

**A REVIEW OF DIVERSITY AND
INCLUSION AT AMERICA'S
LARGEST INSURANCE COMPANIES**

HYBRID HEARING
BEFORE THE
SUBCOMMITTEE ON DIVERSITY
AND INCLUSION
OF THE
COMMITTEE ON FINANCIAL SERVICES
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**A REVIEW OF DIVERSITY AND
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LARGEST INSURANCE COMPANIES**

Tuesday, September 20, 2022

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DIVERSITY
AND INCLUSION,
COMMITTEE ON FINANCIAL SERVICES,
Washington, D.C.

The subcommittee met, pursuant to notice, at 2:53 p.m., in room 2128, Rayburn House Office Building, Hon. Joyce Beatty [chairwoman of the subcommittee] presiding.

Members present: Representatives Beatty, Lynch, Tlaib, Dean, Garcia of Texas, Williams of Georgia, Auchincloss; Wagner, Gonzalez of Ohio, Rose, and Timmons.

Ex officio present: Representative Waters.

Chairwoman BEATTY. The Subcommittee on Diversity and Inclusion will come to order. Without objection, the Chair is authorized to declare a recess of the subcommittee at any time. Also, without objection, members of the full Financial Services Committee who are not members of this subcommittee are authorized to participate in today's hearing.

Today's hearing is entitled, "A Review of Diversity and Inclusion at America's Largest Insurance Companies."

I will now recognize myself for 4 minutes, but before the clock starts, let me just say to the witnesses and the audience that due to the business of the House, the time of this hearing had to be changed, so we lost several of our Members due to their leadership roles in other committees, but I assure you that the ranking member and I, and our colleagues, both virtually and here, will give you our full attention. Now, I recognize myself for 4 minutes to give an opening statement.

Today, we are here to discuss diversity and inclusion at America's largest insurance companies. When I became Chair of this D&I Subcommittee, I made a commitment to investigate the state of diversity and inclusion in the financial services sector, not only because the composition of the industry should mirror the diversity of this country, but also because study after study after study has shown that diverse and inclusive companies are more productive and more profitable. We started by looking at banks and investment firms earlier in this Congress, and we discovered that women and minorities are unrepresented at these institutions.

This hearing, the third in a series, takes a closer look at insurance companies. Think about it, while no one is required to have a bank account or make investments, most people are required to have some type of insurance. For example, you need car insurance to drive a car or mortgage insurance to buy a house. The insurance industry touches the lives of nearly every American and has assets totaling nearly \$6 trillion.

That is why earlier this year, Chairwoman Waters and I sent letters to 27 of the largest property, casualty, and life insurance companies requesting data on their diversity and inclusion policies and practices. And I am happy to report that all 27 companies submitted data in response to our request.

After months of analysis, the committee staff published a report earlier this week entitled, "Diversity and Inclusion: Holding America's Largest Insurance Companies Accountable." This comprehensive report evaluates diversity in six different categories: overall workforce; executive leadership; CEOs; board diversity; suppliers; and investment assets. The results were disappointing. We found that the largest insurance companies are lagging behind in the same things we measured at banks and investment firms. On average, only 30 percent of employees at the largest insurance companies are people of color, compared to just over 40 percent at banks and investment firms.

Of equal concern is the finding that women and minority representation is concentrated at the lower level, and drops significantly the higher up you go on the corporate ladder. For example, 77 percent of administrative support employees identified as women, compared to 34 percent at the executive level, and 28.5 percent at the board of directors' level. Although some firms are doing better in certain categories, none are meeting expectations in every category. This report shows that there is still plenty of work for us to do, and I am proud that we are starting the work today with this report and this hearing.

I am thankful for our witnesses here today, and note that the CEOs who were invited to testify declined. Let the record show that I am going to invite all 27 CEOs to meet on a Zoom meeting with me, and I certainly will invite the ranking member. This country is rich with diversity, a diverse reservoir of talent, and it is time that we start harnessing that resource to make our institutions stronger and better.

Let me just say, there is no one solution to the problem of diversity and equity. We all have to work together, and learn from each other, and do our part to achieve a more inclusive system that offers opportunities to all.

I now recognize the ranking member of the subcommittee, my colleague, and friend, and it is my honor to yield 5 minutes to Congresswoman Ann Wagner from Missouri for 5 minutes for her opening statement.

Mrs. WAGNER. Thank you, Madam Chairwoman. And I want to thank our witnesses who are here both in person and virtually for testifying before our subcommittee today.

Today's panel includes witnesses representing multiple parts of the insurance industry. I would like to specifically welcome a fellow Missourian, Chlora Lindley-Myers, who is the director of the Mis-

souri Department of Commerce and Insurance. Thank you for joining us today. I'll look forward to hearing all of your testimony and taking this opportunity to learn more about the achievements being made within your industry.

While the insurance industry has made great strides over the past few years in improving overall workforce diversity, Republicans agree that insurance companies can build upon the progress that has been made to improve diversity, particularly within its leadership. Republicans also agree with certain recommendations made in the Majority's report, and indeed, many of the companies sampled have already implemented some of these recommendations.

In particular, the Majority recommended that companies partner with Historically Black Colleges and Universities (HBCUs) to build talent pipelines, and 100 percent of the sampled companies already do so. Next, to develop workforce diversity goals that are made public, and 96 percent of the sampled companies already do so.

Third, to routinely evaluate existing diversity and inclusion programs to ensure the effectiveness and efficiency of programs, and 92 percent already do so. And fourth, to have a lead diversity officer who can inform strategic discussions across the C-suite, and 96.2 percent already do so.

I am glad to see some progress that the private sector has already made in these categories without government intervention. In addition, there is bipartisan support for training academies that educate employees on job opportunities and match graduates with mentors and sponsors to support their career goals.

These best practices will be especially effective in combating the challenges that companies face in increasing diversity, specifically within their leadership ranks as compared with overall workforce diversity, which is much closer to mirroring the general population. However, I do want to reiterate my concern and opposition to any legislative efforts that impose mandatory reporting regimes on companies that are diverse in their size, location, mission, strengths, and challenges. It is clear that while diversity and inclusion within the industry has greatly improved, insurance companies still have much room for growth in several categories. Companies that are still facing challenges can learn from the successes of their peers and implement similar strategies.

I look forward to learning more today about the best practices and strategies within the insurance industry.

I thank the Chair, and I yield back.

Chairwoman BEATTY. Thank you.

Now, I am honored to recognize the Chair of the full Financial Services Committee, a long-time leader and advocate for diversity, equity, and inclusion (DE&I), the gentlewoman from California, Chairwoman Maxine Waters.

Chairwoman WATERS. Thank you so very much, Chairwoman Beatty.

I am proud that we are releasing a third in an unprecedented series of reports examining diversity and inclusion within the financial services sector. This time, we are focused on the diversity of our nation's largest property and casualty and life insurance companies.

The insurance industry is a unique sector of financial services that has had much less Federal oversight than the rest of the financial services industry because it is primarily regulated by the States. But insurance products are equally, if not more ubiquitous in the everyday lives of consumers. While no one is required to have a bank account or make investments, it is often a requirement to obtain certain types of insurance to drive a car or obtain a mortgage, or rent a home. The committee's report makes it clear that these companies still have much work to do to improve transparency and accountability.

I look forward to discussing the findings of this report.

And thank you, Chairwoman Beatty. I yield back.

Chairwoman BEATTY. Thank you, Madam Chairwoman.

Today, we welcome the testimony of our distinguished witnesses: Eloiza Domingo, the vice president of human resources and chief inclusive diversity & equity officer at the Allstate Corporation; Dr. Leroy Nunery II, the president of Evolution Advisors, who is joining us virtually, I believe; Chlora Lindley-Myers, the director of the Missouri Department of Commerce and Insurance, testifying on behalf of the National Association of Insurance Commissioners, and she was also mentioned by our ranking member; Kimberly Ross, the senior vice president of Federal relations at the American Counsel of Life Insurers, and I would like to take the personal privilege to also say she is also someone who started this journey of DE&I with me, so it's great to see you in your new capacity; and Baird Webel, a specialist in financial economics at the Congressional Research Service.

Witnesses are reminded that their oral testimony will be limited to 5 minutes. You should be able to see a timer that will indicate how much time you have left. I would ask that you be mindful of the timer so we can be respectful of both the witnesses' and the committee members' time.

And without objection, your written statements will be made a part of the record.

Ms. Domingo, you are now recognized for 5 minutes to give an oral presentation on your testimony.

STATEMENT OF ELOIZA DOMINGO, VICE PRESIDENT, HUMAN RESOURCES, AND CHIEF INCLUSIVE DIVERSITY & EQUITY OFFICER, ALLSTATE

Ms. DOMINGO. Good afternoon, Chairwoman Beatty, Ranking Member Wagner, Chairwoman Waters, Ranking Member McHenry, and other distinguished members of the committee. My name is Eloiza Domingo. I am the vice president of human resources and the chief inclusive diversity & equity officer at Allstate. Before I begin, I want to share my gratitude to you, Chairs Waters and Beatty, for creating the survey and subsequent processes.

At Allstate, one of our leadership competencies is to challenge ideas, which essentially means pushing the status quo with the intention of making things better. I also wish to thank everyone who worked tirelessly on the details of today's hearing. I am humbled and grateful for this opportunity to be here and testify as you review diversity and inclusion at America's largest insurance companies.

I have been in the field of diversity for over 20 years, serving in leadership positions within academics, pharmaceuticals, law enforcement, and healthcare. I have been honored to lead and build the strategic work at places like Cincinnati's Children's Hospital Medical Center, Astellas Pharma, Johns Hopkins Medicine, Indiana University, Miami University, Bucknell University, and now, at the Allstate Corporation. But I am more proud of being a single mom.

I am the firstborn daughter of immigrants from the Philippines who moved here in the 1970s. I am raising four biracial boys. I have two sets of twins. My 14-year-old boys—I know—and my 9-year-old boys. And for all those reasons, I pursued this work, or maybe this work pursued me. It is why I am happy to be here today to support this very important conversation.

At Allstate, we use the term, "inclusive diversity & equity," or IDE on purpose. More than 20 years ago, we turned inclusion into an adjective because diversity is really nothing without an inclusive environment in which to thrive. That's what Allstate believes, that everyone deserves to live a life well-protected, everyone has a right to participate and prosper in an equitable society. Allstate is one of the largest providers of protection to consumers in the United States, protecting their cars, their homes, phones, personal property, lives, and identities with 172.8 million policies in force, and \$39.5 billion of premiums over the last 12 months.

We also know that true diversity changes a journey and requires clear planning. Our multiyear IDE corporate strategy was built with many stakeholders and focuses on four pillars: business practices; people; culture; and community. And these pillars clarify our drive and leadership accountability to comprehensively integrate IDE into our daily practices and our daily behaviors.

Under these four pillars, we have achieved milestones: our people diversity meets or exceeds external benchmarks, with women making up approximately 57 percent of our total workforce; 42 percent of our employees identify as racially or ethnically diverse; 71 percent of our leadership, which is our directors and above, identify as female or a person of color; and 60 percent of Allstate's independent directors bring gender, race, or ethnic diversity to the board. And we provide guidance and accountability to ensure that diverse talent is a part of our candidate slates.

We are a founding member of OneTen, a 10-year effort to train, hire, and promote 1 million Black Americans who don't have a 4-year degree and who are making below a family-sustaining wage. This is part of our acknowledgment of the wealth gap in minority communities and that Black families are hit the hardest. So, we have dedicated ourselves to pursue equity in our people practices.

A part of Allstate's legacy is to challenge convention. We did this on Wall Street in 2020 when we became the first corporate issuer to select exclusively minority-, women-, and veteran-owned firms to lead a \$1.2-billion bond sale, which led to other companies pursuing similar bond deals with diverse-owned companies. And since 2004, we have tripled our annual spend with diverse suppliers to \$4.7 billion.

At Allstate, we are constantly looking for new ways to expand our IDE efforts. Under this strategy, we will expand our definition

and operations of diversity to improve the way we support women, the LGBTQ+ population, veterans and military families, those with disabilities, and many other diverse communities in a meaningful way. And this is why I volunteered to be here today, to share my recommendations and my perspectives on inclusive diversity and equity in the insurance industry.

I thank you, again, for the opportunity to address the committee today, and I look forward to engaging in a discussion together.

[The prepared statement of Ms. Domingo can be found on page 32 of the appendix.]

Chairwoman BEATTY. Thank you very much, Ms. Domingo.

Dr. Nunery, you are now recognized for 5 minutes to give an oral presentation on your testimony.

STATEMENT OF LEROY D. NUNERY II, PRESIDENT, EVOLUTION ADVISORS, LLC

Mr. NUNERY. Good afternoon, Chairwoman Beatty, Ranking Member Wagner, and distinguished members of the subcommittee. Thank you for inviting me to testify today and share with the subcommittee some of my work around diversity, equity, and inclusion on behalf of the American Property Casualty Insurance Association (APCIA) that I believe directly aligns with the important work of this committee.

As mentioned, I am founder and principal of Plus Ulte, LLC, and now, president of Evolution Advisors, LLC. Evolution Advisors is a joint venture of Acrisure, a fintech that focuses on providing growth acceleration and greater access to minority-owned insurance agencies and brokers. In addition to Acrisure, our founding partners are Russell Wilson of the Denver Broncos, his spouse, recording star Ciara, and Russell Westbrook of the Los Angeles Lakers.

I have worked as an independent consultant for APCIA since 2020 on a variety of topics. I looked at assessing and advancing the industry's investment in diversity, equity, inclusion, and belonging. In 2019, the APCIA board of directors adopted DEI as a strategic priority for the trade association and it established a CEO-level working group on social equity and inclusion to oversee its initiatives and its long-term planning.

The working group commissioned me to develop an anonymized catalog of APCIA member companies that examines diversity efforts among the industry's workforces, boards, and supply chains. The initial catalog was intended to be used as a measure for industry progress and accountability through continued analysis and ongoing updates.

The inaugural 2020 catalog included feedback from 52 property, casualty insurers and revealed that many companies have already established and made intentional investments in DEI. For example, 88 percent of the companies surveyed have DEI imbedded in their business and talent pipeline and practices, and their company cultures, and percent of the respondents undertook pay equity analysis, and this was across all sectors and all sizes of companies, through either internal or third-party studies.

Sixty-nine percent of overall company recruitment goals include strategies to engage in hiring diverse talent. There is so much more

to do, but we did find it noteworthy that geography was the most cited challenge to DEI. Twenty-seven percent of the companies reported, though, that the pandemic actually created opportunities for recruiting and retaining diverse staff.

We don't want to gloss over the findings, and there are areas of improvement. Seventy-three percent of the companies do not have, or did not have, DEI metrics included as part of their organizational key performance indicators. And one pillar area for improvement is identifying and developing more diversity amongst senior executives. I am happy to be continuing the work on the catalog this year, and our preliminary results so far show that the companies are making continual efforts, and there are some areas of improvement that will show up in the updated survey.

I would also like to say that there are additional projects, for example, the National African American Insurance Association's Next Journey study, which highlights and coincides with what your committee found, and also what we found in separate research. I think insurers do understand that this is not about the number of diverse faces at the table, but the experience of those individuals once they are brought on board. The industry seems to be shifting from an isolated focus just on recruitment data, to a more inclusive picture of worker experience, and programs for retention.

But there is also evidence of growing attention for leadership development, mentorship, and retention programs, and increased interest in HBCU recruitment. I am hoping we can continue to keep the pulse on this, and also to move it forward. There is no one-size-fits-all solution, but we do think that there is some encouragement here, as long as we keep moving forward with intentional effort and collaboration.

Thank you very much for the time. I appreciate it.

[The prepared statement of Dr. Nunery can be found on page 42 of the appendix.]

Chairwoman BEATTY. Thank you, Dr. Nunery.

Ms. Lindley-Myers, you are now recognized for 5 minutes to give an oral presentation of your testimony.

STATEMENT OF CHLORA LINDLEY-MYERS, DIRECTOR, MISSOURI DEPARTMENT OF COMMERCE AND INSURANCE, ON BEHALF OF THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS (NAIC)

Ms. LINDLEY-MYERS. Thank you so much.

Good afternoon, Chairwoman Beatty, Ranking Member Wagner, and members of the subcommittee. I want to thank you for this invitation to testify today. We appreciate the subcommittee's effort to examine diversity and inclusion in the insurance industry. State insurance regulators are committed to working on inclusivity and representation in the insurance sector. This is an important topic, and we look forward to sharing the ongoing efforts of State insurance regulators to address issues of race and insurance.

Our State insurance regulatory system, and insurance in general, reflects the society it aims to protect. Over our long history of protecting policyholders, addressing unfair treatment of consumers, and protecting solvency, insurance regulators have made consistent efforts to address issues of discrimination and market access as

part of a broader conversation around pricing and underwriting in specific insurance product lines.

However, in the wake of the 2020 national call to action on race and inequality, the NAIC decided it could do more and created a special committee on race and insurance, which I co-chair. Included in this effort is a dedicated work stream focused on diversity and inclusion in the insurance industry. The special committee is the first of its kind in NAIC history. Its charge is to evaluate racial inequality in the insurance sector across all facets. This includes evaluating the insurance sector, both as providers of insurance products, and as employers of a large workforce.

The creation of the special committee has elevated the NAIC's work surrounding race and inequality to candid, commissioner-level discussions on whether and how the industry is serving the needs of all people, policyholders and employees, regardless of race. A key focus is on the importance of recruiting, retaining, and promoting talent for a representative of the insurers, customers, and communities.

To that end, we have developed broad, consensus-based recommendations for steps that regulators and the industry can take to improve the diversity in the employment pipeline and the resulting employee base. We recently released these draft recommendations for public comment, and we look forward to receiving feedback. We acknowledge the initiatives by the industry to increase DE&I in their organizations and look forward to continued engagement from all stakeholders as we finalize our recommendations.

We are also pleased to share that the NAIC has formed the New Avenues in Insurance Careers Foundation. The foundation will focus on fostering interest in careers in insurance and insurance regulations, with particular focus on students from underserved and diverse communities. On the international front, the NAIC has used its platform to promote discussion of the DE&I issues at the International Association of Insurance Supervisors (IAIS). In response, the IAIS has committed to strengthening the work on DE&I by creating a forum for regulators to share steps taken in support of such efforts and incorporating DE&I aspects into ongoing IAIS projects for corporate governance, culture, and conduct.

Turning to our regulatory focus, we believe there should be equal access to insurance markets and products. This stance is not new. We must ensure that insurance companies are not unfairly discriminating at any stage of the insurance process, from underwriting to rate setting to claim handling. To that end, the NAIC's algorithmic bias project is addressing unfair algorithmic bias and how it emerges its right regulatory approaches to mitigation and detection.

Recently, the project held a multi-day collaboration session for State insurance regulators featuring academics and experts on the topic. These issues were being discussed and looked at so that we can take measured and deliberative actions to avoid unintended consequences in the market. We are committed to continuing these important efforts, and we welcome your engagement. We recognize that the subcommittee's report indicates that insurance, like the financial services sector at large, has significant room for improvement to ensure a diverse workforce at all levels of the organization.

Like you, we expect the statements of support and commitment made in the wake of the deaths of George Floyd and other victims of racial violence to be met with sustained commitment to progress. The insurance regulatory committee is committed to being a part of that progress. I want to thank you for this opportunity to testify, and I will be pleased to answer any of your questions.

Thank you.

[The prepared statement of Ms. Lindley-Myers can be found on page 38 of the appendix.]

Chairwoman BEATTY. Thank you, Ms. Lindley-Myers.

Ms. Ross, you are now recognized for 5 minutes to give an oral presentation of your testimony.

**STATEMENT OF KIMBERLY W. ROSS, SENIOR VICE PRESIDENT,
FEDERAL RELATIONS, AMERICAN COUNCIL OF LIFE INSURERS (ACLI)**

Ms. ROSS. Good afternoon, Chairwoman Beatty, Ranking Member Wagner, Chairwoman Waters, Ranking Member McHenry, and members of the subcommittee. Thank you for allowing me to testify today on behalf of the American Council of Life Insurers (ACLI). It is certainly a 360 moment for me, and I am honored and humbled to be here.

Our mission at ACLI is ensuring a lifetime of financial security and protection for all families. Pursuing diversity, equity, and inclusion is also a proud and interconnected part of the mission for ACLI and the industry. We know that empirical evidence shows that DEI is good for the bottom line, spurs greater innovation and decision-making, and is the right thing to do. Diverse firms outperform those that are not. We know this, and that is why DEI is an integrated part of how we ensure that every American has access to financial security for life.

Turning to the committee's report completed for this hearing, it shows there has been some tremendous progress on the DEI front for our industry during the 5-year cover period. I will highlight just a few: 92 percent of covered firms had at least 50 percent of their workforce comprised of women; in 2017, 100 percent of insurance companies leveraged diverse organization to increase recruitment of people of color and women, which includes recruitment at our nation's HBCUs and Minority-Serving Institutions (MSIs).

The percentage remains high in 2021 at 94 percent, despite the pandemic. The insurance industry's focus on leveraging diverse asset managers has increased. In 2021, 12 firms spent with women-owned asset managers, and 15 firms with minority-owned asset managers, an increase of 33 and 15 percent, respectively, from 2017.

ACLI believes life insurers are uniquely positioned to achieve DEI goals through the products we offer and the investments we make. Our products build financial certainty and can significantly enhance the transfer of intergenerational wealth. We are leading by example and serving as a catalyst and resource for our members to advance the renewable DEI goals and programs.

I would like to share information on a few collective efforts underway by our industry to grow our DEI commitments, which are extracted from our strategic plan. In 2020, ACLI developed its

board-led Economic Empowerment & Racial Equity Initiative, also known as EERE. EERE is a four-pillar initiative interwoven with ACLI's overarching goals to serve all Americans, and it is designed to transcend enduring boundaries to financial security.

Chairwoman Beatty, life insurers know that having a diverse and inclusive workforce is a business imperative. In 2019, ACLI established a DEI forum led by chief diversity officers of our member companies and senior leaders within ACLI, including our CEO. For the past 3 years, our quarterly meetings culminated in an annual DEI conference with the APCIA and the Life Insurance Council of New York. The conference brings together hundreds of chief diversity officers, regulators, CEOs, and other leaders. Through the DEI forum in this conference, CEOs exchange ideas and innovations and set an industry-wide DEI focus.

For instance this year, the DEI focus grappled a top-of-line issue on retention of diverse talent in the face of the Great Resignation. And at the conference, we unveiled our latest impact-investing initiatives in affordable housing called 360 Community Capital. Many of our companies actively recruit, hire, and employ graduates of HBCUs and Hispanic-Serving Institutions, participate in the HBCU challenge, and partner with many affiliated organizations to advance workforce and other impactful DEI goals in communities across the country.

We also know that promoting diversity in corporate leadership is critical to growth. ACLI supports the Improving Corporate Governance Through Diversity Act, H.R. 1277, introduced by Congressman Meeks and Senator Menendez. Diversity is needed at all levels within a company, especially within the CEO and C-suite levels, where mission-critical decisions and resource allocations are determined.

Chairwoman Beatty and Ranking Member Wagner, as laid out more fully in my written testimony, significant DEI work is underway at ACLI. And as your report shows by many of our member companies, we are committed to growth and know there is more work to be done. Our commitment is deep and tangible, girded by our 175 years of protecting families. We remain intentional to the DEI mission before us, and I thank you again for the opportunity to testify, and I look forward to the discussion.

[The prepared statement of Ms. Ross can be found on page 70 of the appendix.]

Chairwoman BEATTY. Thank you, Ms. Ross.

Mr. Webel, you are now recognized for 5 minutes to give an oral presentation on your testimony.

STATEMENT OF BAIRD WEBEL, SPECIALIST IN FINANCIAL ECONOMICS, CONGRESSIONAL RESEARCH SERVICE (CRS)

Mr. WEBEL. Thank you.

Chairwoman Beatty, Ranking Member Wagner, and members of the subcommittee, I appreciate the opportunity to testify today. My name is Baird Webel, and I am a Specialist in Financial Economics at the Congressional Research Service (CRS). And just one note of housekeeping, especially for people who might be watching who aren't familiar with CRS, we are an organization that provides objective, nonpartisan research and analysis to Congress. CRS as an

organization takes no position on the desirability of any specific policy or policy outcome.

The first part of my written testimony basically takes a look at some of the other government statistics in this area. The Bureau of Labor Statistics (BLS) puts out a lot of more macro-level statistics, and I thought it might be interesting to take a look essentially at what some of the macro statistics say compared to what the committee's findings were. And in this, I would be remiss in not thanking my colleague with me today, economist Lida Weinstock from CRS, who shared valuable expertise in preparing this portion. And the second part is basically some observations on the legislation that was also put forth with regard to this hearing.

Looking at the, sort of, overall statistics, BLS basically takes a macro-level approach so that this survey is essentially hoping to represent the entire employed population of the United States. And they have stuff going back a little bit further to 2011 or so, so a little bit longer look than what the committee had taken a look at.

I think that when you look at the statistics, I guess the conclusion that you draw from the macro statistics is somewhat mixed. There are some areas in which the insurance industry has a higher percentage in some of the racial/ethnic categories and some in which they have a lower percentage. In particular, the macro statistics show that in Black and African-American populations, they are a little bit higher than the overall working population. And in Hispanic and Latino populations, they are somewhat lower. And particularly, in women, also much higher than the overall working population.

But I think that it is important to keep in mind that these are macro statistics, and they do not drill down into the hierarchy of the insurance industry in the same way that the committee did with the surveys that you produced. And so I don't think—if there are numbers in the macro statistics that are somewhat contradictory or maybe—I would take that as an interesting piece of information. There may be some differences in measurement bias or something along that regard. But overall, I think the numbers are broadly consistent between the macro picture and what the committee found in the surveys that it took.

Particularly with regard to insurance, I am actually more surprised at some of the differences between securities and banking worlds in the macro statistics. And a couple of words about some observations on the legislative side. As has been noted, the primary regulation of insurance is at the State level, and this does, I think, create some complications for Congress when it wishes to exercise authority in the realm of insurance.

In looking at the pieces of legislation, both the drafts and what has been introduced, you can see that there are obviously differences in banking and in securities when you have direct regulators of those spheres under the Federal purview. So, it is basically a question of using the authorities of the Federal Insurance Office, or the Federal Reserve, which does have oversight of a very small number of insurance companies at this point, or the other tact that is sort of taken is addressing diversity and inclusion through the more general securities loss. And in terms of this regard in insurance, I would just also draw the Members' attention

to the fact that much of the insurance industry is also in a mutual form, which means they are not publicly traded, they are not selling stock to the public, and that may, depending on how you sort or craft a legislation, reduce the impact that going the sort of SEC securities law route has on the insurance industry.

With that, my time is about done, and I will be happy to answer any questions.

[The prepared statement of Mr. Webel can be found on page 80 of the appendix.]

Chairwoman BEATTY. Thank you for your testimony, Mr. Webel. I now recognize myself for 5 minutes for questions.

My first question is for you, Dr. Nunery. One area we investigated was CEO diversity at insurance companies, and the findings in that area were troubling, to say the least. On average, 24 out of 27 CEOs were White men, two were White women, and one was an Asian man. Not one woman of color was represented at this level.

Can you describe the impact of this lack of diversity on the insurance industry or on consumers?

Mr. NUNERY. I think the issue is of concern and needs to be addressed. When you look at other studies, let's say Business Insurance Magazine, when they do their diversity study, 60-some percent of the respondents say that the CEO is most responsible and accountable for enacting DEI initiatives. The next-highest person is the chief human resources officer, at 15 percent. That is a 50-point gap between the two. If you don't have leadership that either represents or can speak to or is aware of the concerns and issues of diverse communities, it is likely that management inside those companies won't be held accountable.

One of the challenges that the industry has is attracting talent. When I do informal surveys and ask how many people in a room of 100 knew about insurance as a career when they were in high school, maybe 2 hands out of that 100 go up. How about college, maybe 3 hands. And that is in diverse communities with diverse audiences. I guess the key here is making the industry more attractive, but also making sure that the retention efforts really are meaningful.

In short, leadership does matter here, particularly when you are talking about establishing policies and making sure there is someone held accountable for reporting all the way through the organization. It is not something that can be fixed overnight. But it is—

Chairwoman BEATTY. Thank you very much for that. That is a good segue for my next question, which goes to you, Ms. Domingo. We find that most minority and women representation occurs at the lower level. As someone who is in leadership at your insurance company, Allstate, can you explain why that is and whether there is a system in place or a pipeline for women and minorities?

Ms. DOMINGO. Thank you, Chairwoman Beatty.

I appreciate that question. It is a really important question, even for myself as a woman of color in leadership. We actually, at Allstate, have seen an increase in our promotion of women and people of color in our leadership over time. We have also seen an increase in our hiring of women and people of color in our management, ac-

tually over the availability of diverse candidates in the nation. We have set that goal, and we have actually exceeded that goal.

To your question about systems that are in place to ensure diversity, like many of our peer companies, we have a lot of racial and ethnic diversity at some of our lower levels, our independent contributors and our hourlies, somewhere in the vicinity of about 57 percent. One of the things that we have in place is leadership programs. We have about 14 of them that target females and—

Chairwoman BEATTY. And just for the sake of time, where has that gotten us? We have all these, you are admitting, at the lower level. Is there a pipeline of how many people report to the president and CEO, have a seat at the table with the board of directors? Because we are also talking about equity, and the reports aren't showing that, so maybe I missed something.

Ms. DOMINGO. No. That's okay. That is something that we are still working on. However—

Chairwoman BEATTY. But does it exist now?

Ms. DOMINGO. It does exist right now. And our board, we are actually happy to present—you are the first to know—that our board diversity, which is about 60 percent right now, is going to increase in the next year. We are bringing on a Black female. And so—

Chairwoman BEATTY. You have how many now?

Ms. DOMINGO. We have 3 of 10 who are female, 3 of 10 who are people of color, and we are bringing on another Black female at the end of—

Chairwoman BEATTY. Another—how many Black females do you have now?

Ms. DOMINGO. All of the people of color are male.

Chairwoman BEATTY. So, there are no females?

Ms. DOMINGO. No. We have females.

Chairwoman BEATTY. There are no Black females—

Ms. DOMINGO. We are bringing one on—we are excited to bring one on at the end of this year.

Chairwoman BEATTY. Okay. Thank you.

The next question is for Ms. Ross. Despite the fact that over 90 percent of ACLI member companies have committed to diversity, what do you think the insurance sector is lagging behind in?

My time—I am going to give myself a few seconds for you to answer, and the rest you can put in writing.

Ms. ROSS. Chairwoman Beatty, thank you for your question. Did you want me to take time to answer it?

Chairwoman BEATTY. If you are more comfortable responding in writing—it is fine—the ranking member is letting me have a few extra seconds.

Ms. ROSS. Thank you. Certainly, there is room for growth. The DEI is an integral part of the growth for our industry. And we know that in terms of our total workforce numbers, there is an opportunity for growth, but we are proud of our increases in supplier diversity. We are proud of our numbers on our boards of directors, and again, the growth that we have had for women in our industry. We think it exceeds other parts of the financial services sector, and we are encouraged by that growth, while knowing that there is still room to grow.

Chairwoman BEATTY. Okay. Thank you very much. I now have the privilege to yield to the ranking member of the subcommittee, the gentlewoman from Missouri, Ms. Wagner, for 5 minutes.

Mrs. WAGNER. Thank you, Madam Chairwoman.

As I said in the subcommittee many times before, I do support voluntary disclosures of diversity and inclusion data. Having frank and honest conversations about what challenges companies face in recruiting a diverse workforce can help us tackle those challenges, and examining diversity data is a big part of that conversation.

However, I have long opposed mandatory disclosures that create an apple-to-oranges comparison between companies with different missions, goals, locations, and resources. I want to thank the companies that participated in this survey for telling their own stories in full context.

Since each company self-determined their metrics, I don't think we can really use this data for straight comparison, but it is a starting point to look at what practices work for promoting diversity and what obstacles companies still face.

With that in mind, I do want to explore one of the biggest challenges we saw in the data—and I know the chairwoman has spoken about it, I have, and the committee has as a whole—and that is the executive level diversity. The committee received data in response to the chairwoman's letter, which showed that the sample insurance companies employed, on average, 30.5 percent people of color, and 54.6 percent women. Those numbers show real progress. However, at the executive level, the responding companies employed 16.2 percent executives of color, and 33.5 percent of female executives.

Ms. Ross, do you think it is important to have a diverse board and C-suite in order to meaningfully shift the culture of a company?

Ms. ROSS. Thank you for your question, Ranking Member Wagner. Absolutely. That is why ACLI has worked with the NAIC on our insurance and race effort; that is why we have grown our numbers for board diversity for the nation's largest insurance companies at 28.5 percent for women, and 22 percent for people of color. And it is consistent with, or better than the performance of some of the other sectors of the financial services industry. As far as CEO levels, we know that those advancements are usually made from our C-suite, and that is why we are focused on our C-suite efforts to diversify.

And with that growth in our board diversity, we look to having more diverse levels at our CEO. But what I do want to also highlight is that although there was not diversity in the CEO level for the companies that were surveyed, there are other companies among our 280 member companies that do have a woman or—

Mrs. WAGNER. I think all participated in the survey portion. We are sorry that more didn't show up for hearing, but I appreciate your input. Let me move on.

Lack of diversity is not always an easy problem to solve because the root causes are sometimes complex. I think one way we can continue to progress in this area is to have a candid dialogue about what is working and what is not working. We can learn from each

other and not be shamed for the things we are trying but may not yet be yielding results.

Ms. Domingo, Ms. Ross, what are the challenges that you are facing? What are you struggling with? Are there additional factors we can consider to increase the recruitment apparatus in the talent pool?

Ms. Domingo?

Ms. DOMINGO. Thank you so much for that question, Congresswoman Wagner.

I agree entirely that audits like this are actually some of the reason that we think it is important to examine and look at yourself in the mirror. Some of the things at Allstate that we are handling is ensuring that our managers have the education and the scripting to actually talk about this. It is one thing for me and for the leadership to be able to talk about this, but for our managers to also give this information and talk about this in a fluid way with their employees, to talk about equity in the hiring and promotion processes, is also important for us.

Mrs. WAGNER. Thank you very much. I am out of time. I appreciate your efforts and your being here today.

And I yield back to the Chair.

Chairwoman BEATTY. Thank you.

I now recognize the Chair of the Full Committee, the gentlewoman from California, Chairwoman Waters, for 5 minutes.

Chairwoman WATERS. Thank you very much, Chairwoman Beatty, for this hearing. This is so important, and the work that has been done that you and I basically initiated has revealed an awful lot about insurance companies. Let me just say this: I know that some of the insurance companies like Allstate are very familiar in our communities, and we see people of color at various events representing Allstate, et cetera, et cetera. I don't want to focus on employment. I want to focus on ownership.

And I am looking at supplier diversity. The average amount of money spent with diverse suppliers at surveyed insurance companies was 2.7 percent with minority-owned suppliers, 2.4 percent with women-owned suppliers, and 1.2 percent with minority- and women-owned suppliers, as a percent of overall procurement spent.

Chairwoman Beatty took up the oversight of something that we created some time ago called the Offices of Minority and Women Inclusion (OMWIs). We learned a lot about those who were in positions of leadership as it related to diversity and inclusion and what they seemingly did or were supposed to do in order to create opportunity.

One of the things we discovered was that not many of them knew much about how to create ownership with contractors. I am about building wealth with ownership. For example, what is the percentage of solo or with the use of suppliers? I am interested in understanding that. And I am wondering, for those of you who have positions where you are in charge of diversity and all of that, do you talk about ownership? Do you talk about using more suppliers? Do you talk about some old models that I think we used to see where there were agents, I think, that had companies and businesses that they owned, and they literally did business with several insurance

companies, and they wrote the insurance for these—for the community.

What do you do in terms of understanding that we are not only interested in employment—yes, we want upward mobility, we want upper management—that there is a lack of this certainly. It is still in the boardroom, but what do you do in relationship to Black businesses, Latino businesses, women-owned businesses, to include them in their businesses because they are suppliers, they are business people who perhaps could be agents if you still use them that way?

Ms. DOMINGO. Thank you, Chairwoman Waters. That is a great question, and I am sure you saw my head nodding.

We have a goal at Allstate of \$470 million spent with our diverse suppliers by 2025. And at this point, towards that goal, we have already achieved half of that goal. To your point, one of the things that Allstate does is we provide each minority supplier with a peer mentor. So, we supply them with another vendor who is a majority vendor or another minority vendor, and we provide peer mentorship. Then, we also provide sponsorship and mentorship from the Allstate side to ensure—as you know, attention, equitable attention, specific attention to their success, coaching on their contracts—

Chairwoman WATERS. Let me reclaim my time here for a minute.

If I looked at your database for all of your suppliers, would I see a comprehensive database where no matter what the supply needs were, you had someplace to go and to reach out and do business with suppliers? Or do you need to learn how do this better?

Ms. DOMINGO. I would say a little bit of both. We do have a warehouse of information where our suppliers can go and use our procurement.

Chairwoman WATERS. Why is the percentage so low?

Ms. DOMINGO. The percentage of our spend?

Chairwoman WATERS. The amount that you spend on minority and women suppliers. Why is it so low?

Ms. DOMINGO. We are increasing that with mentorship and sponsorship as we speak. And again, we are happy to report that we have half of our supplier spend already reached. And three of our minority suppliers we recently sold to a majority supplier at the amount of about \$100 million, and so we are also—

Chairwoman WATERS. Thank you very much. My time is up, and I have to yield back, but your response is not good. You do very little, and you have to do better. All of the insurance companies have to do better. We want ownership. We have to close the wealth gap. Thank you very much.

Chairwoman BEATTY. Thank you, Madam Chairwoman.

The gentleman from Tennessee, Mr. Rose, is now recognized for 5 minutes.

Mr. ROSE. Thank you, Chairwoman Beatty, and thank you, Ranking Member Wagner, for holding this subcommittee hearing today. And also, thank you to our witnesses for testifying today and making your time available for us.

I would like to start off by saying that I was quite disappointed when I saw the hearing schedule for this month. As members of the Financial Services Committee, one of our primary responsibil-

ities is conducting oversight of the Executive Branch. The last time we even held a hearing with a Biden Administration official was on July 20th, and we will have gone nearly 4 months without holding a hearing with any Biden Administration officials because of the October recess.

It is not right for the Democratic majority to shield the Administration from oversight just because there is an election in November. The Senate Banking Committee held a hearing last week with SEC Chair Gary Gensler. Why didn't we hold a full hearing with Chair Gensler? While I appreciate our witnesses for being here, we really should have Biden Administration officials here instead.

Now, as time is limited, I will dive right into my questions. Equity is being embraced wholesale by schools, corporate America, and the Biden Administration. It has infiltrated hiring, curriculum, admissions, trainings, and more. But equity is not the same thing as equality, and delivers very different results. Rather than providing all individuals with equal opportunities to succeed, equity segregates individuals by race and other immutable characteristics. It calls for institutions to treat people unequally in order to achieve equal outcomes. Equity recklessly embraces legally-prohibited classifications as a way to eliminate perceived differences in outcome, in violation, I believe, of equal protection and Federal law.

Ms. Domingo, do you believe that it is fair to use equity as an excuse to treat people unequally in order to achieve a desired outcome?

Ms. DOMINGO. Thank you for the question, Congressman.

Allstate believes that equity is the practice of ensuring that all people can be successful, all people can receive the tools to be accepted, respected, dignified, and a part of the community. We also see equity as a way to give everybody a fair shot, regardless of diversity demographics.

At Allstate, we ensure fair practices in our hiring and in our promotion. We do see equity as a way to be more inclusive and have an environment that is even more inclusive. We live our commitment to match the communities in which we live, work, and serve, and equity is one of the ways that we desire to achieve that goal.

Mr. ROSE. I guess as I hear your answer, what I am hearing you describe is the notion that I think we have all long viewed as desirable, but that is equality, where we strive to give people equal opportunities, and encourage environments where people can succeed based on their capabilities and abilities and on the content of their character, as Dr. King said.

What I see in equity is entirely different. I see as I study this question and look at the description of how it is being implemented across our society, I see just what I would view, and I was just reading an article earlier today from Dr. Ben Carson on what is the new form of racism. So, I am very concerned about this drift from the use of the word, "equality," and underlying meanings, and the substitution of the word, "equity," and the underlying meanings that go with it.

But I want to go ahead and give a couple of other folks a chance to answer that same question. Do you believe it is fair to use equity as an excuse to treat people unequally in order to achieve a desired outcome, Commissioner Lindley-Myers?

Ms. LINDLEY-MYERS. Thank you for the question. I think that when you look at equity and you are trying to determine whether or not there is equal treatment, I believe it is one and the same, in that you provide the opportunities for people to either succeed or fail, and it is on that individual to either succeed or fail. And I think not allowing everyone that opportunity then leads to inequity and not equal treatment. That would be my answer to you, Congressman Rose.

Mr. ROSE. Thank you. I think we largely agree that equality is a value which we should achieve and strive for, but I see I am out of time, so I yield back, Chairwoman Beatty. Thank you.

Chairwoman BEATTY. Thank you.

The gentleman from Massachusetts, Mr. Lynch, who is also the Chair of our Task Force on Financial Technology, is now recognized for 5 minutes.

Mr. LYNCH. Thank you, Madam Chairwoman. I really appreciate you holding this hearing, and I appreciate the work of the Full Committee Chair, Chairwoman Waters, on this issue as well.

And I think that if I could clarify the dilemma described by my colleague, Mr. Rose, here is the deal: In the financial services sector, we see very little presence in a meaningful way of people of color, and that has developed over time. And when you look at insurance company board rooms, and financial services companies, and banks, you see very little opportunity and participation by people of color. It is all White. All of these boards are White. Let me just get to the point.

And so what this committee is struggling with is to identify those barriers that heretofore have been exceedingly efficient in preventing Black people, people of color, from being part of that whole industry. That is a problem. We have a problem. And we need to figure out a way that—we need to fulfill the promise of America, and there is a real problem in financial services, a really difficult problem.

And I know, just recently, that people are waking up to that dilemma, and there are companies that are earnestly and honestly and genuinely recognizing the failure of the industry to be inclusive in the past. And they are trying mightily, some of them, to fix that.

Now, what I would like to do is to ask our witnesses, look, if you have struggled—if Allstate has struggled with this, and other companies are struggling with this, what do you see as the principal barriers to—I heard some of the numbers, and it seems like women of color, there is a real—for some reason, there is a real gap there.

And look, I grew up with five sisters. Fortunately, they all work in a union environment, so they get the same pay as the guys do, same benefits, same pensions, but this is a different world. And I want to know from our witnesses, what are you seeing the barriers are, and how do we knock down those barriers?

Is it childcare? I know a lot of women of color also have responsibility not only for childcare, but also eldercare. Is there a way to knock down those barriers on the part of the company by providing opportunity and providing some support to get those women into the workplace at high levels? Are there ways that we can help lift them up, or give them a hand? To any of the witnesses, I would be happy to hear your response.

Mr. NUNERY. Congressman, this is Leroy Nunery. Thanks for that. I found the last commentary very interesting, talking about equity and conflating it with equality, and here is why: When you look at the industry, and I have done research for years now, the way people end up getting hired into the industry isn't from school, it isn't from an ad, it isn't from a recruiter; it is because of a personal connection or friend, and that goes for White, Black, or anybody else. The industry itself has a brand awareness issue. If you want to not only increase the amount of talent but also, as Chairwoman Waters aptly stated, the amount of ownership, you have to have sponsorship, you have to have somebody inside, but also outside, advocating for that cause.

Childcare and eldercare particularly get in the way of female insurance executives. If you look at the Million Women Mentors' Women in Insurance Initiative, or the Association of Professional Insurance Women, you will see that is one of the factors, but also, it is a matter of having somebody inside who promotes your cause and helps you to advocate.

If we really want to address some of the longstanding issues in terms of pricing and redlining and all of that, you have to have people realizing that this product is something that everyone uses, but it is not fairly distributed and it is not necessarily priced appropriately.

I am just stating that as someone who has been studying this issue for a while. I think you have hit on something, but it also applies to anybody of any ilk and any background.

Mr. LYNCH. Thank you, Mr. Nunery.

Madam Chairwoman, my time has expired, so I yield back. Thank you. Thanks for having this hearing.

Chairwoman BEATTY. Thank you.

The gentleman from South Carolina, Mr. Timmons, is now recognized for 5 minutes.

Mr. TIMMONS. Thank you, Madam Chairwoman.

And I want to thank all of the witnesses for being here today.

Ms. Domingo, I will start with you, please. What would you say that you and your company are most proud of in the audit results, and where would you say the most work remains to further diversify your workforce?

Ms. DOMINGO. Thank you for your question, Mr. Timmons. I would say that for Allstate, we are probably most proud of our—in 2020 we created a \$1.2-billion bond sale where we worked with minority-owned, veteran-owned, and women-owned business enterprises and supported the largest bond sale, independent bond sale at that time, as part of our bold action, our commitment to making real change and influencing others to make real change, so we are very proud of that.

And then to your other question, as my colleague mentioned before, we are creating sponsorship and mentorship programs to ensure that our talent, our diverse talent at all levels of the organization are seen as proteges. Sponsorship programs not only support the employee who is being mentored or being sponsored, but also support the sponsor to be more engaged and accountable for moving diversity numbers.

Mr. TIMMONS. Sure, thank you.

I serve in the Air Force, and the military has been grappling with diversity and inclusion and trying to make the military and every group of decision-makers at every level reflect the gender and racial diversity of the country. I think that is a very good objective. I think everybody can agree to that.

The question becomes, how do we get from where we are now, which is not reflective of the makeup of our society, and where we want to be, without disadvantaging people who have also had challenging socioeconomic backgrounds that are not diverse. It becomes an issue, particularly in the military, because we track everything. And when there are promotion opportunities, it often leaves people feeling like they have been left out because they are not diverse, either in race or in gender.

Is this a challenge in your business environment? And I am also going to open it up to the rest of the witnesses. It is just something that we have been working on in the military, and it is a lingering issue.

Ms. Domingo, I will start with you. Is that something that you all deal with on a regular basis, the conversation of merit versus diversity and inclusion?

Ms. DOMINGO. It is. It is a real conversation at Allstate, and it is a critical conversation. One of the things that we are doing is ensuring that we actually talk about it, so talking with our managers, talking with our hiring managers, particularly making sure that we have education about this.

I think one of the reasons why some of that continued perception is ongoing is because some of these conversations are actually not happening where some of the decisions are taking place. That is one of the things. So I would say, yes, this is ongoing for us, and having open and clear dialogue and expectations is something that we are trying to do at Allstate.

Mr. TIMMONS. Thank you.

Dr. Nunery, do you have any thoughts?

Mr. NUNERY. Congressman, you have hit on something. I am doing a separate study, and interestingly, 90-some percent of the folks that we are surveying have no military experience. A significant number of them are not of any type of diversity in terms of their gender designation. So, the industry itself has an issue with recruiting, attracting, and being present with those communities.

I think there is actually another opportunity going downstream into community colleges, middle schools, and high schools. A lot of the jobs inside, at least certain parts of the insurance world, don't require a college degree. And so, I think there is an opportunity here to say, wherever you are, given the pervasiveness and the need for insurance and people who really understand risk management, understand how insurance works to educate more and bring more people on board, no matter where you live, no matter how much education you have attained. I am glad you raised that point, because it is something that I am finding through my own independent research.

Mr. TIMMONS. Sure. Thank you.

I think we can all agree that our objective for the military and for businesses is that our society is well-reflected in those institutions. We just have to make sure that we are being intentional

about it, because we don't want to take opportunities away from anyone. We want to give opportunities to everybody.

And with that, Madam Chairwoman, I yield back. Thank you.

Chairwoman BEATTY. Thank you.

The gentlewoman from Pennsylvania, Ms. Dean, is now recognized for 5 minutes.

Ms. DEAN. Thank you, Madam Chairwoman.

And thank you to all of our witnesses for testifying today.

And I would like to extend a special welcome to Dr. Nunery. Dr. Nunery, if I am correct, you are my constituent in the proud Fourth Congressional District of Pennsylvania.

Mr. NUNERY. Cresheim Valley Road, Glenside, Pennsylvania 19038.

Ms. DEAN. Glenside, a part of the civilized world. That is even better. That is terrific.

We have talked about this before, but I want to lay the predicate that we know that diversity and inclusion across all industries improves the bottom line. It is not just the right thing to do, but it improves the bottom line.

Dr. Nunery, from your work, your research, can you talk about how increasing diversity improves profitability?

Mr. NUNERY. The opportunity to not only bring diverse voices into the room and also think about things differently comes with the individuals who were there. One of the reasons I joined Acrisure's Evolution Advisors is because we are investing in minority-owned agencies and brokers, similar to what Chairwoman Waters talked about being able to diversify distribution, but also tap into markets and bring products to the markets that often are evading them.

I think the idea of not only more creativity, greater revenue, but more sustainability, are the outcomes of having diversity. It is not one thing or the other; it is all of those.

Ms. DEAN. And does it also help—even though this isn't the focus of this hearing, does it also help attract a more diverse customer base, so you bring more people into the products that are available?

Mr. NUNERY. Congresswoman, it has to go beyond just the advertising, what people see on their television screen. It is also about education, financial literacy. How many people really understand what they read when they get their insurance policy? Imagine if what we did was bring all of that to the table so that folks were better educated but also more knowledgeable about what they were procuring. So, yes, I think it actually has more downstream effect. It could affect the economy in a very positive way at a very low cost.

Ms. DEAN. Terrific. Thank you.

One issue that we highlighted in this committee is the importance of data and transparency for understanding where we stand in the state of diversity and inclusion in your industry for today's focus.

Ms. Domingo, I am impressed with the level of transparency shown by Allstate through your strategy. Can you talk about the importance of transparency for holding companies accountable in this area? And then, I will have a follow-up to that.

Ms. DOMINGO. Yes, one of the things actually prior to my joining Allstate is we did not have talent scorecards or consistent diversity spend scorecards that were being shared with our leadership, again, on a consistent basis. We have incepted that now on a monthly basis. All of the leadership see their talent scorecard, their diversity numbers, as well as their spend. We also coach on, a weekly basis, actually moving those numbers, so the level of transparency is very high. And we are incepting other databases that are accessible to leadership from director and above to actually access their data at any point in time so that they can really use that information in real time and change behavior.

Ms. DEAN. Are people paying attention to the data that you are sharing?

Ms. DOMINGO. They are, yes.

Ms. DEAN. And yet, I want to contrast something. The report by the committee found that there has been little progress made in the insurance industry as a whole over the last 5 years, if you take a look at some of the very top lines from this report. And we have been talking about this for more than 5 years, and this committee, under this leadership, has just been doing extraordinary work, with very little movement.

We are all talking about it. We all think it is the right way to go. What progress has Allstate made—and you did lift the bond, so beyond that, what progress have you made? Where do you see you have absolute barriers? Where are you not being successful?

Ms. DOMINGO. Right now, we are proud that 71 percent of our directors and above identify as female or people of color. Where we see a lot of opportunity is what we call the frozen middle, so our middle management. This is where our women and people-of-color numbers are below where we want them to be. We have a lot of diversity on either side of the spectrum.

What we are really doing is making sure that we pay attention to our pipelining, we pay attention to more of our retention efforts, working more and synthesizing a lot of our systems. A lot of our systems are kind of siloed at this point around diversity. So, a lot of people are doing a lot of great things, but they are not optimized to really focus on some of our goals like this, so that is what we are really going to be focusing on.

Ms. DEAN. Thank you to all our witnesses.

Thank you, Madam Chairwoman. I yield back.

Chairwoman BEATTY. Thank you.

The gentleman from Ohio, my colleague and friend, Mr. Gonzalez, is now recognized for 5 minutes.

Mr. GONZALEZ OF OHIO. Thank you, Chairwoman Beatty, for holding this hearing, and thank you for our witnesses.

Dr. Nunery, I want to start with you. You talked about something that I think is really hard to solve. And by way of my own background—I have had sort of a weird background. I am Hispanic—Gonzalez—and I played professional football for a couple of years, went to business school, and have a bunch of friends in private equity, hedge funds, all of that, and in the insurance industries. And so, I have seen these different networks.

And you mentioned how in many instances, you need a personal contact or a friend. You need real sponsorship, mentorship. It al-

most has to come from inside the community to pull people into these industries. I couldn't agree more. And when I think of my experiences in those different networks, it is amazing how they feed off one another and they push people into certain paths, right?

The question is, how do we solve this issue? What is the best way to make sure that we are providing the mentorship, the sponsorship necessary to pull diverse communities into these industries, into the insurance industry, and financial services generally? What have the best strategies been that you have seen?

Mr. NUNERY. Speaking not only as someone who has consulted the industry, but I started my career out after business school as a banker. And nobody in my family was a banker. In fact, my father thought I was going to be a teller.

The fact is that you need individuals who are currently involved in the business, maybe even incentivized to go out and promote the opportunities within the industry, and there are several, especially as insurance becomes more digitally transformed. As we move into different fields, where technology is going to be a driver, you don't have to have an insurance background or any type of designation, quite frankly, to succeed.

I think some of it is building awareness, promoting it as an opportunity that can be lucrative, by the way, but also understanding that insurance as a product and a historical lift for the communities of color, going back into the early 1700s, as a matter of fact, with mutual benefit societies, has always been there, but it is thought of as an afterthought. And I think if we can move it forward as an opportunity for growth and for economic development, we have a better shot at impelling more people to check it out.

Mr. GONZALEZ OF OHIO. No, I agree, and I think it is frankly a call to those who are diverse in positions of leadership to really take it upon themselves to exert even more leadership and pull more people along. When I think of my own life, the people who have really helped accelerate my career, frankly, a lot of it is my Cuban friends and family who—we kind of look after our own in different ways, and, boy, am I grateful for that, and I plan to pay it forward in my own ways.

Ms. Domingo, I have a specific question for you. You talked about the frozen middle, and you talked about how at the intro level, you get a lot of diverse candidates, at the upper management you get them, and then this frozen middle. When you talk about the candidates in upper management, do you have a sense of what percentage of them were internally promoted versus externally recruited? Is it that people are hitting the frozen middle and dropping out, and then you are recruiting more people in, or is it something else? Does that make sense as a question?

Ms. DOMINGO. The question does make sense. I don't know, Mr. Gonzalez, if I have that information readily available. I can certainly get that and turn it in for the record.

Mr. GONZALEZ OF OHIO. Yes, I just think it would be interesting, because I think it could highlight maybe where the fallouts are.

And in staying with you, Ms. Domingo, in your testimony you said Allstate has launched recruiting strategies with twelve HBCUs and twelve Hispanic-Serving Institutions. I think it is a

great idea. While it is in its early stages, how has this partnership played out so far, as sort of a status update?

Ms. DOMINGO. Sure. You are right, this is really in the infancy. We actually relaunched some of these partnerships. As I mentioned earlier, when I joined Allstate, we had a lot of great things that were going on, but they were kind of all over the place. So, inventorizing them in my first year was one of the things, and then optimizing what it is that we are doing.

Currently, we are looking at what undergraduate and graduate programs the HBCUs offer, and tying them with where some of our deficit areas are, like tech or data, for example. One of the things that we are really proud of is we just partnered with William Blair, and we have an asset management diversity program where we are taking eight graduates from HBCUs and circulating them throughout Allstate with the intent of bringing them on after they intern with us.

Mr. GONZALEZ OF OHIO. That is great. I spent time in technology as well, and this was a strategy we used to get more diverse candidates in our pipeline. It worked incredibly well, and so I commend you for it.

And with that, I yield back.

Chairwoman BEATTY. Thank you, Mr. Gonzalez.

The Chair now recognizes the gentlewoman from Texas, Ms. Garcia, who is also the Vice Chair of this subcommittee, for 5 minutes.

Ms. GARCIA OF TEXAS. Thank you, Madam Chairwoman, and thank you for bringing this very important topic to the table. After being on this committee now for almost 2 terms, I thought that we had a lot of work to do in the financial services, the banking industry, but after I read your report—and thank you for that work together with Chairwoman Waters, of course—I just thought, I didn't know it could be worse, and I think it is.

And I think enough people have probably already focused on the employment numbers that I just want to kind of change the tone a little bit, and first, just say that you all have a lot of work to do. And I hope that we can get together today to look at some concrete actionable changes, because I think that is what it is going to take, not just coming from us but from you, with a commitment to really do it.

I want to start by highlighting the lack of Latino leadership in the insurance industry. As we have seen laid out in the report, Latinos make up 8.8 percent of the insurance workforce, which is less than 10 percent. That, frankly, is pathetic. But alarmingly, Latinos represent 3.1 percent of executive leaders among the insurance companies surveyed, and the job category in which Latinos are most highly represented is administrative support. Again, much work needs to be done.

There should be no reason that Latinos are not better-represented across the ranks. Then, I looked at the investment of assets, and when we looked at those, the numbers just get even worse. And I want to focus on investments, because as Chairwoman Waters said, it is all about wealth building. It is about ownership. It is about making sure that there is meaningful inclusion and meaningful diversity.

So, Ms. Domingo, I wanted to ask you first, since it looks like Allstate, from what I can tell, is probably doing more than others, although you, too, have a lot of work to do. What commitment do you have in making sure your investment bankers and your investors and investor relations and all of the asset management for Allstate that you do includes minorities and women and the full spectrum?

Ms. DOMINGO. Absolutely. Thank you for that question, Ms. Garcia. You actually hit on one of the things that Allstate identified just this year. A lot of our focus, as you probably have read, is primarily with our Black and African-American employees in our leadership, as well as our female leadership.

Once we took a better look at our data, we realized that you are right, we don't have kind of equitable practices or equitable numbers around our Hispanic leaders and our Hispanic employees, and so, we actually have now a focus on.

Our relationship with our investors, our board of directors, as well as the CEO, Tom Wilson, is pretty critical. My supervisor is the chief human resources officer (CHRO). I have regular and ad hoc conversations with the board, the investors, and the CEO specifically about these topics and ensure that we have diverse candidate slates, diversity of conversations—

Ms. GARCIA OF TEXAS. Let's get to the investments. Do you do business with asset managers from minority- and women-owned businesses?

Ms. DOMINGO. Yes, we do.

Ms. GARCIA OF TEXAS. At what level?

Ms. DOMINGO. I don't have that information readily available. I can get that for you after this and provide it for the record.

Ms. GARCIA OF TEXAS. Okay. And the number that you cited, \$470 million by 2030, that would be \$470 million of what? What was the total number? What percent of the total number does \$470 million represent?

Ms. DOMINGO. I don't have that information readily available. I will have to provide that for the record.

Ms. GARCIA OF TEXAS. You don't have that either? Okay.

Ms. Ross, what other actions, concrete actions do you think we can be taking to improve the commitment and the full, meaningful participation of some of the insurance companies in providing opportunities for asset managers, investment bankers, et cetera?

Ms. ROSS. Thank you for your question. There are efforts that we can take. Some of it includes building a pipeline of diversity, to be quite frank. We know that only 2 percent of certified actuaries are Hispanic, and we are working with a number of HBCUs and MSIs to build capacity to expand their curriculum so that they can add actuarial science and risk management to their curriculum. That is, many of our companies also partner with HBCUs and MSIs for recruitment and retention, and, again, that is how we intend to grow our Hispanic numbers and increase our investments with Hispanic asset managers.

Ms. GARCIA OF TEXAS. Okay. Thank you.

Madam Chairwoman, I have run out of time. Thank you.

Chairwoman BEATTY. Thank you.

The gentlewoman from Michigan, Ms. Tlaib, is now recognized for 5 minutes.

Ms. TLAI B. Thank you so much, Chairwoman Beatty, for highlighting the importance of diversity and inclusion in the insurance companies across our nation. I know in Michigan, we have seen firsthand how a lack of diversity and inclusion commitment in leadership has directly impacted the rates that our residents pay, especially for auto insurance.

According to the Detroit Free Press, Madam Chairwoman, Michigan drivers pay some of the highest auto insurance rates in the nation, with little to no pricing transparency. Insurance companies use confidential pricing models to set rates based on factors that have nothing to do with a person's driving history.

Nearly all States have statutes in place right now that prohibit rates that are unfairly discriminatory, but it is unclear the extent to which there is any consistency across States in terms of determining what counts as unfairly discriminatory and what stances are used by State regulators to make such determinations.

I do want to ask you, Mr. Webel, what can you tell us about the level of consistency across States in interpreting and enforcing State anti-discrimination laws?

Mr. WEBEL. I am not aware of any actual sort of good way to make the comparisons. What I would say, especially on the question of unfair discrimination, is I think it is a term of art in the insurance realm that historically has not been used the way, sort of, normal people would think of it in a sense that the classical definition of unfair discrimination is essentially discrimination on something that doesn't essentially comport with the rate that is charged.

So if you are using a factor for one person and for another, even if the factor treats or seems to someone from the outside to be something that would be discriminatory, if you can draw a relationship between that factor and the rate under the classical definition of unfair discrimination, you can still use that. The term, "discrimination," means something different in a classical sense. I think in the last few years, they have changed that to now be, okay, we want to broaden that term to include factors, some of which you were talking about, that we just don't think should be used in insurance. I think that is a process which is ongoing in insurance regulation, and it is not consistent.

Ms. TLAI B. Thank you. I will ask you something about disparate impact in a minute, but I know that 48 States require auto insurance to drive a car, including Michigan. And in Detroit, driving without auto insurance is a misdemeanor. The pricing functions is really a tax on America's low-income drivers, and especially Black and Brown drivers who pay significantly higher insurance rates, and subsidize affluent drivers who continue to have savings, while they continue to get rate increases.

Ms. Domingo, I want to thank you so much for appearing before our committee today. And one of the things I want to ask you is, does Allstate use any of the following criterias when determining rates for auto insurance? If so, please explain why these factors are relevant to driving history. I know my residents get asked about their education level, occupation, employment status, homeownership status, credit score, gender, and ZIP Code and census tract,

including whether or not they are married. What does that have to do with whether or not somebody is a safe driver?

Ms. DOMINGO. Thank you for the question. It is a very important topic. I can't speak with authority on that topic, but I would be happy to connect you with the offices at Allstate that can speak to that after this hearing.

Ms. TLAIB. It is important. And, Ms. Domingo, I will share with you—after the hearing, I will make sure my team touches base with you. But the University of Michigan did a study where it showed that somebody with a higher credit score but with a DUI, driving under the influence, was paying 3 times less than the person with the lower credit score but no DUI violation. And so, there is some discrepancy and you can imagine the background of those individuals.

Going back to you, Mr. Webel, the disparate impact standards are sometimes used to assess discrimination in the context of key Federal civil rights laws. Have States utilized disparate impact standards in assessing discrimination in auto insurance, home mortgage, and business pricing?

Mr. WEBEL. I am not aware of States that are using that. I don't know, perhaps the commissioner from Missouri might know the answer to the question, but I am not aware of any States that are using disparate impact in insurance.

Ms. TLAIB. I think it is just really important and critically important, because as we are talking about diversity and inclusion, I think the end result—and I can't speak for the Chair and many on our committee—but the end result is making sure that people are not being discriminated against within these industries. And when I read statements like research from the Consumer Federation of America, which finds that Black drivers paid much more than White drivers even though—oh, sorry, Madam Chairwoman. I yield back.

Chairwoman BEATTY. I will let you finish the sentence, but your time is up.

Ms. TLAIB. I just think it is just really important to know that, again, many of my Black neighbors are paying a higher rate of auto insurance, home mortgage, and so forth because they are using non-driving factors, and also these proxies to discriminate within these industries, and that is why I think it is important to talk about diversity and inclusion within these industries.

Thank you, Madam Chairwoman.

Chairwoman BEATTY. Thank you.

The gentlewoman from Georgia, Ms. Williams, who is also the Vice Chair of our Subcommittee on Oversight and Investigations, is now recognized for 5 minutes.

Ms. WILLIAMS OF GEORGIA. Thank you, Madam Chairwoman. Today, we are hearing loud and clear that we have work to do to make sure that the insurance industry reflects the diversity of our country. As the Member of Congress representing Atlanta, where we unfortunately lead the nation in the racial wealth gap, and as a Black working mom, I know that starts with removing barriers to advancement for people who look like me.

This year, I passed the Care is an Economic Development Strategy (CEDS) Act to ensure that childcare is used as a strategy for

regional economic development. When we have adequate childcare, we break down barriers for women and people of color to advance into executive-level positions.

Ms. Domingo, how can the insurance industry be part of community-level efforts to increase access to care-based services, and what impact do you see these community-level efforts having on increasing workforce diversity and inclusion?

Ms. DOMINGO. Thank you, Ms. Williams. It is absolutely critical for companies like Allstate to have strong relationships with community organizations like the one that you are talking about, but I think the one thing that they need to do as well, insurance companies like Allstate—we also ensure that our benefits are best-in-class so that our paternity and maternity benefits are also matching that of best-in-class or world-class organizations, and then coincide with what community services are able to provide.

One of the things as well is that a very large percentage of our population is now hybrid, or primarily working from home, which for our working mom and working dad populations, similar to myself, makes it much more accessible to do a great job at Allstate and continue to persevere at home.

Ms. WILLIAMS OF GEORGIA. Thank you. And we know that we also have a great deal of work to do to ensure that LGBTQ+ individuals have equitable opportunities throughout the financial services industry. I have introduced the Promoting Responsive Inclusion & Diverse Engagement (PRIDE) Act, which requires Federal banking and finance agencies to expand the mission of their Offices of Women and Minority Inclusion to also support the inclusion of LGBTQ+ individuals.

Ms. Domingo, how would passing this bill ensure Federal agencies are better positioned to collect diversity data for LGBTQ+ individuals and take action to support the inclusion of these individuals in the workforce?

Ms. DOMINGO. Thank you for the question, Ms. Williams. While I can't speak to that bill particularly, what I can say is that this would actually align with the things that Allstate is actually around our LGBTQ+ population and looking at that data. We are in the process of asking more clarifying questions around sexual orientation and gender identity data, tracking this, reporting this, and using this as behavior changes for anti-organization and moving that work forward. I can only imagine that the work that you are doing would align with our current practices.

Ms. WILLIAMS OF GEORGIA. Thank you. And if we hope to not only increase diversity in the financial services sector, but also empower diverse individuals to own successful businesses and build wealth so that we can continue to close that racial wealth gap, we have to be sure that insurance companies use diverse suppliers.

So, Ms. Domingo, back to you again, what efforts have been successful at increasing contracting with minority- or women-owned business enterprises, and what recommendations do you have for insurance companies to increase their partnerships with diverse suppliers?

Ms. DOMINGO. Thank you again for the question, Ms. Williams. Again, as we mentioned earlier, and I definitely would underline what you are saying is that spend with diverse suppliers is not just

about spending the money; it is actually about investing in their work and investing in their businesses.

One of the best practices that we do with our procurement team is ensuring that each of our diverse suppliers has a mentor on the inside as well as suppliers on the outside who are working with them, ensuring that their practices are strong and improved. We also have equitable practices that we pull through with our procurement teams, ensuring that we just don't have minority suppliers that are kind of fending for themselves.

But a lot of it, quite frankly, is actually a paradigm shift to see that this isn't just, again, spending for diverse suppliers but actually, as you mentioned, shifting the wealth gap of our nation, which is a higher call.

Ms. WILLIAMS OF GEORGIA. Thank you, Ms. Domingo.

I work on this committee every day to make sure that I am representing the people who sent me here to serve, those people in Georgia's Fifth Congressional District. And unfortunately, Atlanta leads the nation in the racial wealth gap, so we all have work to do and an obligation to make sure we are addressing that. Thank you, Madam Chairwoman, for this hearing, as we continue to do the work to address the racial wealth gap in this country.

Chairwoman BEATTY. Thank you—

Ms. WILLIAMS OF GEORGIA. And I yield back.

Chairwoman BEATTY. —Congresswoman Williams. Thank you so much.

I would like to now thank the witnesses for their testimony today. However, I would like to remind you and all those listening about our disappointment that the insurance companies' presidents and CEOs are not present today, that they declined, unlike our financial institution and bank presidents and CEOs.

The Chair notes that some Members may have additional questions for these witnesses, which they may wish to submit in writing. Without objection, the hearing record will remain open for 5 legislative days for Members to submit written questions to these witnesses and to place their responses in the record. Also, without objection, Members will have 5 legislative days to submit extraneous materials to the Chair for inclusion in the record.

This hearing is now adjourned.

[Whereupon, at 4:34 p.m., the hearing was adjourned.]

A P P E N D I X

September 20, 2022



WRITTEN TESTIMONY OF ELOIZA DOMINGO

Vice President of Human Resources and Chief Inclusive Diversity & Equity Officer
Subcommittee on Diversity and Inclusion
U.S. House Committee on Financial Services

“A Review of Diversity and Inclusion at America’s Largest Insurance Companies”

Tuesday, September 20, 2022

Good afternoon, Chairwoman Beatty, Ranking Member Wagner, Chairwoman Waters, Ranking Member McHenry, and other distinguished members of the Committee. My name is Eloiza Domingo, and I am Vice President of Human Resources and Chief Inclusive Diversity & Equity Officer at Allstate.

Before I begin my testimony, I want to share my gratitude to you, Chairs Waters and Beatty for first of all, creating this survey and the subsequent process. At Allstate, one of our leadership competencies is “Challenge Ideas”, which essentially means pushing the status quo with the intention of making things better.

I also wish to thank everyone who worked tirelessly on the details of today’s hearing. I’m humbled and grateful for this opportunity to be here and testify as you review diversity and inclusion at America’s largest insurance companies.

I’ve been in the field of diversity for over 20 years, serving in leadership positions within law enforcement, academics, pharmaceuticals, and healthcare. I’ve been honored to lead and build this strategic work at places like Cincinnati Children’s Hospital Medical Center, Astellas Pharma, Johns Hopkins Medicine, Indiana University, Miami University and Bucknell University, and now at Allstate.

But I’m more proud of being a single mom. I am the first born daughter of immigrants from the Philippines who came here in the 1970s. I’m raising four biracial boys – I have two sets of twins, my 14-year-olds and my nine-year-olds. And for all of those reasons, I pursued this work, or maybe this work pursued me. It’s why I’m happy to be here today to support your conversations.

At Allstate, we use the term Inclusive Diversity & Equity, or IDE, on purpose. More than 20 years ago, we turned ‘inclusion’ into an adjective because diversity is really nothing without an inclusive environment in which to thrive.

And that's what Allstate believes: that everyone deserves to live a life well protected – and everyone has a right to participate and prosper in an equitable society. Allstate is one of the largest providers of protection to consumers in the U.S., protecting their cars, homes, phones, personal property, lives, and identities with 172.8 million policies in force and \$39.5 billion of premiums over the last 12 months.¹

We also know that true diversity change is a journey and requires clear planning. Our multi-year IDE corporate strategy was built with many stakeholders, and focuses on four pillars: Business Practices, People, Culture, and Community. These pillars clarify our drive and leadership accountability to comprehensively integrate IDE into our daily practices and behaviors.

Under these four pillars, we have achieved milestones. The diversity of our People meets or exceeds external benchmarks with women making up approximately 57% of our total workforce, and 42% of our employees identifying as racially or ethnically diverse.² 71% of our company leadership, which is Directors and above, identifies as female or as a racial or ethnic minority.

60% of Allstate's independent directors bring gender, racial and/or ethnic diversity to the Board, and we provide guidance and accountability to ensure diverse talent is included in candidate slates.

We are also a founding member of OneTen, a ten-year effort to train, hire and promote one million Black Americans who don't have a four-year degree and who are making below a family sustaining wage.³ This is our acknowledgment of the wealth gap in minority communities and that Black families are hit hardest, so we've dedicated ourselves to pursue equity in our People practices.

A part of Allstate's legacy is to challenge convention – we did this on Wall Street in 2020 when we became the first corporate issuer to select exclusively minority, women, and veteran-owned firms to lead a \$1.2 billion bond sale.⁴ This led to other companies pursuing similar bond deals with diverse owned companies. And since 2004 we have tripled our annual spend with diverse suppliers to \$4.7 billion.⁵

At Allstate we are constantly looking for new ways to expand our IDE efforts, disrupt our outlook and influence others to do the same. Under our strategy, we will expand our definition and operations of diversity to improve the way we support women, the LGBTQIA+ community, Veterans and military families, those with disabilities, and many other diverse communities in a meaningful way.

This is why I volunteered to be here today. I consider it an honor and privilege to share our multi-year strategy for real improvement and provide recommendations and my perspective on inclusive diversity and equity in the insurance industry. Thank you again for the opportunity to address the Committee today, and I look forward to engaging in a discussion together.

¹ <https://www.allstatenewsroom.com/news/allstate-supports-diversity-on-wall-street/>

² <https://www.allstatecorporation.com/corporate-responsibility/inclusive-diversity-equity.aspx>

³ [Sustainability Report - Allstate \(allstatesustainability.com\)](#)

⁴ <https://www.allstatecorporation.com/corporate-responsibility/inclusive-diversity-equity.aspx>

⁵ [Sustainability Report - Allstate \(allstatesustainability.com\)](#)

ALLSTATE'S MULTI-YEAR INCLUSIVE DIVERSITY & EQUITY (IDE) STRATEGY

To accelerate the pace of change, Allstate launched a comprehensive multi-year IDE strategy. Allstate's IDE strategy is focused on the four pillars of Business Practices, Culture, People and Community to leverage diverse talent, perspectives and experiences and foster an inclusive and equitable workplace.

Business Practices

An organization's diversity, equity, and inclusion strategy can only be successful if it is integrated throughout its business areas. Allstate's IDE strategy ensures that every business unit will be held accountable for IDE efforts. Our Transformative Growth goals hold executive leaders accountable for supplier diversity spend, investment spend with minority-owned enterprises, and our representation commitments for women and Black, Indigenous, and People of Color (BIPOC) employees at all levels, with focus on the most senior levels of our organization.

To ensure business integration and transformation, we launched the IDE A.C.T. (Accountability, Clarity & Transparency) Framework, a cross-company model that creates accountability and fosters IDE engagement within each business area. We drive accountability through scorecard models for both our supplier diversity goals and our representation commitments.⁶ Our IDE Talent Scorecard measures progress against our representation commitments and monitors changes in BIPOC and female hiring, development, promotion, and retention.

Improving diversity, equity and inclusion is embedded into our business practices. Some recent highlights include:

- Created the Allstate Supplier Diversity Exchange in 2008. This annual convening has connected thousands of diverse suppliers with senior leaders in Allstate businesses to better understand opportunities and capabilities for partnering. We have also committed to doubling our spending with diverse suppliers by 2025.⁷
- Engaged an external firm to identify pay gaps across substantially similar employee groups and identify policies, practices and systemic issues for pay equity. This analysis found that Allstate's results compare well to benchmarks. In addition, independent counsel now conducts annual pay equity reviews to ensure Allstate's salaries are both internally consistent and externally competitive.⁸
- Issued \$1.2 billion of bonds using exclusively minority-, women- and veteran-owned business enterprises (MWVBEs) – the largest corporate deal ever managed exclusively by diverse firms⁹ – and increased trading with MWVBEs by 300%.

⁶ [Sustainability Report - Allstate \(allstatesustainability.com\)](https://www.allstatesustainability.com)

⁷ [Sustainability Report - Allstate \(allstatesustainability.com\)](https://www.allstatesustainability.com)

⁸ [Sustainability Report - Allstate \(allstatesustainability.com\)](https://www.allstatesustainability.com)

⁹ [Sustainability Report - Allstate \(allstatesustainability.com\)](https://www.allstatesustainability.com)

- Became a founding member of OneTen, a corporate effort focused on upskilling, hiring and promoting one million Black Americans into living wage jobs over the next decade.¹⁰

Culture

Allstate's strategy to enable an inclusive culture requires continuous monitoring of employee engagement, and stratification of engagement scores by demographic to understand opportunities to improve based on the sentiments of our vast workforce. A 2022 review of employee engagement scores found no meaningful differences in engagement by race, gender, or any combination of both. Our IDE employee listening strategy includes open forums and inclusive conversations as well as anonymous surveys, allowing multiple channels of feedback. Our ongoing commitment to belonging allows us to foster inclusive environments and equitable outcomes for underserved and underrepresented members of our community.

Allstate's Employee Resource Groups (ERGs) function across all aspects of our IDE strategy and are an especially integral part of Allstate's Culture and Business Practices. ERGs are diverse communities that enhance the employee experience through engagement, development and collaboration. In 2022, our ERGs were rebranded as Employee Impact Groups (EIGs) to acknowledge their critical impact on our business. EIGs bring value to participants and impact Allstate through cultural education and awareness, market and community outreach, professional development, recruiting, retention and client engagement. More than 10,000 Allstaters participate in one of our ten EIGs, with an 18% increase in total membership since 2019.

Allstate's culture empowers everyone to share their unique perspectives and experiences to show up authentically and reach their full potential. To support employees, we've:

- Offered IDE training, resources and programming and integrated IDE into leadership development programs, including a focus on unconscious bias, gender identity and transitions, generational differences, religion in the workplace, self-awareness and self-assessments. In 2021, employees completed more than 106,150 optional courses on IDE, triple the prior year.¹¹
- Organized "Inclusive Conversations" to create intimate, powerful exchanges and increase understanding, empathy and systemic change, with over 10,000 employees participating.

People

Allstate is equal to or better than external benchmarks on employee representation of diverse backgrounds, but we have higher aspirations and specific goals established in our multi-year strategy. By leading with Business Practices and Culture, our IDE strategy sets a strong foundation to enable inclusive hiring, development, promotion, and retention practices.

IDE is integrated into our talent practices. In 2022, we launched focused IDE programs in talent acquisition and learning and development. Our talent acquisition-focused recruiting strategy

¹⁰ [Sustainability Report - Allstate \(allstatesustainability.com\)](https://www.allstatesustainability.com)

¹¹ [Sustainability Report - Allstate \(allstatesustainability.com\)](https://www.allstatesustainability.com)

launched with 13 Historically Black Colleges and Universities (HBCUs) and 13 Hispanic Serving Institutions (HSIs). We continue to assess and build upon recruitment strategies for veterans and individuals with disabilities. Our hiring strategies focus on diverse candidate slates, equitable assessment and interview practices, and hiring the best candidate for the role.

Developing internal talent requires intense focus on skill and leadership development at all levels. Currently, our efforts for women and BIPOC leadership development are comprehensive. We offer mentorship, networking, career development, resource groups, buddy systems, skill development workshops, learning summits, volunteer events, and pipeline programs. However, more is not always better. We'll be doing detailed ROI analysis and refining to retain the most impactful programs to drive efficient people and culture gains. While individual program goals are distinct, the objective of our portfolio is to target succession pipeline deficiencies by providing leadership development experiences that accelerate the readiness of enterprise-wide talent to advance in the organization. Because of its crucial role in our succession priorities, the portfolio is heavily indexed on programs developing BIPOC and female talent. We continue to evaluate the mix of internal and external programs to accelerate our talent and IDE outcomes.

- Allstate has set year-over-year representation commitments for its U.S. enterprises, focusing on women and people of color in all roles. We are committed to diversity at all levels, with a focus on the most senior levels of the organization. We conducted a top-to-bottom review of operating practices and made progress on many fronts, including pay equity by increasing the minimum wage.¹² We also reduced the number of jobs requiring a college degree, which creates more opportunities.¹³ Allstate strives to develop and retain a workforce that mirrors the diversity of the customers and communities we serve. Our collective differences, backgrounds, educations and cultures create an inclusive environment where diverse perspectives are encouraged and embraced.

Community

Allstate supports and enhances community well-being by investing in programs that address disparities, foster inclusion, and promote economic advancement. To advance equity in communities, we've:

- Established a new pillar for The Allstate Foundation focused on accelerating equity and closing the racial opportunity gap for careers with living wages.¹⁴
- Focused 71% of the Allstate Foundation's 2021 grant funding on supporting organizations serving diverse and multicultural populations.¹⁵
- Equipped 1,000 nonprofit professionals and board members with education and tools to combat systemic racism and develop IDE metrics within their organizations.¹⁶

¹² [Sustainability Report - Allstate \(allstatesustainability.com\)](https://www.allstatesustainability.com)

¹³ [Sustainability Report - Allstate \(allstatesustainability.com\)](https://www.allstatesustainability.com)

¹⁴ [Sustainability Report - Allstate \(allstatesustainability.com\)](https://www.allstatesustainability.com)

¹⁵ [Sustainability Report - Allstate \(allstatesustainability.com\)](https://www.allstatesustainability.com)

¹⁶ [Sustainability Report - Allstate \(allstatesustainability.com\)](https://www.allstatesustainability.com)

CONCLUSION

At Allstate, our value of inclusive diversity and equity guides who we are and how we conduct ourselves. We know we are stronger because of our differences. We celebrate the diverse perspectives and common purpose that help us achieve results. Allstate's long-standing pledge to have an inclusive workplace, a diverse workforce and equitable practices allows us to improve ourselves and grow our dedication to excellence. Our approach includes every unique identity at Allstate and gives access to equitable opportunities and rewards. However, our multi-year strategies for improvement, best practices, and recommendations are in no way intended to be exhaustive. We welcome your feedback and look forward to finding new ways to collaborate to advance diversity and inclusion at Allstate and America's other leading insurance companies.

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Testimony of
Director Chlora Lindley-Myers
Missouri Department of Commerce and Insurance
On Behalf of the National Association of Insurance
Commissioners

Before the
Subcommittee on Diversity and Inclusion
U.S. House Committee on Financial Services

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

September 20, 2022

Chairwoman Waters, Chair Beatty, Ranking Member Wagner, members of the Subcommittee, thank you for the invitation to testify today. My name is Chlora Lindley-Myers and I serve as the Director of the Missouri Department of Commerce and Insurance. I am also the President-elect of the National Association of Insurance Commissioners (NAIC)¹ and serve as the Co-Chair of the Special Committee on Race and Insurance.

We appreciate the subcommittee's attention to this important topic and look forward to sharing the ongoing efforts of state insurance regulators with regard to race and insurance. Our regulatory system and insurance in general is a reflection of the society it aims to protect, and state insurance regulators are committed to working on financial inclusivity and representation in our sector.

In 2020, in the wake of a national call to action on race and inequality issues, the NAIC created a Special Committee on Race and Insurance,² the first of its kind in NAIC history, to evaluate racial inequity in the insurance sector across all facets, as providers of insurance products and as employers of a large portion of the workforce. Where previously issues of discrimination and market access occurred as part of broader conversations around pricing and underwriting in specific product lines, the Special Committee elevated our work from these somewhat technical or narrow discussions to candid Commissioner-level discussions on whether and how the industry was serving the needs of all people, policyholders and employees, regardless of race. Our formation of such a committee was emulated by others throughout the insurance sector leading to a national discussion on this critical issue.

Our committee is focused on addressing access to the insurance sector and market barriers to the acquisition and use of insurance products by researching:

- the level of diversity and inclusion within the insurance sector and developing recommended action steps for insurance regulators and companies that reflect a broad consensus among NAIC members;
- diversity, equity, and inclusion (DE&I) best practices within state insurance departments and developing forums for sharing relevant information among states and stakeholders;
- barriers that may disproportionately impact people of color and/or historically underrepresented groups within the property and casualty, life insurance and annuities, and health insurance lines of business.

¹ As part of our state-based system of insurance regulation in the United States, the National Association of Insurance Commissioners (NAIC) provides expertise, data, and analysis for insurance commissioners to effectively regulate the industry and protect consumers. The U.S. standard-setting organization is governed by the chief insurance regulators from the 50 states, the District of Columbia, and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer reviews, and coordinate regulatory oversight. NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally. For more information, visit www.naic.org.

² <https://content.naic.org/article/news-release-naic-announces-special-committee-race-and-insurance>

Workstream One is our group focused on industry diversity. Over the past two years, we have engaged with stakeholders representing a cross section of industry representatives and diversity advocacy groups to understand the efficacy of diversity-related programs, how insurance companies measure their DE&I progress, and what state insurance regulators can do to support these efforts. This workstream held several public calls to discuss actions companies can take to foster a more inclusive and diverse workplace environment and has appreciated hearing about industry's DE&I efforts and their diversity-related programs.

We recognize the importance of recruiting, retaining, and promoting talent, at all levels of organizations, who are representative of insurers' customers and communities. To that end, this workstream has been developing recommendations on steps regulators and industry can take to improve upon the diversity in the employment pipeline and resulting employee base. On September 13, we released these draft recommendations for public comment and look forward to receiving feedback.³ These recommendations reflect discussions with stakeholders and state insurance regulators over the past two years. Our work acknowledges the initiatives by industry to increase DE&I in their organizations and looks forward to continued engagement from all stakeholders as the workstream finalizes its recommendations. We will keep the subcommittee apprised of our work moving forward.

We are also pleased to share that the NAIC has formed the New Avenues to Insurance Careers Foundation. The Foundation will focus on fostering interest in careers in insurance and insurance regulation, with particular focus on students from underserved and diverse communities. This is a crucial step that will advance one of the key goals of the Special Committee on Race and Insurance and support our members' efforts to increase diversity and inclusion in the regulatory community specifically, and the industry more generally.

On the international front, the NAIC has used its platform at the international level to promote discussion of DE&I issues at the International Association of Insurance Supervisors (IAIS). In response to the efforts of state regulators and other insurance supervisors around the globe, the IAIS has committed to deepening and strengthening its work on DE&I by creating a forum for regulators to share steps taken by supervisors in support of DE&I, partnering with other relevant international organizations focused on DE&I, and incorporating relevant DE&I aspects into ongoing IAIS projects particularly for corporate governance, culture, and conduct.

Turning to our regulatory focus on access to insurance products, we believe there should be equal access to insurance markets and products, and we must ensure that insurance companies are not unfairly discriminating at any stage of the insurance process, from underwriting to rate setting, to claims handling. The volume of data being created, combined with ever evolving computational

³<https://content.naic.org/sites/default/files/inline-files/Proposed%20Recommendations%20Special%20%28EX%29%20Committee%20on%20Race%20and%20Insurance%20Workstream%20One--%20Exposed%20Sept%2013%202022.pdf>

techniques has resulted in unprecedented data mining capabilities that fuel the development of predictive models used to support decision making by insurers.

The NAIC's Algorithmic Bias Project of the Collaboration Forum is addressing unfair algorithmic bias, how it emerges, and the right regulatory approach to mitigation and detection. The Project held a multi-day collaboration session for state insurance regulators featuring academics and experts on this topic. These issues are complex and far reaching and our work is necessarily measured and deliberative to avoid unintended consequences in the market. We are committed to continuing these important efforts and welcome your engagement.

The report produced by this Subcommittee indicates that insurance, like the financial services sector at large, has significant room for improvement to ensure a diverse workforce at all levels of organizations. Like you, we expect the statements of support and commitments made in the wake of the deaths of George Floyd and other victims of racial violence to be met with a sustained commitment to progress. The insurance regulatory community is committed to being a part of that progress.

In conclusion, state insurance regulators appreciate the subcommittee's attention to measuring diversity and inclusion in the insurance sector. We are encouraged by the unprecedented discussions that have taken place to date between our members and stakeholders on race and diversity issues and our work will continue. I appreciate the opportunity to join you today to share insurance regulators' efforts and the work of the NAIC's Special Committee on Race and Insurance as we look for ways to close the protection gap for traditionally underserved communities, address the barriers to accessing insurance products, expand insurance sector opportunities, and enhance financial literacy.

Testimony

Dr. Leroy D. Nunery II

President, Evolution Advisors, LLC

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

Subcommittee on Diversity and Inclusion

Committee on Financial Services

United States House of Representatives

September 20, 2022

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

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

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

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

In addition:

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

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

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

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

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

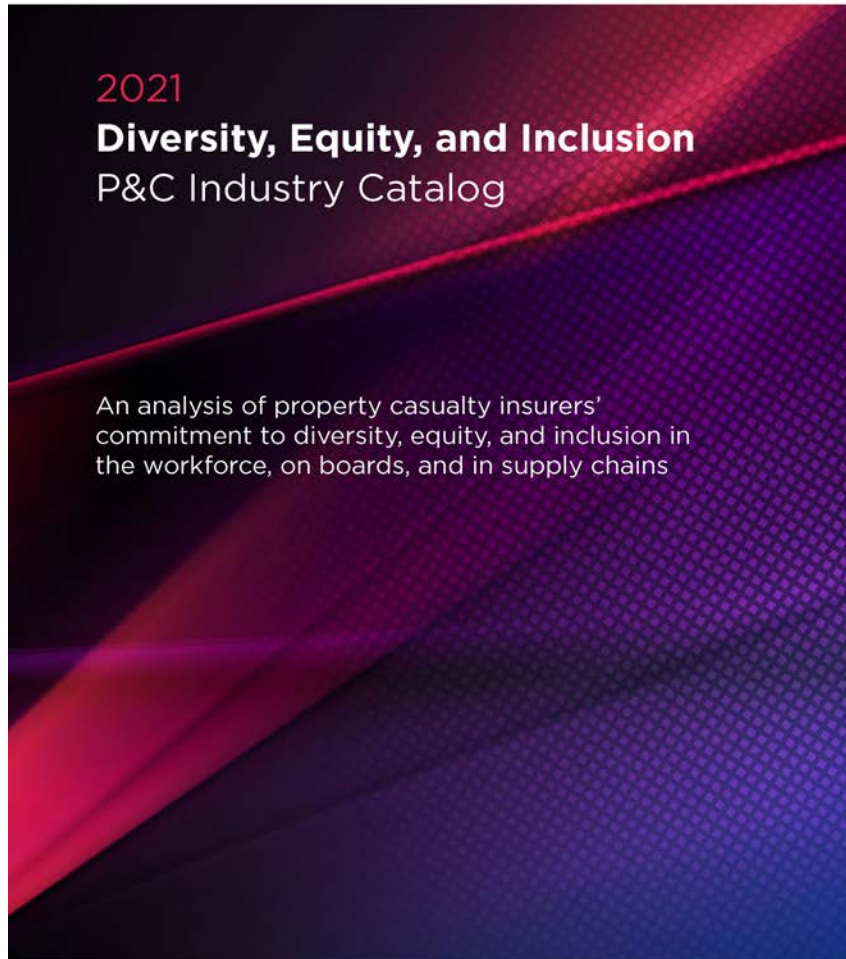
This proactive effort by APCIA is not a singular exercise but an ongoing focus that will continue to assess progress, including an update for the Catalog this year. Our preliminary findings from the 2022 update show that companies continue to make progress in DEI efforts since last reported in 2020.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

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

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

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

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



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

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Background

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

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

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

GOALS OF THE DEI CATALOG

The goals of the Catalog were as follows:

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

CATALOG STRUCTURE AND CONTENT

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

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

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

TARGET AUDIENCE

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

RESEARCH TEAM

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

Insights

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

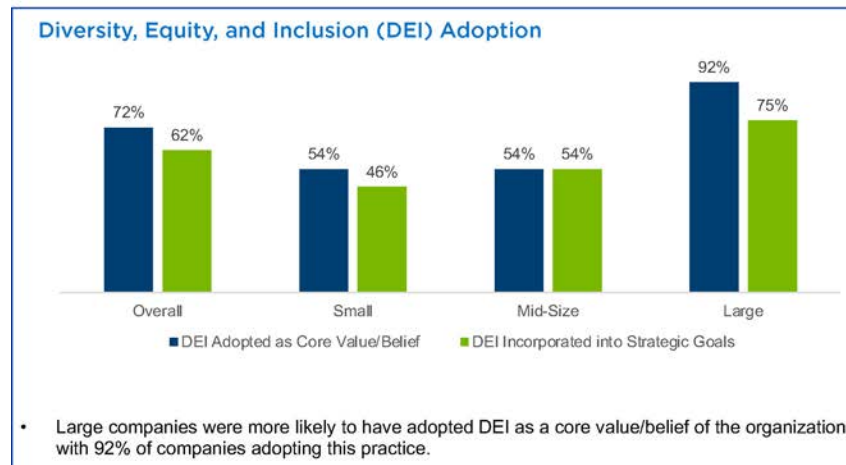
Participant Profile

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

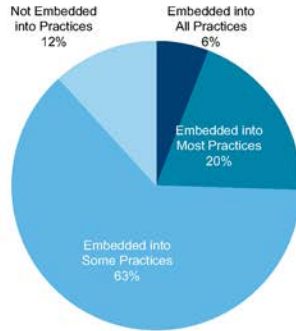
Adoption and Implementation of DEI Practices

Q2: Has diversity, equity, and inclusion been adopted as a core value/belief for your company and has it been incorporated into your strategic goals?

Q3: How deeply is diversity, equity, and inclusion embedded into your company's culture and business/talent practices?



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



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

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

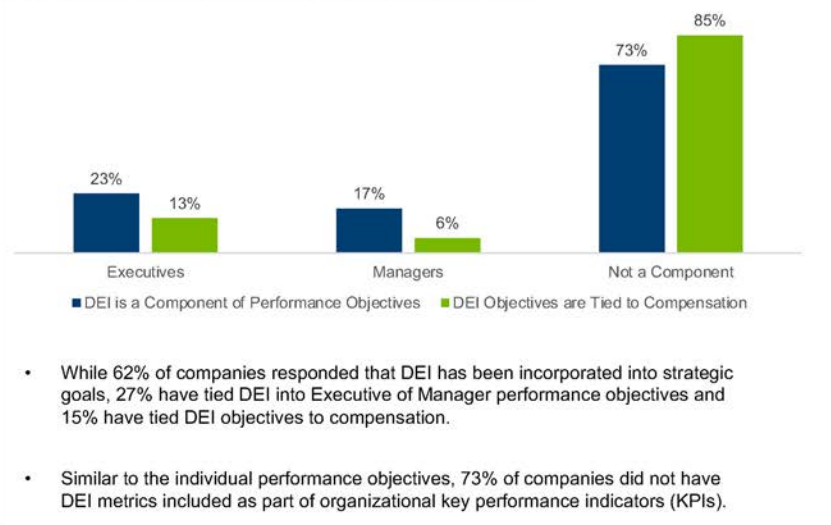
Question 2 examines whether DEI is a leadership priority and demonstrates the depth and breadth of its adoption and translation into actionable and measurable objectives at operational levels. Overall, Catalog respondents reported a high rate of adoption of DEI as a core value and belief (72%), and 62%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

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

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

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

DEI Alignment to Objectives and Compensation



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

Impact of Employee Voice on DEI Initiatives

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

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

Actions Taken Based on Feedback from Employee Survey

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

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

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

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

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

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

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

DEI Training and Professional Development

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

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



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

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

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

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

Company Support and Sponsorship of External DEI Initiatives

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

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

Q14: If yes, please describe.

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

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

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

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

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

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

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

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

Measurement of DEI Initiatives

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

Q17: Does your company perform a pay equity analysis?

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

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

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

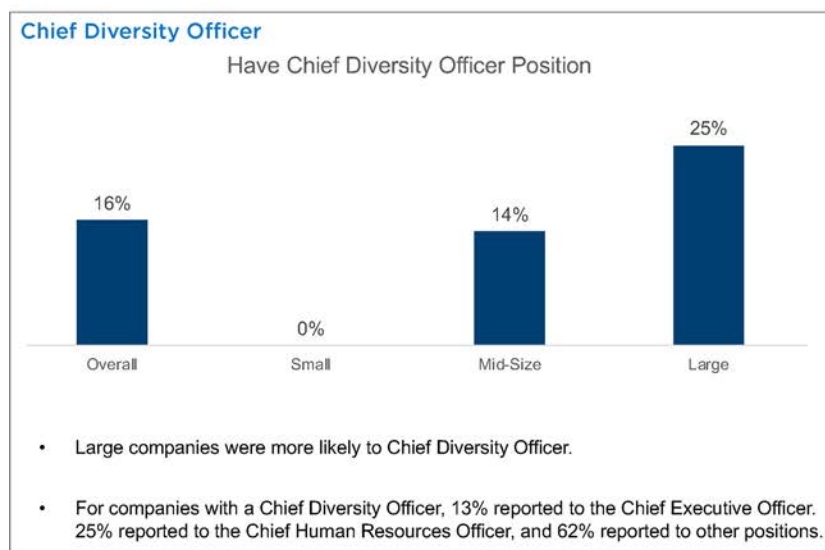
Roles and Responsibilities for DEI Leaders

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

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

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

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



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

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

Recruitment and Retention Policies and Practices

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

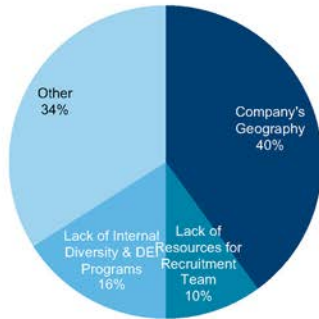
The questions in this section are interrelated, as they pertain not only to how talent is recruited into respective companies, but also how the organizations attempt to groom and develop those individuals. As noted in multiple studies on DEI practices, retention of talent — i.e., eliminating or mitigating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

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

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

Recruiting Challenges & Hiring Practices

biggest Challenge to Recruit Diverse Talent



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

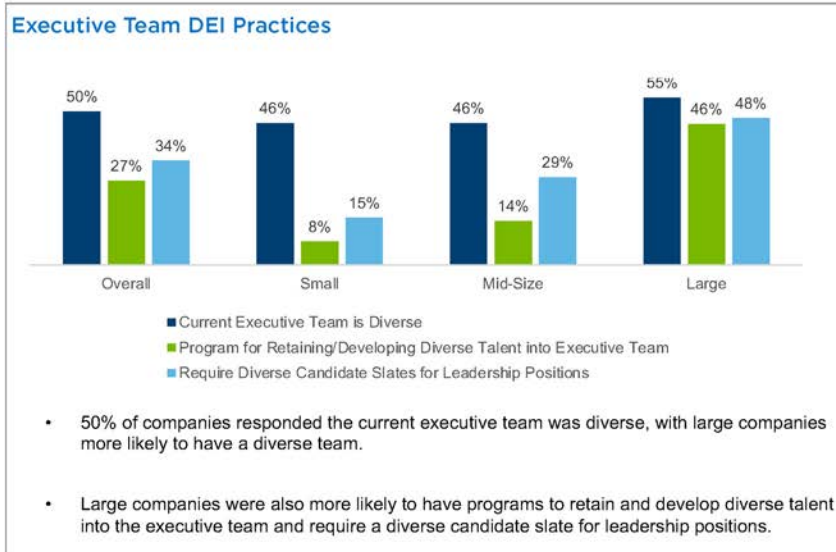
Business Practices Adopted to Hiring Practices	% employing
Established Recruitment Goals to Engage & Hire Diverse Talent	69%
Established Procedures to Prevent Unconscious Bias in Hiring	62%
DEI Training Incorporated into Onboarding Process	48%
DEI Training Required for Hiring Managers	38%
Leadership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

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

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

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

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



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

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

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

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

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



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

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

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

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

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

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

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

Diverse Recruiting Strategies

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

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

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

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

Measuring Effectiveness of Diversity Recruiting Efforts

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

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

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

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

DEI and Leadership Succession Planning

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

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

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

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

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

Impact of COVID-19 on DEI Recruitment

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

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

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

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

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

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

Leadership Development Programs

- Q36:** Has your company found it difficult to retain diverse talent in your workforce, executive leadership, or board of directors?
- Q37:** If you answered yes for any group for question 36, could you please describe? (Workforce, Executive Leadership, Board of Directors)

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

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

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

Workforce:

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

Executive Leadership:

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

Board of Directors:

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

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

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

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

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

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

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

Impact and Engagement of DEI on Governance and Boards of Directors

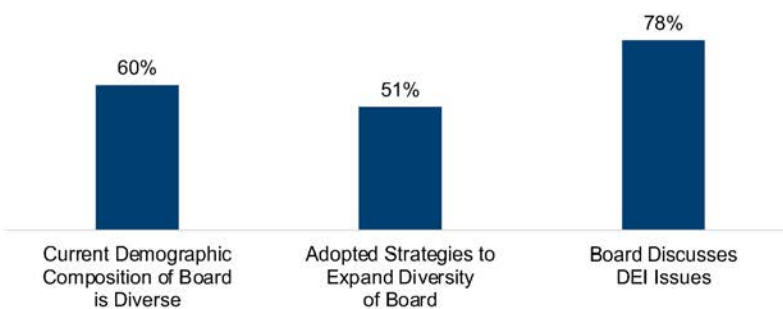
Q4: Are you required to report out on your DEI efforts to your board on a regular basis?

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

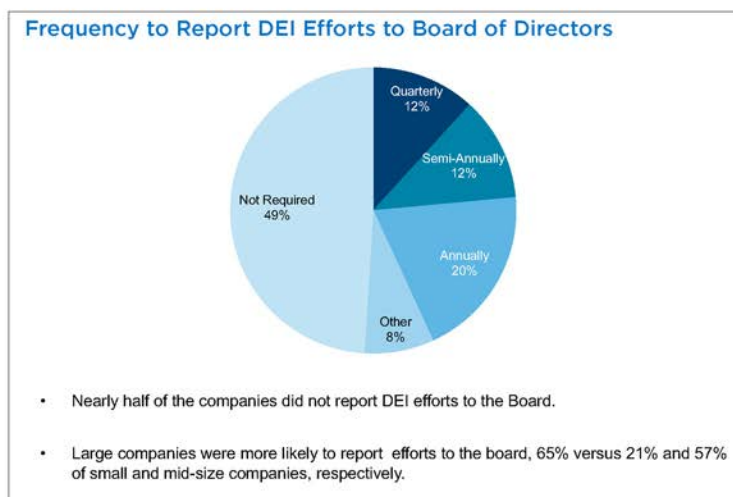
Q41: Has your company adopted strategies to expand the diversity of your Board of Directors, as it pertains to race, gender, age, sexual orientation, gender identification, veteran status, disability, or other?

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

Board DEI Practices



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



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

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

Summary

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

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

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TESTIMONY

OF

KIMBERLY W. ROSS

SENIOR VICE PRESIDENT, FEDERAL RELATIONS

AMERICAN COUNCIL OF LIFE INSURERS

BEFORE THE

U.S. HOUSE OF REPRESENTATIVES

COMMITTEE ON FINANCIAL SERVICES

SUBCOMMITTEE ON DIVERSITY AND INCLUSION

HEARING ON

“A REVIEW OF DIVERSITY AND INCLUSION

AT AMERICA’S LARGEST INSURANCE COMPANIES”

SEPTEMBER 20, 2022

Good afternoon,

Chair Beatty, Ranking Member Wagner, Chair Waters, Ranking Member McHenry, and Members of the Subcommittee, thank you for allowing me to testify today on behalf of the American Council of Life Insurers (ACLI).

My name is Kimberly Ross. I joined the ACLI in December 2020 after serving for over two decades on Capitol Hill, working in leadership roles in personal and Committee offices and most recently as Chief of Staff and Chief Counsel for Chair Beatty where I focused on housing, insurance, banking, and diversity, equity, and inclusion (DEI) issues. In addition to leading ACLI's federal advocacy on financial services, tax, retirement, and income security, I also head our DEI Forum and policy efforts associated with our Economic Empowerment and Racial Equity (EERE) initiative.

The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 280 member companies represent 95 percent of industry assets in the United States accounting for \$8.7 trillion in total assets and \$7.4 trillion invested in the U.S. economy. Our mission is financial security and protection for all families.

Making a difference with DEI

Pursuing diversity, equity and inclusion (DEI) commitments is a top priority for ACLI and our member companies, who have demonstrated their leadership and focus on moving America forward with robust efforts for many years. Life insurance companies are uniquely positioned to help achieve DEI goals through the products we offer and the investments we make in the U.S. economy. Our products build financial certainty and can significantly enhance the transfer of intergenerational wealth. Our investments in underserved communities increase the promise of upward mobility for their residents. Our commitment to financial inclusion and digital modernization provides a gateway for all people to protect their family's financial future – no matter their background, gender, or economic status. Our association is leading by example and serving as a catalyst and resource for our members to advance their goals. ACLI's advocacy focuses on safeguarding and expanding access to financial information and tools that change lives and, in turn, change our society for the better.

During the last three years, the value of this industry in the lives of everyday Americans has been spotlighted by the tragedy of the pandemic. Between 2019 and 2020, death benefits paid by life insurers increased a record-breaking 15.4%. It was the biggest increase since the Influenza epidemic of 1918. On behalf of our member companies, I am proud to say that life insurers were there for families at the worst possible moment, keeping commitments, while also remaining financially strong for all policyholders. Life insurance is highly regulated by state insurance commissioners, and their risk-based capital ratio for the industry remained above 400%. Regulators typically act when a company's ratio falls below 200%. The steady force of the industry in the lives of families continued in 2021, as the pandemic continued to hit communities across the country. The increase in death benefits from 2020 to 2021 was 10.8%, and payments

made to people were more than \$100 billion last year. Staying financially strong in order to meet guarantees also enabled life insurers to continue to pay record claims, support jobs, infrastructure, and large and small employers nationwide with investments throughout the pandemic, with \$572 million daily on average invested into the U.S. economy.

Today, it is my privilege to share with you information on the collective efforts of our industry for DEI through ACLI. As has been discussed at many hearings before this Committee and consistently shown to be an empirical certainty, diversity is the right thing to do. Diverse enterprises outperform non-diverse firms, benefit from better decision making, higher quality work, more innovation and, in most instances, an increase in team satisfaction. ACLI knows that DEI is an essential component of how we ensure that every American has access to financial security for life. We share common cause with lawmakers and leaders seeking to enhance the social safety net with expanded access to opportunities for individuals, families, communities, and our nation.

The report the Committee completed for this hearing indicates there has been meaningful progress on the DEI front in our industry. I'd like to highlight just a few areas:

Over the period of 2017-2021, for both life and property and casualty insurance carriers:

- The average budget for diversity and inclusion increased 63%, \$3M in 2017 to nearly \$5 million in 2021. The increase is much higher in many cases, including with ACLI members included in the study.
- The percentage of women in the insurance workforce, 54%, is higher than the percentage of women in the US population, 50.5%. 92% of companies studied had at least 50% of their workforce comprised of women.

- In 2021, 12 companies leveraged women-owned asset managers for investment, increasing such usage by 33% from 2017. In 2021, 15 companies leveraged minority-owned asset managers for investment for an increase of 15% from 2017.
- On average, covered companies spent 2.7% of their overall budgets with minority-owned suppliers, totaling \$8.8M annually; 2.4% of budgets went to women-owned suppliers totaling \$7.8M.
- In 2021, 96% of companies studied published information on their DEI strategy and performance, an increase of over 20% from 2017 when 74% of companies reported DEI information.
- In 2017, 100% of insurance companies leveraged diverse organizations to increase recruitment of people of color and women. The percentage of companies leveraging this strategy remained high through 2021 despite the pandemic with 96% leveraging such strategies.
- As of 2021, the majority of companies studied (67%) have a supplier diversity policy, and of those companies 95% have a goal to provide business opportunities to minority-owned and women-owned businesses, as well as 95% for veteran-owned and LGBTQ-owned.
- Board diversity for the nation's largest insurance companies (28.5% for women, 22% for people of color) is consistent with – and for people of color better than – the performance of the nation's largest investment managers (28% for women, 17.5% for people of color) and bank holding companies (30% for women, 20% for people of color).

Economic Empowerment and Racial Equity Initiative (EERE)

To mobilize the commitment made by ACLI members in 2020, ACLI launched its Economic Empowerment and Racial Equity initiative. It is the catalyst for programs and concrete actions that are making a positive difference.

The aim of the initiative is 1) expanding access to financial protection tools, 2) advancing diversity in companies and on boards, 3) supporting financial education to help close wealth gaps, and 4) expanding investments in underserved communities.

One example of a leadership initiative stemming from our EERE commitment is to modernize the producer licensing process. The focus is to remove any unnecessary barriers that inhibit qualified candidates from entering and staying in the industry. We know that nearly 1 in 3 Americans have been justice involved which often leaves them on the financial and employment sidelines. And we know that broadening the pool of potential producers who can overcome this hurdle is critical to expanding access and promoting fairness and opportunity. This is especially true for us since the purchase of insurance is based on a trust relationship. Most life insurance is still purchased through an agent. According to a 2022 LIMRA study, 91 percent of individual life insurance sales occur through an independent or affiliated agent.

As an industry primarily regulated by state insurance commissions, we are working through the National Association of Insurance Commissioners (NAIC), National Council of Insurance Legislators (NCOIL), and individual state commissioners and legislators in these areas:

- Greater uniformity and efficiency in background checks and waivers;
- More flexibility for applicants in pre-licensing education class requirements;
- Improved transparency in exam pass rate data to ensure fairness and accountability;

- Offering exams in additional languages to promote diversity in the industry;
- Giving applicants the option to take the producer exam online; and
- Expanding mentorship programs for new producers.

This initiative pivots off many technological efficiencies embraced during the pandemic and encourages broader application of effective updates being modeled in a variety of states to meet the diverse needs of consumers for family financial protection.

ACLI actively engages with the Race and Insurance Committee of the National Association of Insurance Commissioners (NAIC), and financial inclusion and equity is a top priority for meetings of the ACLI and NAIC executive committees.

Impact Investing in Affordable Housing

Another outstanding example of the leadership driven by ACLI's EERE programming is an industry-specific initiative for closing the affordable housing gap. Chair Beatty, we know that home ownership is not just part of fulfilling the American Dream but also is a powerful step to sustainable financial security – and one of the surest ways (other than a life insurance death benefit) to pass wealth intergenerationally. We also know that home ownership rates for Black and Brown communities have lagged others at the same rate since passage of the Fair Housing Act in 1968.

This year, ACLI members joined together to launch 360 Community Capital, a nonprofit network that will pair the life insurance industry's long-term investment strategies with on-the-ground expertise from community partners who know what families and communities need to thrive. It is a force multiplier for an industry that already has \$6 billion in municipal affordable housing bonds to leverage.

Strengthening communities through affordable sustainable housing is one way that life insurers are doing what they're good at to do good. Home-secure families are families that can plan for the future – that is our industry's goal and our mission – and 360 Community Capital conveys our holistic approach to what communities and households need to thrive. "Community" invites the partnerships essential to this work, and "Capital" conveys the weight of the industry with the long-term financial investments we make in order to meet long-term commitments to policy holders. It is an honor to be at the witness table today with Dr. Leroy Nunery, who is the first independent board member for 360 Community Capital. His leadership and vision for equity and inclusion reflect the organization's commitment and purpose.

Committed to Financial Inclusion

The financial education component of ACLI's EERE initiative is also underway. A Wharton study noted that one-third of financial inequality in the U.S. could be accounted for by improved financial education. Nearly 50 ACLI member companies support the efforts of local Junior Achievement chapters across the country. And several ACLI member companies were recognized this year with the U.S. President's Volunteer Service Award for their employees' time and efforts at local JA chapters throughout the nation. Junior Achievement USA provides valuable financial lessons to more than 2.5 million students from coast to coast. The Chairman and CEO of Voya Financial, an ACLI member, serves on JA's national board of directors, and numerous ACLI member companies donate funds to JA's national operations.

Globally, Junior Achievement Worldwide has been nominated for the 2022 Nobel Peace Prize for its work expanding economic opportunity for young people. Our support and partnership with this esteemed organization in the U.S. help empower more young people with the tools they need to develop and bolster their financial proficiency and entrepreneurial skills for a lifetime.

Building Diverse and Inclusive Workforces

ACLI's initiative also fosters diverse and inclusive workforces in the insurance industry. Actively recruiting and supporting a diverse workforce at every level helps to expand access to our array of financial products to many more communities and small businesses. To that end, ACLI established a DEI Forum for our member company Chief Diversity Officers (CDOs). ACLI's DEI Forum meets quarterly and culminates in an annual DEI Conference with APCIA (also on this panel) and the Life Insurance Council of New York (LICONY). This conference brings together several hundred CDOs, regulators, CEOs and other leaders from our member companies. One area of work of the DEI Forum to highlight is the work to expand partnerships with Historically Black Colleges and Universities (HBCUs). Many of ACLI member companies support HBCUs with grants to build capability and capacity and actively recruit, hire, and work to retain HBCU graduates. ACLI member companies participate in the HBCU Challenge and HBCU job fairs. The industry supports an insurance focused curriculum at Howard University. All together, these are essential building blocks to keeping the focus on diversifying our industry, including our producer and customer bases. They highlight the valuable contribution associations can make to DEI outcomes.

Finally, ACLI also [supports the Improving Corporate Governance Through Diversity Act](#), H. R. 1277, introduced by Congressman Gregory Meeks (D-N.Y.), with a companion measure by Senator Bob Menendez (D-N.J.), to advance diversity and inclusion among corporate leadership and noticed with this hearing. Representing a primarily state-regulated industry, ACLI also supported the NYDFS circular published in 2021. It parallels Meeks-Menendez for transparency in reporting on boards and executive officers. Along these lines, ACLI has publicly recommended Meeks-Menendez as a model for states to follow.

Moving America Forward

Chair Beatty and Ranking Member Wagner, as part of our mission to foster positive social change, ACLI is at work with our member companies to leverage our marketplace capabilities to accelerate economic empowerment in financially underserved communities, drive upward mobility for all Americans, and expand diversity in our industry.

With our collective and sustained efforts, we know we will continue to make progress and achieve substantial outcomes. Our ongoing commitment is deep and tangible girded by our 175 years of protecting families. We remain intentional to the DEI mission we have before us as we stay ahead of the ever-changing needs of families and America's economy.

Thank you again for the opportunity to testify.

Statement of

Baird Webel
Specialist in Financial Economics

Before

Committee on Financial Services
Subcommittee on Diversity and Inclusion
U.S. House of Representatives

Hearing on

**“A Review of Diversity and Inclusion at America’s Largest
Insurance Companies”**

September 20, 2022

Congressional Research Service
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www.crs.gov

Madam Chairwoman, Ranking Member, and Members of the subcommittee, thank you for the opportunity to testify before you today. My name is Baird Webel. I am a Specialist in Financial Economics at the Congressional Research Service (CRS) focusing on nonhealth insurance issues. CRS's role is to provide objective, nonpartisan research and analysis to Congress. CRS takes no position on the desirability of any specific policy or policy outcome. Any arguments presented in my written and oral testimony are for the purposes of informing Congress, not to advocate for a particular policy outcome.

My testimony today will begin with a brief introduction and overview of statistics on the diversity and inclusion in insurance employment and conclude with some observations on the legislation announced as a subject of today's hearing.

Employment Diversity in Insurance and Overall Labor Markets

The private sector employs roughly 125 million people, with the U.S. Bureau of Labor Statistics (BLS) collecting a wide variety of statistics about the labor market. According to BLS, approximately 2.8 million people were employed in the insurance industry in 2021.¹ Average annual insurance industry earnings are an estimated \$76,840 compared to estimated average total private earnings of \$55,397.² Sub-industries included in the BLS data include insurance carriers (\$82,655) and insurance agencies, brokerages, and related services (\$69,499).³

BLS statistics also include breakdowns by racial and ethnic groups as well as by gender.⁴ For 2021, those statistics for the insurance industry included 58.9% women, 77.9% White, 13.2% Black or African American, 6.4% Asian, and 11.8% Hispanic or Latino, as shown below in **Figure 1**. **Figure 1** also portrays the same categories for the overall "financial activities" category⁵ (52.1% women, 78.4% White, 11.3% Black or African American, 7.5% Asian, and 12.6% Hispanic or Latino) and the total U.S. working population (47.0% women, 77.5% White, 12.3% Black or African American, 6.6% Asian, and 18.0% Hispanic or Latino). It should be noted that there is some overlap among racial and ethnic categories, so it would not be expected that they sum to 100%.

¹ BLS, "Current Employment Statistics (CES)," at <https://www.bls.gov/ces/data/>.

² CRS calculation using BLS CES data. Average annual earnings were calculated by multiplying the average weekly earnings in 2021 by 52 weeks.

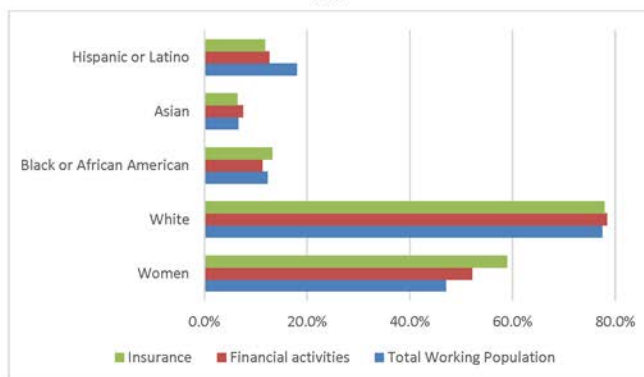
³ BLS, CES. CES industry data is available by North American Industry Classification System (NAICS) code. The categories used include insurance carriers and related activities (NAICS code 524), insurance carriers (NAICS code 5241), and insurance agencies, brokerages, and related services (NAICS code 5242).

⁴ BLS, "18. Employed persons by detailed industry, sex, race, and Hispanic or Latino ethnicity," at <https://www.bls.gov/cps/cpsaat18.htm>.

⁵ The financial activities category includes banking, securities, non-bank credit, real estate, and leasing services.

2021

Figure I. Insurance Industry Gender, Race and Ethnicity
2021

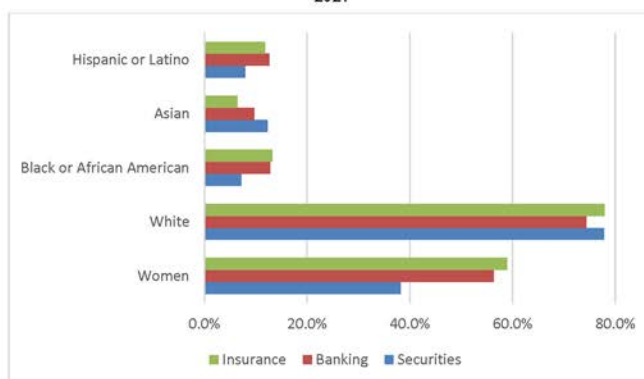


Source: BLS, <https://www.bls.gov/cps/cpsaat18.htm>.

Notes: Exact BLS series are "Insurance and related activities," "Financial activities," and "Total, 16 years and over." Race and ethnic group categories do overlap and would not be expected to sum to 100%.

The financial activities category can be broken down further, including into banking and securities industries, which roughly parallel the committees' previous surveys of the largest banks and securities firms. Figure 2 portrays the comparison of these three industries, while Table 1 combines the data from Figures 1 and 2 and adds additional financial services occupational categories.

Figure 2. Insurance, Banking, and Securities Gender, Race, and Ethnicity
2021



Source: BLS, <https://www.bls.gov/cps/cpsaat18.htm>.

Notes: Exact BLS series are "Insurance and related activities," "Banking and related activities," and "Securities, commodities, funds, trusts, and other financial investments." Race and ethnic group categories do overlap and would not be expected to sum to 100%.

Table 1. Financial Industry Gender, Race, and Ethnicity
2021

Industry	Women	White	Black or African American	Asian	Hispanic or Latino
Insurance	58.9%	77.9%	13.2%	6.4%	11.8%
Banking	56.3%	74.4%	12.8%	9.7%	12.6%
Securities	38.2%	77.8%	7.2%	12.3%	7.9%
Credit Unions	69.8%	77.9%	13.6%	5.5%	10.7%
Non-bank Lenders	49.3%	75.9%	10.7%	10.1%	13.2%
Financial Activities	52.1%	78.4%	11.3%	7.5%	12.6%
Total Working Population	47.0%	77.5%	12.3%	6.6%	18.0%

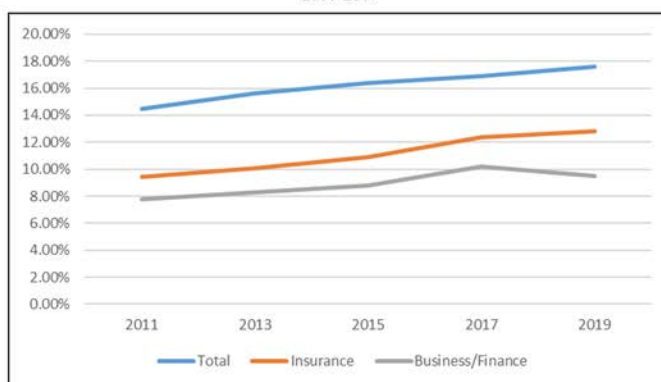
Source: BLS, <https://www.bls.gov/cps/cpsaat18.htm>.

Notes: Exact BLS series are "Insurance and related activities," "Banking and related activities," and "Securities, commodities, funds, trusts, and other financial investments," "Savings institutions, including credit unions," "Nondepository credit and related activities," "Financial activities," and "Total, 16 years and over." The financial activities category includes real estate, and leasing services in addition to the industries detailed in the table. Race and ethnic group categories do overlap and would not be expected to sum to 100%.

2011-2019

Similar data are available for approximately the last decade. For this time period, however, BLS did not break out the insurance industry as a separate category.⁶ In order to generate the following presentation of 2011-2019 data, CRS utilized individual occupation categories that are specific to insurance⁷ to generate the “Insurance” category data and the individual figures below compare this composite category to the BLS-created “Business and Financial Operations Occupations” category for gender, race and ethnicity.

Figure 3. Insurance Occupations Diversity over Time: Hispanic or Latino
2011-2019



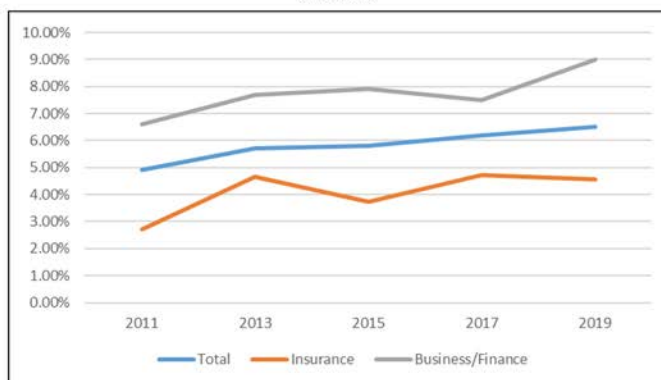
Source: CRS using data from BLS.

Notes: The “Insurance” figure is a composite of the BLS occupation categories of Claims Adjusters, Appraisers, Examiners, and Investigators; Actuaries; Insurance Sales Agents; and Insurance Claims and Policy Processing Clerks. “Business/Finance” is the BLS category Business and Financial Operations Occupations. “Total” is the BLS category “Total, 16 years and over.”

⁶ BLS also did not publish data on “White” prior to 2017, so this category is omitted.

⁷ CRS utilized Claims Adjusters, Appraisers, Examiners, and Investigators; Actuaries; Insurance Sales Agents; and Insurance Claims and Policy Processing Clerks. Each individual year’s BLS data can be found at <https://www.bls.gov/cps/aa2011/cpsaat11.htm>, <https://www.bls.gov/cps/aa2013/cpsaat11.htm>, <https://www.bls.gov/cps/aa2015/cpsaat11.htm>, <https://www.bls.gov/cps/aa2017/cpsaat11.htm>, and <https://www.bls.gov/cps/aa2019/cpsaat11.htm>.

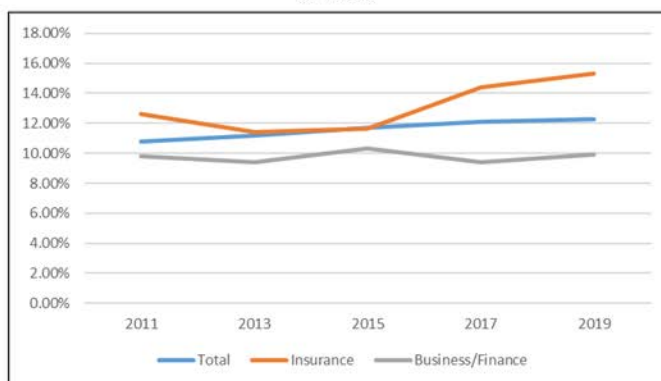
Figure 4. Insurance Occupations Diversity over Time: Asian
2011-2019



Source: CRS using data from BLS.

Notes: The "Insurance" figure is a composite of the BLS occupation categories of Claims Adjusters, Appraisers, Examiners, and Investigators; Actuaries; Insurance Sales Agents; and Insurance Claims and Policy Processing Clerks. "Business/Finance" is the BLS category Business and Financial Operations Occupations. "Total" is the BLS category "Total, 16 years and over."

Figure 5. Insurance Occupations Diversity Over Time: Black or African American
2011-2019

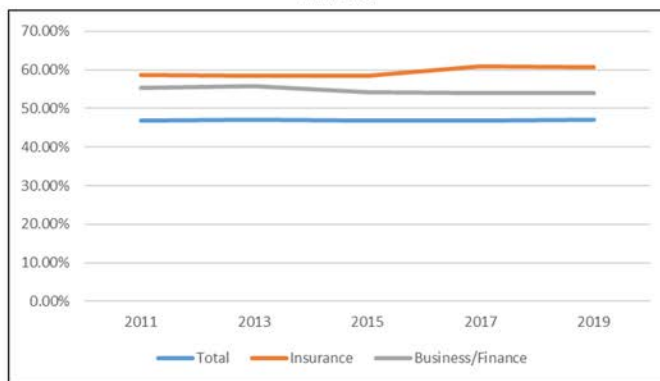


Source: CRS using data from BLS.

Notes: The "Insurance" figure is a composite of the BLS occupation categories of Claims Adjusters, Appraisers, Examiners, and Investigators; Actuaries; Insurance Sales Agents; and Insurance Claims and Policy Processing Clerks.

"Business/Finance" is the BLS category Business and Financial Operations Occupations. "Total" is the BLS category "Total, 16 years and over."

Figure 6. Insurance Occupations Diversity Over Time: Women
2011-2019



Source: CRS using data from BLS.

Notes: The "Insurance" figure is a composite of the BLS occupation categories of Claims Adjusters, Appraisers, Examiners, and Investigators; Actuaries; Insurance Sales Agents; and Insurance Claims and Policy Processing Clerks. "Business/Finance" is the BLS category Business and Financial Operations Occupations. "Total" is the BLS category "Total, 16 years and over."

Observations

On average, the BLS data show that the insurance industry pays a higher wage than overall economy-wide average in the country. Its workforce has a higher percentage of women and Blacks and African Americans than the general working population, but a lower percentage of Asian Americans and Hispanics or Latinos. Compared to the banking and securities industries, the comparison is similarly mixed. It appears that the diversity in the insurance industry has been increasing over time, which is consistent with anecdotal evidence that the industry is putting particular focus on hiring and employment of a more diverse workforce.⁸ These overall data, however, lack detail to make more specific conclusions. In comparison with the committee's survey and report,⁹ particularly lacking are more granular detail as to the gender, racial and ethnic diversity within the hierarchy of the companies. This does not enable an analysis of the diversity in leadership or executive positions. Further, the data do not break out data large insurance companies relative to smaller companies.

⁸ For example, CRS examination of the websites and 2021 SEC 10-4 annual filings for the 27 large insurers surveyed by the committee found specific sections focused on diversity and inclusion, although there was variation in the lengths of the sections and detail among insurers.

⁹ House Committee on Financial Services, *Diversity and Inclusion: Holding America's Largest Insurance Companies Accountable*, September 16, 2022, at https://financialservices.house.gov/uploadedfiles/d.i_insurance_report_092022.pdf.

Insurance Regulation and Proposed Legislation

Congress endorsed the state-based insurance system in the 1945 McCarran-Ferguson Act.¹⁰ Although later acts, such as the 2002 Terrorism Risk Insurance Act¹¹ and 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act¹² (Dodd-Frank) increased the federal presence, insurance regulation remains primarily the purview of the states, particularly in nonhealth insurance. This relative lack of a federal regulatory apparatus can pose some complications when Congress seeks to exercise authority over the insurance industry. For example, Dodd-Frank specifically created an Office of Minority and Women Inclusion (OMWI) within a variety of federal entities overseeing the financial services industry.¹³ The directors of these offices are charged with, among other tasks, “assessing the diversity policies and practices of entities regulated by the agency.”¹⁴ Among the enumerated federal agencies, however, none of them would be considered to generally regulate insurers. The only current federal oversight of insurers is of holding companies with insurance operations which fall under the Federal Reserve¹⁵ and this is a relatively small number of companies.¹⁶

The draft Minority and Women Inclusion in Insurance Act¹⁷ would require the Department of the Treasury’s Federal Insurance Office (FIO) to survey insurers and report to Congress on diversity in the insurance industry. The state insurance regulators are to be consulted in this study. Somewhat similarly, the draft Diversify Insurers’ Workforce Study Act¹⁸ would direct FIO to study and report to Congress on recruitment, retention and attrition in the insurance industry and best practices in this area.

¹⁰ 15 U.S.C. §§1011-1015.

¹¹ P.L. 107-297.

¹² P.L. 111-203.

¹³ P.L. 111-203, Section 342; codified at 12 U.S.C. §5452. The statute lists the following agencies: Department of the Treasury; Federal Deposit Insurance Corporation; Federal Housing Finance Agency; Federal Reserve, including the board and the individual banks; National Credit Union Administration; Office of the Comptroller of the Currency; Securities and Exchange Commission; and Consumer Financial Protection Bureau. See 12 U.S.C. §5452(g)(1).

¹⁴ 12 U.S.C. §5452(b)(2)(C).

¹⁵ Holding companies with both depository and insurer subsidiaries are overseen by the Federal Reserve, a framework that dates back to the Gramm-Leach-Bliley Act (P.L. 106-102, GLBA). GLBA allowed for holding companies with thrift subsidiaries to be overseen by the Office of Thrift Supervision, but Dodd-Frank consolidated this authority under the Federal Reserve. The Federal Reserve may also oversee insurance companies designated for such oversight by the Financial Stability Oversight Council, but no companies are currently so designated.

¹⁶ S&P Global Market Intelligence identifies only six holding companies “significantly engaged in insurance activities” who also own banks engaged in broad banking activities, with another 11 insurers owning limited-purpose banks. See Tim Zawacki, “Some insurer-owned banks show outsized growth as rising interest rates await,” *S&P Global Market Intelligence*, February 16, 2002, at <https://www.capitaliq.spglobal.com/web/client?auth=inherit#news/article?id=68817996>.

¹⁷ Available at <https://democrats-financialservices.house.gov/UploadedFiles/BILLS-117pih-MinorityandWomenInclusioninInsuranceAct.pdf>.

¹⁸ Available at <https://democrats-financialservices.house.gov/UploadedFiles/BILLS-117pih-MinorityandWomenInclusioninInsuranceAct.pdf>.

Another bill addressed in this hearing, H.R. 2123, the Diversity and Inclusion Data Accountability and Transparency Act, would add another mandate to the various OMWIs. Specifically, the bill directs that each OMWI director “shall require entities with 100 employees or greater regulated by the applicable agency” to provide information required to carry out the director’s duties. As mentioned above, the relatively few insurers who fall under federal oversight are overseen by the Federal Reserve. The Federal Reserve OMWI has indicated that it has sent requests to as many as 1,475 institutions in a given year requesting self-assessments on diversity and inclusion. These surveys have been conducted since 2017 and the highest response rate to date has been under 13%.¹⁹ In 2021, 136 out of 1,178 institutions responded. The Federal Reserve OMWI identifies responding institutions by charter type (e.g., bank holding company or savings and loan holding company) at the holding company level, but not by business type at the subsidiary level. Thus, one cannot identify to what degree the insurers overseen by the Federal Reserve are, or are not, responding to the Federal Reserve OMWI’s requests.

The other two bills addressed in the hearing, H.R. 1277, the Improving Corporate Governance Through Diversity Act of 2021, and the draft Diverse Investment Advisers Act both would approach diversity in insurers not through the insurance regulatory system, but through federal securities laws.²⁰ Federal securities laws affect far more insurers than direct federal regulation, so this approach arguably would have a greater impact on the insurance industry. Many insurers, however, are set up as mutual insurers and do not issue public stock, thus reducing to some degree the impact of federal securities laws. Even mutual insurers, however, may issue public debt securities and be impacted through these approaches.

¹⁹ CRS calculation using the individual annual reports of the Federal Reserve Office of Minority and Women Inclusion from 2017-2021, available at <https://www.federalreserve.gov/publications/minority-women-inclusion.htm>.

²⁰ Available at <https://democrats-financialservices.house.gov/UploadedFiles/BILLS-117pih-TheDiverseInvestmentAdvisersAct.pdf>.

