

# Sustaining digital transformation and adapting human capital management

Insurance Governance Leadership Network

October 2020

The EY logo consists of the letters 'EY' in a bold, white, sans-serif font. A yellow triangle is positioned above the 'Y', pointing to the right.

Building a better working world

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IGLN

VIEWPOINTS

## Sustaining digital transformation and adapting human capital management

The COVID-19 pandemic has served as an inflection point for the insurance industry, accelerating its digital transformation and forcing companies to consider new possibilities for the future of work. Insurers have rapidly scaled technology deployments as they shifted many of their interactions with customers onto digital channels, demonstrating the potential for rapid digitalization, but also highlighting the challenges to achieving genuine transformation. The sudden shift to remote work has also caused insurers, already facing longer-term shifts in the demographics of the talent pool, changing talent needs, and a renewed focus on diversity and inclusion, to develop talent and human capital strategies for a very different future of work.

During virtual meetings on September 3 and September 8, 2020, Insurance Governance Leadership Network (IGLN) participants met to discuss the continued digitalization of the insurance industry and changing talent and human capital needs of the insurance industry.<sup>1</sup> The following themes emerged from these discussions:

- **Digitalization has only accelerated**
- **Acquiring and developing talent is critical to effective transformation**
- **The pandemic is speeding the transition to new ways of working**

### Digitalization has only accelerated

Digital transformation has been a longtime imperative for the insurance industry, driven by technological innovations, changing customer expectations, and competition from new entrants. The pandemic has served to further catalyze digitalization by *“adding a sense of urgency the sector had previously lacked,”* according to one director. Another participant added that the pandemic *“was an accelerator of what was already in progress. There has been no pause”* in investments in digital technologies.

At the same time, the pandemic has exposed gaps in the digital capabilities of many insurers, especially in products, distribution, and the need to upgrade

underlying legacy systems. This may require new kinds of partnerships to accelerate progress.

### The pandemic hastened trends already in motion

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*“The pandemic has jolted the industry to become more focused on [digitization, data, and customer needs].”*

– Director

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Insurance leaders were pleasantly surprised at their firms’ ability to transition to remote work and stabilize operations in the early weeks of the pandemic. One participant observed, *“I think the transition was easy because we had already become increasingly digitized as a sector over the last 10 to 15 years. We were already interconnected in parts and we were able to use that to bridge different parts of our ecosystem.”* The pandemic also increased the urgency to accelerate those efforts, however. A director said, *“Before the pandemic, we were concerned with ratings and financial strength rather than digitization, data, and customer needs. The pandemic has jolted the industry to become more focused on these areas.”*

### Changing customer expectations

The pandemic is accelerating shifts in customer expectations and changing insurers’ relationships with their customers. This entails new uses of technology to drive more customized, simplified customer experiences and development of new types of insurance products. One director observed, *“From a customer experience perspective, they want instantaneous answers to questions on mobile apps. However, many legacy insurers have been unable to provide those. The pandemic highlighted the industry’s shortcomings in this area.”*

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*“Customers do not necessarily want a new insurance product; they want a custom solution to their problem.”*

– Director

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A director suggested insurers need a mindset shift to adapt to these changing expectations: *“Customers do not necessarily want a new insurance product; they want a custom solution to their problem.”* Being viewed as a provider of solutions rather than a seller of products means greater customization, enabled by data. A participant said, *“Customers now want more personalized products rather than generic, one-size-fits-all products. We have to change what we offer to meet the expectations customers now have.”*

In order to respond effectively, insurers recognize the need to improve the underlying technology and products. An EY participant said, *“Insurers are working to improve the customer experience and sell products digitally, which means simplifying products.”*

### Increasing digital distribution

With business travel and in-person meetings impossible, insurers have needed to transition to digital distribution channels. Some insurers have already found that many of their products can be sold digitally. One director

said, *“With respect to distribution, we are now writing 60%–70% of our business plan, all virtually. That’s 30%–40% less than we need, but 60%–70% more than we had planned. It is remarkable how adaptable customers and advisers have been.”* During a recent conference, Manulife Financial CEO Roy Gori estimated that 90% of the insurer’s products could be sold digitally.<sup>2</sup> Selling products digitally rather than in person can also push the industry to be more efficient, according to Mr. Gori: *“I think digital should be and can be seen as a huge enabler to allow for the productivity and efficiency of distribution to connect with customers in more ways.”*<sup>3</sup> An IGLN participant agreed with this sentiment: *“To the extent insurers are able to streamline their communications with customers, distribution will be more efficient.”*

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*“Many insurance brokers are not digitally native. They do not have the skills to sustain relationships they built on the golf course or by clinking glasses.”*

– Participant

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Several participants noted examples of how their companies are experimenting with new products through new distribution channels to better serve new and existing customers. One director explained, *“Our company developed a mobile application that allows customers to take out microinsurance health insurance policies. It was a way to give customers access to health insurance quickly and cheaply in a way that was not possible before.”* Another participant reported that his company began using the WhatsApp mobile application to allow customers to file life insurance claims during the pandemic as a way to leverage other applications already in use by customers to improve digital access and support.

Despite this, many participants expressed concern about the limitations of digital distribution, especially given insurers’ lack of experience in forming relationships through these channels. One participant said, *“Many insurance brokers are not digitally native. They do not have the skills to sustain relationships they built on the golf course or by clinking glasses. They do not know how to build new relationships in this environment.”* A director shared a related observation: *“While we were able to automate our back offices seamlessly earlier this year, our customer-facing operations were challenged. This made it difficult to grow our business.”* Addressing this challenge will require even greater investment in digital interactions and capabilities. One director said, *“We can do a lot with digital toolboxes and customer analytics to help the front end do a better job for the client.”*

### **Increasing automation**

Even before the pandemic, many back-office jobs had already been replaced by automation. This trend is expected to continue, with as many as 25% of full-time insurance positions in operations, administrative support services, IT, product development, marketing, and sales support set to be consolidated or replaced by 2025.<sup>4</sup> One director described how these changes are playing

out: *“One of our regions reduced its back-office staff to have machine-learning algorithms churn through underwriting information in less than three minutes. The machines do all the tedious work and produce suggestions so the human underwriters can make decisions.”*

### The pandemic reinforced the need to expand technology investments

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*“I suspect companies are now thinking, ‘If we do not increase spending on digital, then we have no future.’”*

– Director

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Despite the economic uncertainty facing the sector, insurers recognize the need to continue making digital investments. One director said, *“I suspect companies are now thinking, ‘If we do not increase spending on digital, then we have no future.’ The sooner you start, the better the position you will be in going forward.”* Participants noted the importance of investing now, acknowledging the time it takes for digital investments to produce returns. One director said, *“You cannot just pick something off a shelf and expect it to work now. Insurers will probably not see the benefits of any investments for at least a year.”* However, that same director noted the need to absorb the costs of these investments upfront: *“Any digital investments should be amortized as quickly as possible because of the potentially transitory nature of these investments. Things are moving so quickly; you do not want to carry any sunk costs on your balance sheet.”*

IGLN members emphasized the need to increase the scale of their digital investments across the front and back end to remain competitive. One director said, *“The pandemic showed us where we had gaps in our digital road map, both in the front and back ends. We used this time to accelerate our spending on digital because it is critical now and in the future.”* Insurers’ rapid embrace of digitalization also highlighted areas that will require prioritized investment. Addressing these shortcomings may involve thinking differently about partnerships that can quickly enhance digital capabilities.

### Addressing legacy core systems

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*“It is hard to build new technology platforms on an existing legacy base.”*

– EY Participant

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The acceleration of digital transformation efforts is underscoring for some the need for insurers to address the limitations of underlying legacy systems. One EY participant said, *“If insurers are going to create a digital environment at both ends, then they will need a modern digital platform. It is hard to build new technology platforms on an existing legacy base.”* While many insurers have continued to layer modern applications on top of older platforms, a participant cautioned that this may become an increasing “drag” on progress: *“Insurers have a massive amount of technology debt and continue to kick the can down the road, but that technology debt will only continue to incrementally rise and they will have to deal with it at some point.”*

Others were more sanguine. One director downplayed the burden of legacy systems, saying, *“Most insurers have gotten pretty good about building around legacy systems at this point. It can make things easier just to pull data out of them when needed.”* A former insurance executive turned venture investor shared a similar perspective: *“I no longer see this as ‘kicking the can down the road,’ or ‘putting lipstick on a pig.’ It’s buying these capabilities in chunks, so it’s not a single, massive, multiyear, multibillion-dollar investment. You create a technology ecosystem, and eventually that old mainframe becomes less important.”*

### Forming partnerships to accelerate digital progress

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*“The fact that major incumbents talk about partnering with new entrants is itself reflective of a major mindset change. We would never have had the discussion even two years ago.”*

– Director

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Insurers are increasingly taking advantage of partnerships with startups and other tech providers to enhance and scale their capabilities. According to one participant, *“Companies have tried to incubate and innovate internally but found it difficult to scale up. There is now a shift to partnering with existing companies that already have the capabilities they need.”* One director noted that this represented a fundamental shift in approach for large insurers over a very short period of time: *“The fact that major incumbents talk about partnering with new entrants is itself reflective of a major mindset change. We would never have had the discussion even two years ago.”*

### Acquiring and developing talent is critical to effective transformation

According to an executive from one of the largest technology providers to the sector, talent is the greatest barrier to digital acceleration at financial institutions: *“It’s skill sets and experience; there just aren’t enough people who know how to use the new tools.”* A recent *Harvard Business Review* article similarly opined that digital transformation is less about new technology than it is about people’s ability to develop the skills necessary to use that technology.<sup>5</sup> While the pandemic may have temporarily paused the industry’s “war for talent,” insurers need to continue to build their technology talent and expertise by attracting new kinds of employees and upskilling existing ones, from the board down.

### High demand for technology and related skills

IT, data analytics, and related skills remain scarce, and the shift to online sales and remote working along with the acceleration of digital transformation across sectors means those technical skills remain in great demand. The pandemic may also lead more people to seek stability by remaining in their current roles, so insurance companies face stiff competition for tech talent.

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*“Smart tech talent like agile working models and big returns. That is not what they get in the insurance business.”*

– Director

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One participant said, *“It is still hard to compete with IT companies to get the skills insurers need. People in the tech industry still prefer to work at Google more than an insurer.”* A director added, *“The demand for people with IT skills is outstripping supply. This means that insurers do not have everything they want in terms of human capital. It is also more expensive to get these people on board.”*

### Attracting and employing new tech talent

Recruiting tech talent remains a challenge for insurers, according to one director who said, *“Smart tech talent like agile working models and big returns. That is not what they get in the insurance business.”* To overcome this, some insurers are looking to reframe working in the industry. One director said, *“We set up a co-op program with a local university to have students work in our innovation center. Students are managing their own projects and they don’t see it as ‘working in insurance’; they see it as opportunities to solve critical problems.”*

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*“You cannot just recruit a few thousand ‘tech people’ into the sector who are then put into IT or innovation teams in a corner. You need everyone...to understand and develop new digital skills.”*

– Participant

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However, even if insurers are able to attract these coveted workers, a director cautioned that technological skills must be paired with industry knowledge to be effective: *“There is a danger to fixating on tech talent alone without considering the insurance business model and our customers. Often these tech people don’t necessarily understand customer needs enough to be able to focus on using the best of tech to deliver what the customer wants. That is the skill set you need rather than just having the best tech skills.”*

### Reskilling current employees

Finding more employees who understand how to best to deploy new technologies in insurance requires not just recruiting more tech-savvy talent into the sector but also bolstering the technical skills of its current employees at all levels. A participant said, *“The people strategy has been lagging the business strategy in financial services. It is not about recruiting a team of people who are tech experts while the rest of the business carries on.”* He continued, *“You cannot just recruit a few thousand ‘tech people’ into the sector who are then put into IT or innovation teams in a corner. You need everyone from the chair of the board to the CEO to the fund managers to the claims processors to understand and develop new digital skills.”*

The key to solving this issue is through upskilling employees over a long-term horizon as the jobs and necessary skills change in the wake of technological advances. Doing so will require both convincing employees that it is in their interest to acquire new skills over time and identifying industry-wide approaches to ensure consistency and applicability if people move from one

financial institution to another. One director said, *“As the industry changes, there will be a group of long-time employees who will have a skill set that is no longer useful. At that time, the company will need to train these employees in these skills for the employees to continue being useful.”*

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*“I think one lasting effect of this will be the realization that remote work can be productive.”*

– Participant

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One executive said her company had made investments to determine where skill gaps exist in the workforce. A participant said, *“Our human resources group has focused on people and their abilities by building assessments to measure their traits, competency, drivers, and risk factors. We can then develop methods to close any gaps.”* The same participant added, *“Although companies have created internal training frameworks, it may be inefficient for them to create their own training programs. There may be an economic benefit to developing a shared framework across the sector.”* Another director agreed and said his company had developed a national, sector-wide education program to train employees in new technologies: *“We are trying to close the digital gap within insurance companies across our country.”*

## The pandemic is speeding the transition to new ways of working

The pandemic brought the future of work into the present, as entire workforces went remote. A participant predicted, *“I think one lasting effect of this will be the realization that remote work can be productive.”* Indeed, the early days of the pandemic saw evidence not only of increased productivity but improved morale and heightened employee engagement. An EY expert said, *“Initially, a lot of silos came down, there were more meetings in a virtual environment, and there was greater collaboration. That was a silver lining in the short term.”*

However, we are moving from the “acute” to “chronic” phase of the pandemic response, according to an EY expert. *“Initially, the sector felt urgency from the pandemic to shift operations online,”* he said. *“Now that we are five months in, they are looking at scenario planning for at least the next 18 to 24 months, or until there is a vaccine.”* That means reexamining what has worked and is worth retaining in a world likely to include a mix of remote and on-site workers while also addressing the personal challenges employees face as well as what may be lost when employees are not physically together.

### Insurers need to develop new models for working

Even before the pandemic, companies were looking to make changes to work models to respond to changing employee expectations and to attract and retain talent. In 2017, the *Harvard Business Review* asked 2,000 US job

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– Director

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seekers which employment benefits were most valuable to them. Over 80% of respondents said the availability of flexible work options, including flexible hours and work-from-home options, would lead them to consider taking a lower-paying job.<sup>6</sup> The relative ease of pivoting to remote work has convinced some skeptics that remote work can be effective, and some employees have grown used to a more flexible approach, suggesting that future approaches to work are unlikely to entail a return to the traditional in-office, nine-to-five workday for many companies. Leading insurers are now identifying what a sustainable model should look like to make their organizations more efficient, productive, and attractive by developing new work models and new priorities for office spaces.

### Ensuring employee well-being and equity

While the benefits of flexible working are likely to drive future models for work, the effects of the ongoing pandemic on some employees offers lessons for ensuring that employee well-being is integrated into long-term approaches. One director said, *“We have seen a significant rise in employees using help lines to discuss mental-health concerns.”* Another raised concern about worsening mental health among employees with children, who may be dealing with homeschooling, lack of childcare, and tight workspaces: *“The mental-health issues right now are stunning. I think companies will have to reassess how they can become a part of the solution and not a part of the problem.”* An executive noted, *“It is ironic that employees have less work-life balance now that they are working from home and managing kids who are also at home instead of at school.”*

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*“We will need to think critically about how to create fair options for all.”*

– Participant

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Women may be feeling the effects of the pandemic the most, and, without schools or caregivers to rely on for childcare, many have had to make the difficult choice to leave the labor force.<sup>7</sup> Reopening economies without childcare or schooling is a “recipe for a generational wipeout of mothers’ careers,” said Joan Williams, a professor at the University of California Hastings College of Law and the founder of the Center for WorkLife Law.<sup>8</sup> A director observed that some companies have struggled to support women during the pandemic: *“In most cases, any childcare, virtual schooling, and other day-to-day family tasks still fall squarely on women’s shoulders. I do not think companies have found the secret sauce to address this yet.”*

The pandemic has also illustrated many economic disparities across the workforce, according to an executive: *“I think the regular way of working often hid those disparities because everyone was working together from one place.”* Another participant said, *“We will need to think critically about how to create fair options for all.”*

### Embracing flexible work styles

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*“People are no longer constrained by location. You can attract a whole new pool of people, but what will stop another company from poaching your key talent?”*

– EY expert

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The sudden and effective shift to remote work necessitated by the pandemic is pushing insurers to make flexible work arrangements—including flexible hours and remote work—more permanent options. One director said, *“The pandemic was a tipping point for the industry to prove that remote work can be just as effective as in-office work.”* Another noted, *“The industry is a lot more confident now that some of the middle- and back-office functions that were prominent before can be done remotely as opposed to in the office.”* Another director went further, noting the benefits of remote work: *“People are more efficient working from home. They are not wasting hours by commuting into their offices and instead are reinvesting that time into getting stuff done.”*

This flexibility may also assist in recruiting and retaining talent at all levels. One executive observed, *“Many of our former employees have gone to Google because they gave them the option to live in another city far away from the headquarters. Our company is not structured like Google and cannot provide that flexibility. As a result, we have lost some key talent.”* Offering a remote work option may help address some of those challenges. *“People may not have wanted to relocate before. This is an opportunity to help make some roles seem more attractive,”* another executive noted. However, while flexible working makes it easier for insurers to attract talent outside of their local area, there is an equal and opposite risk, according to an EY expert: *“It is a double-edged sword. People are no longer constrained by location. You can attract a whole new pool of people, but what will stop another company from poaching your key talent?”*

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*“There is far more benefit to a genuinely flexible work model that allows for fluid schedules and job sharing than simply allowing remote work.”*

– Participant

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An EY expert cautioned insurers against conflating “remote” and “flexible” work in their assessments of future work models: *“There is far more benefit to a genuinely flexible work model that allows for fluid schedules and job sharing than simply allowing remote work; however, remote work is the key to unlocking this flexibility.”* Some insurers have already set up flexible work programs; for example, Allianz created an internal project marketplace that matches certain tasks with employees across the company with the right skills and availability.<sup>9</sup>

### Creating flexible work models and workspaces

While participants expect some flexibility, including remote working, to become a permanent fixture in the industry, they are trying to develop a model that balances that flexibility for employees with the needs of the company. One director said, *“Our company does not want to be a 100% work-from-home company. There are so many advantages to having people in the*

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*“Insurers should be driven by their ambition for the future of work and not by real-estate costs.”*

– EY expert

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*office together. I can easily see a situation where people only come in one to two days a week, though.”*

Participants discussed the need for a deliberate, strategic approach to what the future of work might look like at their companies. An EY expert emphasized the need for insurers to develop a coherent vision for the future of work and the best use of office space, rather than simply responding to pragmatic concerns: *“Insurers should be driven by their ambition for the future of work and not by real-estate costs.”* Participants identified several models that are emerging:

- **Workforce segmentation.** Participants discussed what factors are driving their near-term decisions regarding which workers might return to the office and when. According to an EY expert, the future for some insurers *“entails a return to the office but with only 50% occupancy.”* Others are considering segmenting their workforce to assist employees who have difficulty working from home. *“These plans would allow those who have a hardship working from home to be able to come into the office before others can,”* the expert said.
- **Hub-and-spoke approach.** Some companies are opening smaller, regional offices in areas where a critical mass of employees resides. One director said, *“At two of my companies, we took a hub-and-spoke approach, opening smaller office spaces in areas where clusters of employees live. It created a real opportunity for people to be able to go into the office because they needed to with an easier commute. It is not quite the same as a single headquarters, but it is an effective compromise.”*
- **Activity-specific workspaces.** Insurers are also looking to create flexible workspaces with distinct areas for different types of work. One executive said, *“Many of our offices employ an activity-based model. There are separate spaces for team collaboration and areas for quiet, solo work.”*
- **Maximizing the benefits of colocation.** As companies consider who should be in the office and when, they are also considering how to balance flexibility with the benefits of collaboration that come with colocation. One executive said, *“There is a lot to gain from working in an office where you bump into others and discuss issues. A lot of work in the past happened organically.”* An EY expert emphasized that asking people to come into the office should serve a purpose, such as *“to drive culture or effectiveness or cross-team engagement.”* He cautioned, *“Surveys are showing that while small teams’ productivity and collaboration has gone*

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*“There is a lot to gain from working in an office where you bump into others and discuss issues. A lot of work in the past happened organically.”*

– Executive

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*“We have to be careful that virtual work has not built up silos.”*

– Participant

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*up, interteam collaboration has gone down. We have to be careful that virtual work has not built up silos.”* As a result, insurance leaders need to be thoughtful about where and when those informal interactions are most valuable and how to encourage them by putting the right people together at the right times.

### **Diversity, equity, and inclusion have taken on renewed urgency**

In recent years, insurers have emphasized the importance of diversity and inclusion to any effective talent-management strategy. The recent global protests around social justice and racial equality, however, “broke the dam,” and have elevated these issues to the top of the board’s agenda, according to one director: *“We had deluded ourselves in the past that change was coming, but we now reached an inflection point where change has to come now.”*

IGLN participants said they have been engaging in challenging—but necessary—conversations. A participant said, *“Racism is hard to talk about. We have never done so as openly and directly as in recent months. That bodes well for our efforts in diversity and inclusion, but it will not be an easy journey.”*

Participants also described the steps they are taking to bolster progress toward their diversity, equity, and inclusion goals. One executive said, *“We are committed to being an antiracist organization. We are looking inward to the experiences of our Black colleagues. We also launched a number of education efforts to promote uncomfortable dialogs around these topics.”* To make real progress, a director recommended integrating these goals into company strategy: *“One best practice I have seen is where a company has made and understands the business case for diversity and then integrates these goals into their company strategy. Then you charge the chief strategy officer with overseeing the process.”*

Board oversight and the ability to track progress is key, according to one EY executive: *“Boards need to have a scorecard to see that progress is actually being made on these goals. They need to hold senior management accountable on these initiatives.”* In addition, the board can dig deeper into their metrics; for example, one director said, *“I would like the audit committee to be looking to see whether there is equity across the pay scale.”*

## Diversity, equity, and inclusion have taken on renewed urgency

While acknowledging the limits to the impact a single organization can have, a participant emphasized the importance of corporate leaders making public statements and taking steps toward progress: *“It’s not how much we can move the needle for society; it’s as a director, when the moment came to stand up, did you? That is what makes me proud about what we are doing. It’s a beginning.”*

## Flexible work models raise new human capital challenges

Despite the advantages of flexible working arrangements, insurers must now address a range of obstacles if they are to create sustainable flexible work models, including preserving corporate culture, reevaluating management approaches, and recruiting and onboarding new talent.

### Maintaining corporate culture

Insurers have long recognized the importance of corporate culture to the success of any organization. Inculcating, monitoring, and maintaining those cultures will be challenged by large-scale remote work over the long term. One director said, *“What we really worry about is the cultural side of things. We think culture really, really counts.”* Another director asked, *“How do you ensure that remote employees are still embracing company values?”* Another said, *“Companies are being watered down to where anyone can work from anywhere. There is no longer a special team feeling that you get from having everyone in one place.”*

Prolonged remote work is also raising concerns about employee conduct. An EY expert noted, *“We are starting to see an increase in employee relations cases. Because everyone is isolated, a lot of actions from bad actors are not being escalated as they should be.”* Another director added, *“We have had cases of people misrepresenting their hours worked and other forms of low-level fraud.”*

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*“How do you ensure that remote employees are still embracing company values?”*

– Director

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In response to these issues, participants identified practices aimed at maintaining culture in a flexible work environment:

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*“When people are away from the office, they could lose sight of the company’s purpose. Staying in regular touch with employees can help maintain engagement.”*

– Executive

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- **Frequent communication with employees.** Over the course of the pandemic, insurers have developed several channels of communication, including frequent virtual town halls, weekly communications from CEOs, and more regular interactions between workers and front-line managers. One executive said, *“We have exponentially increased our frequency in company-wide communications by encouraging more town halls and one-on-one virtual meetings.”* Another observed that an uptick in communication is necessary to maintain culture: *“When people are away from the office, they could lose sight of the company’s purpose. Staying in regular touch with employees can help maintain engagement.”*
- **Monitoring culture remotely.** Insurers are turning to engagement and pulse surveys to keep tabs on culture. One director said, *“Our employee survey showed many employees feeling stressed from the pandemic. We relayed it to senior management so they could work to engage employees on the topic.”* However, another cautioned against putting too much stock in these surveys: *“I think some survey responses may differ from reality because I think employees do not want to seem like they are complaining.”* Regardless, firms will need to identify ways to continuously gather input from employees to gauge employee satisfaction and assess culture.
- **Creative employee engagement.** Because the pandemic has preempted many in-person social gatherings, such as company outings, insurers are looking for new ways to bolster morale and engagement among employees. One executive said, *“We usually have a company-wide celebration for our founders’ week. This year, we held it virtually and gave away a virtual gift bag to employees. It was a personal touch to remind them that they are still part of something bigger.”*

### Reassessing management styles and roles

IGLN participants noted that while some managers have adapted well to a remote work environment, others have struggled. A more permanent shift to flexible, hybrid models will require different kinds of leaders and leadership models. One director said, *“We have to equip leaders to work in a variety of settings. We are going to need a lot of flexibility.”*

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*“We have to equip leaders to work in a variety of settings. We are going to need a lot of flexibility.”*

– Director

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In addition, several suggested that the human resources function must also adapt to the changing times. One director suggested companies consider creating a new employee advocacy role: *“Companies may need to freshen up their employee advocacy programs and create a separate advocate, almost like an ombudsman role, to protect employees and their well-being.”* Another advocated for a more empowered human resources leader: *“You need a CHRO [chief human resources officer] who can anticipate what the future employee base will look like and what employee expectations will be. When the CEO views the CHRO as a partner, then the CHRO has more opportunity to make visionary changes for the future of employees. We will need that in the future.”*

### Developing innovative approaches to onboarding

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*“Onboarding talent in a virtual environment is complicated. They lose the mentorship aspect that is present in normal working environments.”*

– Director

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As insurers consider flexible work models, they acknowledge the challenges of onboarding new employees who may work remotely. One executive said, *“We have had to rethink our onboarding process so that people feel acclimated into the organization even if they are not in the office.”* One director said, *“Onboarding talent in a virtual environment is complicated. They lose the mentorship aspect that is present in normal working environments.”* Another added, *“We have to carve out a special time to meet new hires one-on-one virtually so we can start to establish that level of trust and comfort.”*

For some senior executives, the onboarding process has gone smoothly. One director said, *“We onboarded someone onto our executive team in May, and he was able to adapt easily to the company through virtual introductions and get a sense of our corporate culture.”* One director noted that there are actually some upsides to a virtual onboarding process: *“It’s much easier to invite a new hire into a virtual meeting to observe other executives”* than to have a new hire sit in on a large number of in-person meetings.

## About the Insurance Governance Leadership Network (IGLN)

The IGLN addresses key issues facing complex global insurers. Its primary focus is the nonexecutive director, but it also engages members of senior management, policymakers, supervisors, and other key stakeholders committed to outstanding governance and supervision in support of building strong, enduring, and trustworthy insurance institutions. The IGLN is organized and led by Tapestry Networks, with the support of EY. *ViewPoints* is produced by Tapestry Networks and aims to capture the essence of the IGLN discussion and associated research. Those who receive *ViewPoints* are encouraged to share it with others in their own networks. The more board members, members of senior management, advisers, and stakeholders who become engaged in this leading-edge dialogue, the more value will be created for all.

## About Tapestry Networks

Tapestry Networks is a privately held professional services firm. Its mission is to advance society's ability to govern and lead across the borders of sector, geography, and constituency. To do this, Tapestry forms multistakeholder collaborations that embrace the public and private sector, as well as civil society. The participants in these initiatives are leaders drawn from key stakeholder organizations who realize the status quo is neither desirable nor sustainable and are seeking a goal that transcends their own interests and benefits everyone. Tapestry has used this approach to address critical and complex challenges in corporate governance, financial services, and healthcare.

## About EY

EY is a global leader in assurance, tax, transaction, and advisory services to the insurance industry. The insights and quality services it delivers help build trust and confidence in the capital markets and in economies the world over. EY develops outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, EY plays a critical role in building a better working world for its people, for its clients, and for its communities. EY supports the IGLN as part of its continuing commitment to board effectiveness and good governance in the financial services sector.

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## Appendix

On September 3 and September 8, Tapestry and EY hosted paired IGLN virtual meetings on digital transformation, talent, and human capital. In the meetings and in preparation for them, we conducted numerous conversations with directors, executives, supervisors, and other thought leaders. Insights from these discussions inform this *ViewPoints* and quotes from these discussions appear throughout.

The following individuals participated in these discussions:

### IGLN participants

- Joan Amble, Non-Executive Director, Zurich Insurance Group
- Bill Anderson, Chair of the Board, Sun Life Financial
- Jeremy Anderson, Risk Committee Chair, Prudential plc
- Amy Bally, Vice President, Risk Management, State Farm
- Alastair Barbour, Audit Committee Chair, RSA and Phoenix Group Holdings
- Marty Becker, Non-Executive Director, Axis Capital Holdings
- Jan Carendi, Non-Executive Director, Lombard International Assurance
- Angela Darlington, CEO, UK Life, Aviva
- Carolyn Dittmeier, Chair of Statutory Auditors, Generali
- Sara Grootwassink Lewis, Audit Committee Chair, Sun Life Financial
- Mark Hoban, Chair of the Board, Flood Re and Financial Services Skills Commission
- Sheila Hooda, Risk Committee Chair, Mutual of Omaha; Nominating and Governance Committee Chair, ProSight Global
- Ivy Kusinga, Chief Culture and Talent Officer, Chubb
- Joan Lamm-Tennant, Non-Executive Director, Equitable Holdings and Hamilton Insurance Group
- John Lister, Risk Committee Chair, Old Mutual, Pacific Life Re, and Phoenix Life
- Annette Martinez, Senior Vice President and Chair of Enterprise Diversity & Inclusion Council, State Farm
- Nathan Moss, Chair of the Board, Wesleyan Assurance Society; Non-Executive Director, Canada Life Group

- Fausto Parente, Executive Director, EIOPA
- Peter Porrino, Audit Committee Chair, AIG
- Andrew Pryde, Chief Risk Officer, Beazley
- Sabrina Pucci, Non-Executive Director, Generali
- Alessa Quane, Executive Vice President and Chief Risk Officer, AIG
- Suku Radia, Non-Executive Director, Nationwide
- Ted Shasta, Non-Executive Director, Chubb
- Scott Stoll, Audit Committee Chair, Farmers Group and Farmers New World Life Insurance Company
- Anna Sweeney, Executive Director, General Insurance Supervision, Bank of England
- Sean Woodroffe, Senior Executive Vice President and Chief Human Resources Officer, TIAA

## EY

- Ed Majkowski, Americas Insurance Sector and Consulting Leader
- Peter Manchester, EMEIA Insurance Leader and Global Insurance Consulting Leader
- Isabelle Santenac, Global Insurance Leader
- Tony Steadman, Global Insurance Workforce Consulting Leader
- David Storey, EMEIA Workforce Advisory Leader

## Tapestry Networks

- Dennis Andrade, Partner
- Eric Baldwin, Principal
- Marisa Roman, Associate

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VIEWPOINTS

## Endnotes

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- <sup>1</sup> *ViewPoints* reflects the network's use of a modified version of the Chatham House Rule whereby comments are not attributed to individuals, corporations, or institutions. Network participants' comments appear in italics.
- <sup>2</sup> Hailey Ross, "[Pandemic Forces Life Insurers to Embrace Digitization, Transform Business](#)," *S&P Global Market Intelligence*, June 3, 2020.
- <sup>3</sup> Ross, "[Pandemic Forces Life Insurers to Embrace Digitization, Transform Business](#)."
- <sup>4</sup> Caitlin Bronson, "[1 in 4 Insurance Jobs Will Be Replaced by Automation by 2025: Report](#)," *Insurance Business America*, February 2, 2016.
- <sup>5</sup> Becky Frankiewicz and Tomas Chamorro-Premuzic, "[Digital Transformation Is About Talent, Not Technology](#)," *Harvard Business Review*, May 6, 2020.
- <sup>6</sup> Kerry Jones, "[The Most Desirable Employee Benefits](#)," *Harvard Business Review*, February 15, 2017.
- <sup>7</sup> Alexandra Olson and Cathy Bussewitz, "[Child Care Crisis Pushes US Mothers Out of the Labor Force During Coronavirus](#)," *Chicago Sun-Times*, September 5, 2020.
- <sup>8</sup> Lauren Weber, "[Women's Careers Could Take Long-Term Hit from Coronavirus Pandemic](#)," *Wall Street Journal*, July 15, 2020.
- <sup>9</sup> Ravin Jesuthasan, Tracey Malcom, and Susan Cantrell, "[How the Coronavirus Crisis Is Redefining Jobs](#)," *Harvard Business Review*, April 22, 2020.