

Cracking the class ceiling: Socio-economic diversity in insurance

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As socio-economic diversity is expected to be the next front for inclusion, with a government-backed socio-economic diversity taskforce currently surveying firms in the City of London, Raymond Silverstein, partner at Browne Jacobson, looks at how the insurance market has historically fared on this issue.

It is an almost universally acknowledged truth that for decades the insurance industry, and the London market in particular, has been an elite club community of predominantly middle-aged white British men, and to its detriment, the sector has, historically, lagged behind many others when it comes to tackling equality, diversity and inclusion, including socio-economic diversity.

In 2017, only 7% of the industry's UK workforce came from an ethnic minority and, of that number, only 2% were black. This is disproportionate to the number of black and other ethnic minority people in the UK. While the numbers have undoubtedly improved, it is from an extremely low starting point.

The insurance industry does well when it comes to attracting women into employment, but often loses them completely or fails to promote them. Like many sectors, there are far fewer women than men at managerial level and above.

Class issue

Class - and the perception of class, unconscious or otherwise - which restricts social mobility, is still an issue.

Back in 2015, the then prime minister David Cameron said: "Britain has the lowest level of social mobility in the developed world. Here, the salary you earn is more closely linked to what your father got paid than in any major country."

Subsequent polls indicate that social mobility is in decline, revealing that almost twice as many people felt it was becoming harder, rather than easier, to move up in society.

Research from KPMG suggests that the situation in the financial services sector is particularly acute - more than 40% of employees have parents who had also worked in the same industry, compared to an average of 12% in other sectors.

A number of these inequalities frequently combine to create multiple layers of inequality. Inequality, lack of diversity and inadequate inclusion are all issues that can be found in many of the structures that underpin our society. How to remove these injustices from the workplace is accordingly a huge challenge for the sector - and for most employers in general. It will take time to significantly reduce if not eradicate these issues, but the rate of change needs to pick up. The UK has had equal pay laws for approximately 50 years, but gender-based pay inequality still persists.

Progress is being made though, as many employers in the sector, and the Financial Conduct Authority, the Association of British Insurers, and other influential sector groups, now put Equality, Diversity and Inclusion as a core value of their organisation, are involved in an enormous number of initiatives aimed at improving the situation, and have made improving EDI a priority.

Social mobility

Improving social mobility is one of the priorities of the ABI's Diversity and Inclusion Strategy.

The work of the ABPs Social Mobility Taskforce is informed by a report published in 2020 by the City of London and Bridge Group. It found that employees from less privileged backgrounds take 25% longer to progress despite no evidence of poorer performance.

The research also concluded that 51% of respondents at all levels of seniority are from a higher socio-economic background (as defined by parental occupation), and this compares with 33% of the economy-wide working population across the UK.

Two other findings from the report are particularly stark, given the current economic gloom and outlook. The findings are that 16% of the survey respondents attended an independent school - more than double the national figure of 7% - and that White employees are almost twice as likely to have attended an independent school, compared with Black employees.

The report, which is the first study internationally in the financial services sector to investigate, in depth, the relationship between socio-economic background, progression and productivity, draws on data from eight major employers in the financial services sector.

Eradicating these injustices from the workplace will take determination, resources, ingenuity, boldness and a long-term approach, but many in the insurance industry are rising to the challenge.

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