

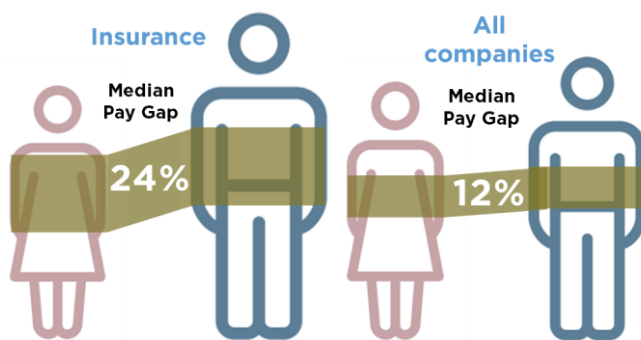
The insurance gender pay gap

What it is, and what we need to do to reduce it.

All firms in the UK with over 250 employees have for the first time published the pay gap between their male and female employees. Of these 10,332 companies, we have analysed the data relating to 199 firms that make up the insurance and financial planning profession.

The requirement to publish data on the pay gap has clearly focused attention on the problem, and many firms now have action plans in place to improve equality. But the real business benefit will be the improved diversity of thought, talent optimisation and ability to understand and reflect the needs of our diverse society.

We recognise that the pay gap in our profession is too wide, and the purpose of this paper is to analyse this overall figure in more detail to help prioritise action to reduce it.



Key Points:

- The median gender pay gap* for the insurance and financial planning profession is 24%, compared with 12% for all employers.
- The mean gender pay gap* for the insurance and financial planning profession is 29%, compared with 14% for all employers.
- There is little difference between the proportion of male and female colleagues in the profession who receive a bonus, but the median gap in bonus payments is 42% and the mean gap is 52%.
- Women make up 59% of lower quartile paid roles in our sector and only 30% of top quartile paid roles.

*How the gap is calculated

All firms with over 250 employees are required to publish data measuring the following:

- Hourly pay gap (mean and median)
- Bonus participation gap
- Bonus amount gap (mean and median)
- Proportion of men and women in each pay quartile

Both the mean and median figures are useful to understand, since they tell us different things about the causes of the gap.

- The mean is the 'simple average': the total pay divided by the number in the sample. This can be skewed by a few very highly paid or a lot of very low-paid staff.
- The median is the 'middle value' of the population: taking everyone's pay into account we know there are equal numbers of people either side of the median

Since each company has provided both of these figures and we are analysing the 'average' for the sector, we have then taken the mean of all the reported figures.

NB. This pay gap does not mean that men are paid more than women for the same job at the same level or of equal value, but it is a reflection of the lower number of women at senior levels and in some higher-paid functions.

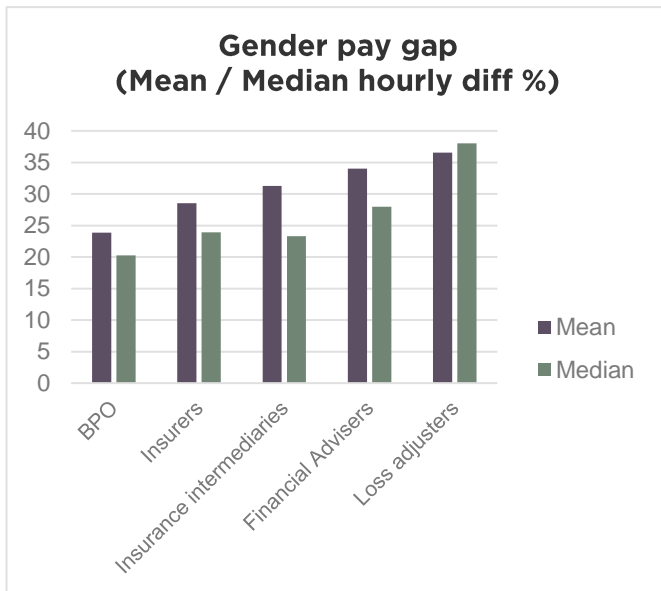
The Insurance Pay Gap

We identified 199 firms who published their data as being in the profession, and categorised them into 5 broad groups:

- The 85 identified **Insurers** have a median gap of 24% (29% mean gap).
- The 53 identified **insurance intermediaries** have a median gap of 23% (31% mean gap).
- **Loss Adjusting** has a median gap of 38% (37% mean gap). However this is likely to be skewed by the fact that it is based on only 3 companies, as the many smaller firms with fewer than 250 employees are not required to publish their data.
- There were 35 **Business Process Outsourcing** organisations who operate in the insurance sector with a median gap of 20% (24% mean gap). This is the lowest gap in the sector.
- There were 23 **Financial Advice** firms identified, with a median pay gap of 28% (34% mean gap)

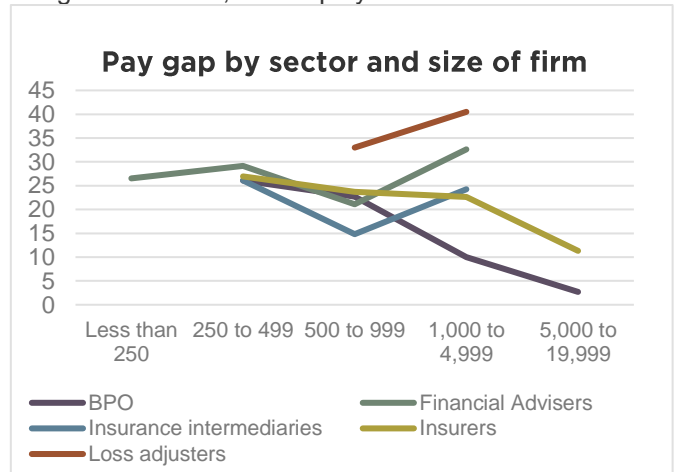
The gap between the mean and median is greatest among insurance intermediaries, indicating that the overall pay is heavily skewed towards a very small number of highly paid male colleagues.

Across the sector there is a very wide variance between firms. The highest individual median pay gap is 57% and the lowest -3%. Only three companies have a 'negative' gap in favour of women when measured as a median. No companies have a positive pay gap when measured as a mean.



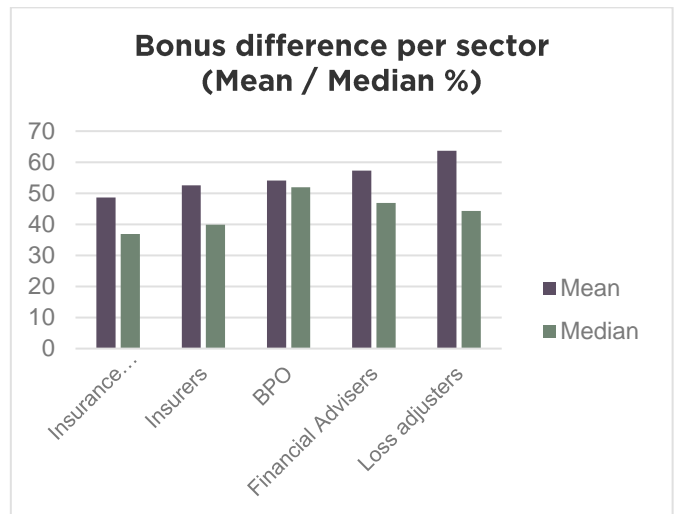
There is no clear picture in pay gap by size of firm across the whole sector. For insurers and Business Process Outsource companies it appears that larger firms have lower pay gaps, however this is skewed when we factor in the small number of firms that have fewer than 1,000 employees or over 5,000. Looking at Insurance intermediaries, Financial advisers and Loss

adjusters, all appear to increase in disparity where firms are greater than 1,000 employees.



Bonus Gap

There is relatively little difference between the proportion of men and women across the sector who receive a bonus (70% and 67% respectively). However the difference in the size of bonus received (in addition to salary noted above) is significant: the median gap across the sector is 42%, and the mean gap is 52%.



As shown in the following section, the significant gap in bonus amounts is likely to be caused by the greater number of men at senior levels and in roles and functions likely to be rewarded by bonuses, e.g. in sales or management. As bonuses are often calculated as a proportion of pay this may also explain why the gap is even greater than basic salaries.

As with the overall pay gap, the Loss Adjusting sector shows the largest mean gap, with men receiving 64% more than women, however the median gap is significantly lower at 44%, behind BPOs (52%) and Financial Advisers (47%). The smallest gap is in

insurance intermediation, where men receive 37% greater bonus payout as a median than women.

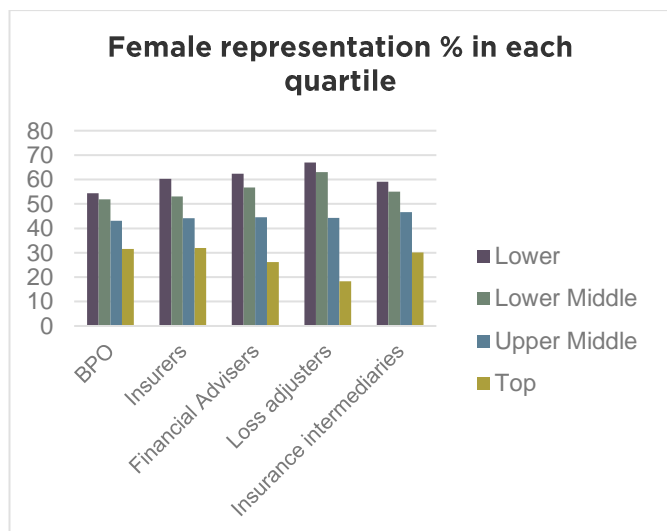
The largest (median) gap between male and female bonus amount in the sector is 225% in favour of men and the largest 'negative' (median) gap in bonus is -66.6% in favour of women. Only four companies have a median bonus gap in favour of women.

Representation by pay quartile

The data published on pay quartiles illustrate the root cause of the gap.

Much of the disparity in pay and bonus is a reflection of the proportion of men and women represented at different levels and in different roles within the business.

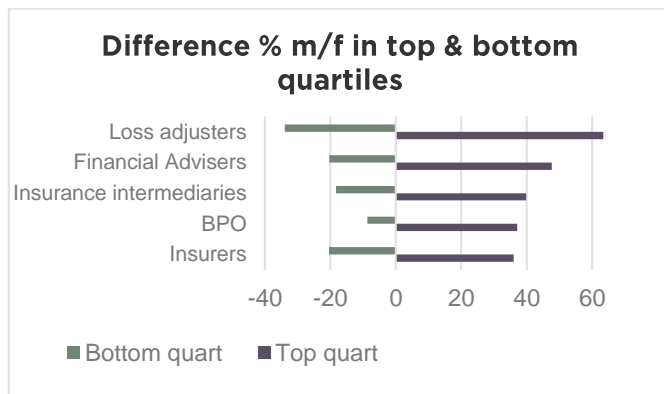
To reduce the pay gap we must focus on improving representation of all employees at every level and function.



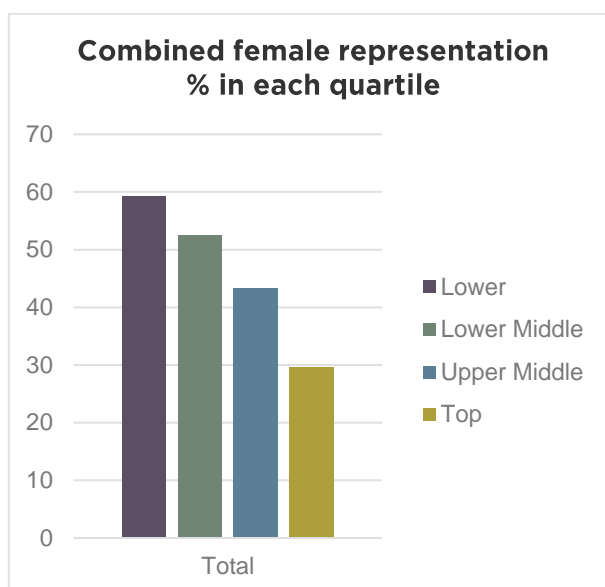
As expected, women's representation in lower quartiles is greater than men's, and lower than men's at senior levels.

Unsurprisingly, given the pay gap data illustrated above, Loss Adjusting again shows the greatest disparity, with women making only 18% of top quartile paid employees, and 67% of the lowest quartile. As noted above, the small number of firms required to publish data due to their size may skew these data. Business Process Outsourcers again show the least imbalanced representation, with women receiving 32% of the top quartile salaries and 54% of the lowest quartiles.

The disparity is made even clearer when we compare how many more men there are in the top quartile against how many more women there are in the bottom quartile.



Here we see that there are 64% more men than women represented in the top quartile of Loss Adjusting firms, and 34% more women than men represented in the bottom quartile of the same businesses. In comparison, Insurers have 36% more men in their top quartile, and 20% more women in the bottom quartile.



Looking at the insurance and financial planning profession as a whole, women make up only 30% of the top quartile but 59% of the bottom quartile.

The Chartered Insurance Institute's pay gap

The Chartered Insurance Institute has published its own pay gap data for the 2017 year, together with guidance for firms and our action plan to address the gap in our ['Mind the Gap'](#) report:

	CII	Insurance	All companies
Median hourly rate gap	18%	24%	12%
Mean hourly rate gap	28%	29%	14%

What can we do about it?

Without down-playing the urgency of addressing inequality, the pay gap itself cannot be fixed overnight. We must develop good practice in the tools and methods that are effective in addressing the root causes of the gap, and we can start that now.

Many companies already have programmes in place with specific accountability and measurement to achieve a step-change in the causes of the gap. The Chartered Insurance Institute will continue to identify and collate good practice for the benefit of the profession and for society as a whole.

In order to address the root causes of the pay gap, we need to attract more women into the profession, then encourage, empower and develop them to achieve their full potential.

There are actions we can all take – whether we manage a team, an organisation or just our own career to begin addressing the causes of the gap:

Managers

1. Help break down the concept of male/ female roles by challenging the long list of candidates during the recruitment process.
2. Support agile working by focusing on output, not presentism and trust your colleagues to deliver whilst managing their work with personal life responsibilities.
3. Encourage your female colleagues to actively contribute or participate in stretch projects and activities.
4. Sponsor your talented colleagues: invite them to high profile meetings and networking events
5. Consider who you typically allocate to: do men routinely get the bigger stretch tasks, keep asking yourself why? Allocate on potential.

Non-managers

1. Put your hand up to get involved in stretch work – don't accept the "no".
2. Ask for a mentor and be clear on your learning outcomes.
3. Ask to attend leadership training.
4. Ask for support in developing your career, for example with professional qualifications.
5. Attend events, meetings and networking opportunities.

Tali Shlomo

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