lee is currently Director of Digital – UK Insurance at Bupa, responsible for the digital business strategy and transformation agenda.

2020 Hiring Insights

Highlights in Data - Insurance

DIVERSITY IN DATA SCIENCE

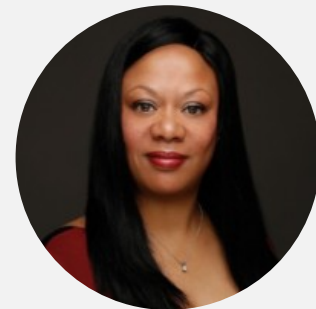


The Future Of Sustainable Insurance

The insurance industry has a huge role to play in sustainability – yet we must act now.

By Sabine VanderLinden, Co-founder and CEO, Alchemy Crew

Our industry can no longer ignore ESG. Environmental, Social, and Governance issues will define the coming decade. Insurers must respond to the challenge. The best way is through effective ESG frameworks, processes, and actions. The pioneers have started already. In 2021, it's time for the rest of the industry to join them.



The insurance industry can have a substantial positive impact on driving sustainability resilience. We can help make wealth distribution, risk mitigation, and the usage of emerging technology more sustainable. We must encourage institutional change and influence consumer behaviours. We should help maintain ecological balance and improve society's quality of life.

All of this is possible. But not if we don't embrace ESG ourselves. We need to ensure that our businesses, clients, investments, and the vendors we select do not damage ecosystems or communities.

“ The industry needs to ensure that its businesses, its clients, and the vendors it selects do not damage ecosystems and communities.”

Companies must embed the UN Sustainable Development Goals (SDGs) into their processes. Doing so will ensure that the right choices are being made when considering the production and usage of food products, waste, water, plastic, and energy, without putting too much stress on the Earth's ecological systems and creating natural and health hazards.

Sustainability is socially responsible *and* potentially profitable

This might sound too ambitious or bad for the bottom line. According to Allied Market Research, the green technology and sustainability market was valued at \$6.85 billion in 2018. They forecast growth of 26.5% (CAGR) to \$44.61 billion by 2026.

While sustainability is about people and the planet, it must be able to ease profitable growth too. And many in insurance already apply ESG criteria to their investing, financing, and insurance activities. Already today, ESG linked investments tend to perform better than other investment types, and here's how you can follow suit.

Sustainable investing

Some insurers use one of these two approaches to investing sustainably:

- **The normative approach.** Rules out companies that do not comply with international sustainability conventions.
- **The thematic approach.** Identifies companies that proactively align with the UN SDGs and have near term strategies to do so.

Insurers may use screening techniques to do this. These would include impact scores or indices to help focus investments on companies that support an adequate agenda.

Sustainable financing

Some insurers use a variety of financing approaches. Investing in green bonds and in emerging green tech are two popular examples.

Investment in Renewable Energy Tech doubled between 2019 and 2020. This reflected a desire to increasing sustainability across supply chains. Today, Tesla remains ahead of the sustainability pack in terms of investment received.

Sustainable insuring

Emerging risks related to environmental and climate change, greenhouse gas emissions, social disruption, and health and safety liability are becoming more common areas of interest. All insurers will have to find new ways to provide various risk-mitigating services – while also mitigating future claims' volatility.

“ **Green technology-enabled sustainability activities include a set of products, processes, applications, and practices used to conserve natural resources. Sustainability is a pathway that overcomes environmental challenges and supports economic and social progress.** ”

Source: Allied Market Research



**Investment in
Renewable Energy
Tech doubled between
2019 and 2020**

Mitigating ESG risk will become a more common area of interest

For instance, by the end of 2019, over 35 insurance players had stopped insuring coal mining projects after evaluating their ESG impact on the environment. Still, more needs to be done to ensure that insurers use the right ESG scoring capabilities, including platforms, to influence business decisions.

In 2021 and beyond, insurers will increase their activity towards monitoring and mitigating emerging sustainability-related risks rather than identifying and evaluating them. There are three key pillars I believe insurers must use as part of their definition process, which you can apply in your organisation:

Pillar 1: Align strategy with the new reality

Develop a sustainability or net-Zero strategy. Launch more societally and environmentally friendly products and services aligned to core customer needs.

Pillar 2: Change internal operations

Improve business practices. Empower operations to evaluate and manage the waste they create. Not only internally but also across the value chain.

Pillar 3: Drive economy-wide initiatives

Support value chain partners and customers to implement sustainable practices. Invest in socially responsible activities. The sector will be less likely to insure those using fossil fuels or with deficient sustainability strategies unless they have goals to demonstrate how they are moving towards renewable energy sources.

Be wary of so-called 'Green Washers.' These are companies that use the language of sustainability as pure PR. They're trying to fool the public and their clients into believing their products and services are green. In reality, there is no substance to their spin.

Emerging transition risks are the future for sustainable insurance

Insurers will need new types of data and new modelling approaches for ESG. They also need to understand what this means to move from fossil fuels to renewable energies. They'll need real-time access to many external data sources via easy-to-use platforms to make fast and real-time informed decisions. That will help insurers mitigate four types of risk:

- Traditional physical risks
- Emerging transition risks
- Highly prominent technology risks
- Upcoming liability risks

Physical risks have received the most attention so far. However, emerging transition risks and the underlying risks which will result from the transition are where insurers will need the most help.

Transition risks relate to insurers' efforts to transition towards lower-carbon, greener practices. It's a continuous effort that will require ongoing support as the risk involves transforming old business models into new ones.

These new risk types need industries to access highly disruptive technology and find ways to mitigate their underlying risk. This means re-pricing carbon-intensive financial assets, trading carbon footprints, and ensuring a decisive shift in investor choices and activities.

Insurers who achieve this will reap the rewards of increased brand equity, customer loyalty, and long-term revenue growth. The tech ventures that shape platforms to support them will likely prosper. And all of us will benefit from cleaner, greener metrics to build a more sustainable world.

Sabine VanderLinden, Co-founder and CEO, Alchemy Crew

Sabine VanderLinden is the Co-founder, CEO, and Managing Partner of Alchemy Crew. Sabine is an Insurtech Top 50 Influencer with over 20 years' experience and the recipient of three UK awards. The co-editor and author of *The INSURTECH Book*, she launched Startupbootcamp Insurtech and grew it to Europe's largest insurtech accelerator. She also launched Insurtech Hub in Hartford, Connecticut.



Insurers will need new types of data and new modelling approaches for ESG risks. The tech ventures that shape platforms to support them will likely prosper.

2020 Hiring Insights

Highlights in Sustainability & Environment

Largest insurance functions

US

c.20
All State

c.15
Health Net

c.15
AIG

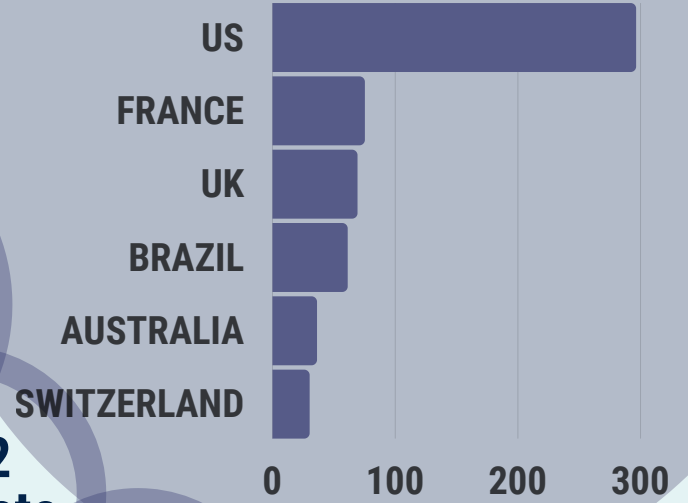
c.50
Health Net

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All State

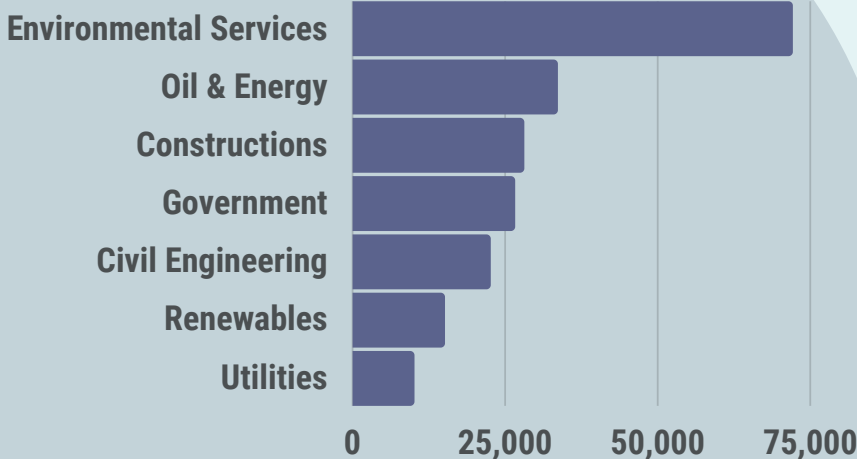
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GLOBAL

Leaders by H/C



Cross Industry Global Leaders



Wealth & Asset Management made up 61% of all ESG senior hires within the financial services industry globally

UK

c.10
NHBC

c.5
AXA

c.5
Crawford & Co

How To Foster A Strong Business Culture in 2021

If you want to attract and nurture the best talent, you need to focus on building the right culture.



By Robert Brown, Group CEO, Charles Taylor

Your culture is synonymous with your company and the values it prioritises. It creates uniqueness. If you want your firm to be different and outperform, then having the right culture is the key driver to retain and attract the right people as well as clients.

Culture defines both hard skills, in terms of technical competencies, and softer social skills. To embed a successful culture you need to respect everyone's views. You also want to foster a sense of belonging in your people. And assess them on their individual and team performance consistently across the organisation.

Define your culture

Defining your culture boils down to a simple question: "Why should people want to work here?" I am passionate about creating a culture where we assess everyone on their merits. We strive to support, encourage, and inspire them. Culture gets you through the good and hard times. It can instil wisdom on how to solve client or internal issues, for example.

In the current climate of remote working, the challenge for leaders is to nurture and create an inspiring environment virtually. This means listening to what employees need to perform well. Everyone's personal situation is different. They may need different kinds of support.

“Protecting your culture is about how your people keep evolving and progressing it.”

I think 'protecting' your culture is about how your people, collectively, keep evolving and progressing it. Moving from a public limited company model to private equity has allowed Charles Taylor to accelerate our journey. It's allowed the business to be even more inclusive than it was.

Technology has especially enabled this. Individuals across multiple time zones are collaborating more than they could previously.

I spend at least half my time on people and talent topics. We're a people business and industry, and it's challenging in this environment. But we've implemented several initiatives to support collaboration and communication across our business.

Our leaders keep each other informed about organisational updates. We also encourage an active dialogue within the business with the client in mind. Our Chairman Edward Creasey and I hold live all-staff chats every two weeks. In these, we update staff on what's going on across the business and take their questions.

The questions and comments we receive in these live chats actually inspire me with their insightfulness and engagement. They are all about the future. How we are doing, and how we can operate effectively to drive financial performance for our clients.

It's a powerful reminder of the benefits of openness within a company. Trust your people to engage, and they will prove you right.

The importance of making insurance more inclusive

All great companies are inclusive. When Lloyd's recently announced their culture change programme to make the Lloyd's market "a place where everyone can feel safe, valued and respected" that sent out a great message.

“ The Lloyd's culture change programme is both a challenge and an opportunity to determine the new normal post-Covid. ”

I understand and thoroughly support Lloyd's vision. Their culture change programme is both a challenge and an opportunity to determine the new normal post-Covid.

They are finding a simpler way of operating. One that nurtures entrepreneurialism and risk taking (in the right way). And of course they are working with the right partners to bring these ambitions to life.

I'm proud that Charles Taylor is helping them with Tide which underpins their DDM platform, designed specifically to automatically standardise and simplify data.

Take inspiration from your life


I was born in New Zealand, grew up in Asia and Africa, and feel British at heart. So I have experienced different cultures from an early age. I enjoy sports culture and the improving – or winning – mindset. But for me culture is really about taking the best out of the experiences you have had and trying not to replicate someone else's.

“ Culture is really about taking the best out of the experiences you have had. ”

In our businesses, we can reflect this by respecting the different experiences and cultures of our people.

I am inquisitive. I've never stopped learning. Ultimately, I view life as an ability to make memories, invariably framed by people and the 'why' you have those memories.

Part of the reason for fostering a strong company culture is to ensure your people make lasting memories. And are proud of the work they do. In this context, the 'why' is what drives the culture. The positive memories are the result. That's my goal, anyway.



I spend at least half my time on people and talent topics.

Foster genuine leadership

I spend a lot of my time on talent at Charles Taylor. During the last 15 years as a CEO I've learned a lot through different leadership roles.

“ Leadership is about knowing the way, going the way, and showing the way.”

How your people feel is the biggest differentiator of success. Leadership is about knowing the way, going the way, and showing the way. I am a big believer in learning about your people and putting them at the heart of what you do.

It is important to lead correctly and set the tone while inspiring from the top down. In terms of assessing leadership and identifying potential, I measure and assess against our values.

It is much easier to determine someone's competency. But trying to assess against our values is paramount. I want everybody to know we have a unique opportunity. That we're building something special for our clients and for ourselves, while making sure everyone enjoys the ride along the way.

Attract and nurture more creativity

Creativity in insurance was a key trend in 2020. More companies were hiring for people with creative backgrounds into roles where they can drive innovation and change. But we should also aim to foster creativity in all our people.

“ We should all spend more time on nurturing creativity in our people. ”

In my experience, it's important to get the right balance between self-examination and coaching. In business we tend to spend too much time on the former. Organisations need to look more at how they coach people to nurture their creativity.

Charles Taylor made three acquisitions last year alone and welcomed 400 new people into the group. We've certainly needed to challenge ourselves! To nurture inclusivity and creativity from a broad range of different people. But the benefits of doing so are significant.

Make 2021 your Year of Culture

Finding the right 'new way' of working is the one true change of 2021. That's not just around the technical aspects of working from home. In fact, remote working makes culture even more vital.

It helps to build relationships. It helps create a sense of ownership and conviction in your company even from a distance. And, across the industry, it will help us to support and grow the talent market.

I think in five years' time we will look back at 2021 and see the true significance of the changes and restructuring we're all going through. The successful companies of 2026 will be the ones who used 2021 to develop the right brand, attract the right people, build conviction, and foster genuine leadership.

Robert Brown, Group CEO, Charles Taylor

Robert Brown spent over 30 years in the insurance market, with roles as a broker and underwriter before accelerating his career to leadership roles at AXA and AON. As of 2020, Robert is Group Chief Executive Officer of Charles Taylor, the global insurance management services provider.

About Sheffield Haworth

Sheffield Haworth is a global talent consultancy focused on people led transformation and our purpose is to help organisations and people to realise their potential. Our clients span the Financial Services, Real Assets, Consulting, Technology & Services and broader Corporate sectors and our services cover Executive Search, Talent Development & Advisory and Consulting.

Established in London in 1993, Sheffield Haworth has undergone significant growth and expansion, now employing over 150 professionals in 12 global offices, with a client list that includes a substantial number of leading global organisations.

ABOUT TALNT

TALNT™ exists to provide professionals with the people moves information, knowledge and analysis they need to make a difference in their markets and to bring transparency to the often-opaque financial services industry.

TALNT was created by Sheffield Haworth and draws on deep expertise in markets to deliver a service that focuses on what really matters. To find out more visit www.talnt.sh.

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