

# BEYOND GENDER: HOW TO INCREASE COGNITIVE DIVERSITY IN INSURANCE

On 7th October, Sheffield Haworth sponsored and hosted a global executive roundtable with ISC Group – a global business community that provides personal, professional, and business development for women in insurance.

The topic was how to increase cognitive diversity in insurance, with a focus on:

- Why cognitive diversity is so important in insurance
- How the industry can attract talent from other sectors and/or more diverse backgrounds
- The major obstacles to achieving cognitive diversity, and how to overcome them
- What has worked in the past to increase cognitive diversity, and what the industry should be doing more of now

The event was moderated by Ben Johnson, Managing Director & Global Head of Insurance and InsurTech, Sheffield Haworth. Also on the panel were three women in senior insurance roles, two of whom had joined insurance from the banking sector. Two of the women were based in London, while one was based in Toronto.

The panellists discussed the main topics in detail. After that, attendees were given the chance to ask their questions of the panel at the end of the roundtable.

The session took place under Chatham House rules, so this report summarises the main points of the discussion while remaining anonymous in terms of who said what.

## Introduction by Ben Johnson

I started my career in fashion before crossing into insurance, which is one reason why I've always been passionate about cognitive diversity and the power of creative thinking.

In the insurance industry today, cognitive diversity is arguably more important than ever. So many of my clients are looking to do more in the digital and data space, and to drive significant change and transformation – whether that's in their products, their distribution methods, or even their business models. They need more diverse talent to make these transformation programmes successful. Diverse skills, diverse backgrounds, diverse experiences, and diverse ways of thinking.

Until now, the insurance industry has really focused on improving diversity in particular areas such as gender and ethnicity – those kinds of diversity that arguably are easier to measure. While there is still progress to be made in both these areas, and others, the focus of the diversity debate seems to be shifting.

Here in the UK, the FCA, the PRA and the Bank of England published a joint discussion paper on diversity and inclusion in financial services in July this year. The paper focuses primarily on cognitive diversity or diversity of thought, which it defines as:

*“Bringing together a range of different styles of thinking among members of a group. Factors that could lead to diverse thinking could include, but not limited, to different perspectives, abilities, knowledge, attitudes, information styles, and demographic characteristics, or any combination of these.”*

Going by this definition, the UK regulators seem to be emphasising diversity of thought as their overall goal, and recognising the importance of different perspectives, attitudes, knowledge and information styles.

This is the lens through which I'd like to view today's diversity discussion. Why is cognitive diversity so important in insurance? What are the roadblocks? How can we attract more diverse talent? What practical steps have been tried, and what should we as an industry be doing more of to achieve this?

## Why cognitive diversity is so important in insurance

Two of the panellists pointed out that they were brought into insurance as “diversity” hires from the banking sector. Both said this gave them a questioning perspective and the habit – still with them – of asking why the insurance industry still does things certain ways, and that the industry can be slow to change.

As a result, one benefit of cognitive diversity is that it brings people into the industry who are willing to ask awkward questions and challenge the status quo. This is essential in an industry that now needs to adopt digital transformation and new business models.

A broader range of perspectives leads to better financial results, better collaboration and more innovation, a perspective backed up by research by McKinsey and others. More diverse thinking leads to a more dynamic, solutions-focused work environment that is more likely to find solutions to find fresh ways to crack problems – both new and old.

*“Insurance is fundamentally evolving; this requires a fundamental difference in how we think. There are plenty of other companies – InsurTechs, for example – who could eat insurance companies’ lunch if we don’t evolve.”*

The range of talent needed in insurance is itself diverse, covering roles as varied as:

- Software developers
- Sales agents
- Marketing and comms
- Data scientists

It is natural to want to attract more diverse talent into insurance as a result.

There are also risks for the industry of not increasing cognitive diversity, the panel felt. These include falling behind competitors, as well as the risk of the industry as a whole falling too far behind other industries. Should that happen, it would then become a vicious circle, making it even harder to attract vital skills and top talent into the industry due its poor reputation for innovation.

## How the industry can attract more diverse talent, or talent from other sectors

The panel felt that part of the challenge when attracting more talent was the way insurance professionals themselves talk about the industry. Those outside of insurance have little idea about the range of roles available, or the range of challenges that need to be solved.

*“Part of this is how we ourselves talk about insurance – like it’s embarrassing. We’re terrible about talking about our industry and how exciting it can be. We should talk about it with more passion and pride.”*

Compared with commercial banking, insurance has a far lower profile amongst new graduates looking to enter the professional world.

That said, attracting talent from financial services was seen as easier on the whole than from other sectors according to the panel.

In terms of possible solutions, some on the panel shared their experiences of what had worked in organisations at which they had worked.

Examples of these included:

- Ensuring that slates of potential candidates are diverse
- Looking to hire from a more diverse range of schools and universities than firms traditionally target
- Removing educational requirements from job postings where appropriate
- Minimising insurance jargon from job postings that could alienate those from outside the industry
- Advertising jobs across a broader range of publications and online sources – not just LinkedIn and certain high-profile publications only read by a relatively narrow demographic

*“To get people who think differently, you need to advertise in different places. If you only advertise roles in a narrow range of publications or websites, you’ll only attract a narrow field of candidates.”*

One panellist mentioned the need to develop programmes for middle and senior managers to help them understand the benefits of diversity – and to make such programmes mandatory. This would see biases surface which an organisation could then deal with.

Another panellist pointed out that clear top-down leadership from the executive committee and other senior leaders would help to create an environment in which diverse thinking is valued.

All panellists agreed the need for companies to embed inclusive behaviours and language, which would make them more attractive to more diverse talent, as well as help them retain diverse individuals.

## The major obstacles to achieving cognitive diversity

The panel discussed several significant roadblocks they felt were getting in the way of achieving diversity of thought in the industry.

- **The industry is unattractive compared with others**

These included the aforementioned relatively low profile of insurance compared with other sectors, the lack of understanding of the industry, and the disparaging way insurance professionals often discuss their own industry. In short, these obstacles could be summed up as the industry not being as attractive to talent as other sectors.

*“The more senior the role, the more the company wants you to hit the ground running. That makes it harder to hire from outside the industry for that kind of role.”*

- **The need/expectation around skills and industry knowledge**

One panellist pointed out that it was easier to hire for diversity or from outside the industry in junior roles, but when it came to senior roles or specialist actuary or underwriting positions, there was an expectation that these hires would be able to come in and hit the ground running.

On the point about actuaries and underwriters, Ben questioned whether current and future roles wouldn't be more based around data science and analysis, and might therefore be more open to data scientists from other sectors, especially with more junior roles coming through where data science was becoming more important. The panel agreed this was likely.

- **Not enough time is given to hire for diversity**

Another key barrier mentioned was the timescales needed to hire for diversity. Ben mentioned that 67% of Sheffield Haworth's insurance placements in 2020 had been women. Even hiring women required more time and more coaching on both sides than hiring men into the same roles. This is a barrier to diverse hiring, Ben added, because many insurance clients want to hire the best talent “yesterday” – “but the good people aren't there yesterday. You need to search them out.”

*“A lot of insurance clients want to hire the best people, and they want to hire them yesterday. But the good people aren't there yesterday. You need to search them out.”*

The panel agreed that the rush to fill roles was likely to be a barrier to diversity. One said she thought it could easily take up to six months to find an ideal candidates that brings genuine diversity of thought, but that insurers were too caught up in quarterly thinking to be comfortable with this kind of timescale.

*"Time is one of our biggest problems. We know what we need to do, but under time pressure we rush."*

- **Lack of knowledge/experience of what to look for within HR departments**

HR don't know what to look for and aren't remunerated for hiring for diversity, another panellist pointed out:

*"HR departments need to change. They need training and support so they know how to source and recognise cognitive diversity so they can be remunerated for that."*

- **Companies are not ready for a cognitively diverse culture – or don't understand the kind of support needed to foster it**

Ben added that the top two priorities amongst his insurance clients was to hire in talent in data and digital that is either hard to find or simply doesn't yet exist within the industry. These skillsets by definition would have to be brought in from other sectors. In this context, he raised the question of making sure a company is ready for change and ready to accommodate diverse thinking.

He had helped a client fill four CMO roles across its organisation, he said. But within 12 months these CMOs had all left due to not receiving the kind of support they needed from senior leaders within the business.

*"We don't create an environment where it's safe to fail," Ben said. "If we make a mistake we default to what 'worked' before. It's a lot more work and more effort to do otherwise. And that goes for hiring from outside the industry just as much as anything else."*

- **Unconscious biases when hiring**

One panellist pointed out that most people had unconscious biases when hiring, and the biggest one was the tendency to hire in one's own image. This makes no logical sense when what you really need in an organisation is more people who think differently. But this is the easiest bias to fall into, and so it was important either to weed that out during your recruitment process, or otherwise make yourself accountable

*"We do still tend to hire in our own image. I want to hire Head of Business Development, and ended up trying to hire someone like me, until it was pointed out to me that that is what I was doing."*

## What has worked in the past to promote cognitive diversity, and what should the industry be doing more of?

The panel came up with a number of practical suggestions based on what had worked at their organisations, or that they felt were practical solutions that needed to be tested. These included:

- Stripping educational requirements from job specs, and relying instead on experiential evidence to emphasise transferable skills. Removing or lowering the barriers to entry.
- Thinking about the skills needed in a specific job role rather than industry experience. Building job specs around the skills you need rather than specific qualifications. (Where appropriate.)
- Advertising jobs in a much wider range of places, including media that might target certain sections of the population currently under-represented in your organisation (one panellist mentioned advertising flexible and part-time roles on Mumsnet when those roles were industry-agnostic).
- Focusing on bringing in more systems accountants and data scientists into actuarial roles now, before the competition for this kind of talent gets even more intense.
- Support diverse talent once you've recruited it, perhaps through having a senior manager as a mentor.
- Promoting the virtues of diversity of thought in your organisation – including amongst your existing staff. Encourage people to suggest new ideas or new ways of doing things, regardless of role, experience or background, and celebrate new ideas.
- Offering training to HR departments on how to source, recognise, and recruit for diversity of thought. There are plenty of third party programmes that can help with this. Consider linking remuneration – at least in part – to diversity outcomes.
- Encourage people to work across different departments and different roles within your organisation – for example from finance to operations. This helps broaden experience, foster collaboration, and encourage new ways of thinking.

*"I hired a Head of Responsible Business a year ago and went outside of financial services completely. It's been so successful and he constantly challenges our way of thinking."*

*“We recently hired a new COO who thinks totally differently from rest of our operational function. He’s disruptive and it’s proving out. But this has been successful so far in large part because we had a very strong direction on what we were looking for and we’ve had strong senior executive support to help the COO to thrive.”*

## Questions from the audience

At the end of the discussion, the audience was encouraged to ask questions of the panel. Here are the two the panel had time to answer:

### **Q1: How had panellists brought their existing employees along when hiring for cognitive diversity?**

The panel said it was vital to recognise that existing employees also likely have untapped talents they’re not used to showing off. Bringing in cognitive diversity could work as a way to free up existing staff to embrace more diversity of thought themselves, to think differently, or challenge ways of working that don’t make sense. Or to come up with new ideas for doing existing work in a better way.

*“Cognitive diversity is in all of us. We need to encourage it from our existing staff as well as new hires. After all, a diverse culture will always be more effective than a few diverse individuals.”*

The panel agreed it was important to create an open environment that values and encourages divergent voices. It was important also to have balance by focusing on existing staff just as much as new people, they believed.

### **Q2: Could remote working help boost diversity?**

The panels’ response was broadly positive, but they did point out some potential complications. For example, work contracts still typically specific where you work. If you’re contracted to work in London but decide you want to work from home from somewhere in the Home Counties, your pay could be cut significantly.

In practical terms, more remote working longer term would likely result in winners and losers. Not everyone would necessarily benefit from it. It also depends on the sub-sector of the industry and the ecosystem surrounding it.



Using Lloyd's as an example of a physical marketplace, while it was true that people have been doing hybrid underwriting there for a long time – and this ramped up during the pandemic – for this to continue the infrastructure and ways of working would need to change. The panel pointed out that it was now possible to hire talent from a much further afield, because for many roles they would no longer have to be within commuting distance of an office.

More practically, the major benefit was seen as being the ability now to hire people who wouldn't need to come to the office five days a week. Greater flexibility would likely lead to the ability to hire more diversely amongst people with home commitments, who might only want part-time hours, or who might work better outside of an office due to mental health concerns.

**If you have any talent needs or issues you'd like to discuss around increasing cognitive diversity, please get in touch with Ben Johnson at [b.johnson@sheffieldhaworth.com](mailto:b.johnson@sheffieldhaworth.com), or visit the Sheffield Haworth website at: <https://www.sheffieldhaworth.com/industry-practices/financial-services/insurance/>**

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