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Gender diversity in the re/insurance industry: for a sustainable future



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Executive summary

Gender-diverse leadership is associated with stronger financial performance for re/insurance companies.

Governments, regulators, society and investors are driving greater gender diversity in companies' senior leadership teams. In the re/insurance industry, representation of women at board director and executive levels is improving, but progress is slow. Swiss Re Institute research into re/insurance companies finds that a more gender-diverse senior leadership team is associated with return on equity (ROE) outperformance. A company that moves from a low to high share of women in leadership positions gains 3–4 percentage points (ppt) of ROE outperformance relative to the industry average ROE. This is in line with other financial services industries. The benefits are stronger if re/insurers add one or more women to a leadership team solely of men. This is associated with an ROE of about 3–5 ppt higher than the industry average.

Around 23% of re/insurance company executives are women.

Women represented about 23% of re/insurance company executives, 10% of CEOs and 8% of board chairs globally in 2019.¹ Executive teams are more gender-diverse at life insurers than in the non-life and reinsurance sectors. Insurance brokers have grown their share of women executives the most, and reinsurers raised representation of women on boards the most, over the past decade.² Progress is vital at this point in time because the COVID-19 pandemic is strongly negative for gender equality globally (See *The coronavirus pandemic and gender inequality*). Studies have found women to be more exposed than men to infection, job loss, a greater burden of unpaid work, and mental health risk. This is reversing progress made in closing gender gaps in areas such as pay and health.

Re/insurers have made little progress in adding women to boards over a decade.

Board-level gender diversity improved between 2010 and 2019, but most of the gain has been made by re/insurance companies that had only men on their boards in 2010. More than half of these companies have added one or two women to their board. However, there has been little increase in representation of women beyond this share. Almost half (45%) of the companies that had one or more women on their board in 2010 have not increased this representation since, and in 10% of companies the share of women on the board decreased.

Stakeholders are focusing on gender diversity for social, ESG and shareholder value creation.

For governments and regulators, gender diversity is becoming part of firms' licence to operate. Institutional investors are focusing on gender diversity as part of Environmental, Social, and Governance (ESG) investment criteria, which consider non-financial performance metrics as well as financial when valuing companies. Finally, companies are driving themselves to become more diverse as they seek to be employers of choice for whom people want to work. A key goal is to ensure companies' senior teams are representative in their composition of the countries and communities they serve. Others are to improve governance by increasing diversity of thought and decision-making in top teams, and to increase shareholder value both through higher profits and being sustainable, safe, compliant with regulation, responsibly led, diverse and inclusive.

Companies can strengthen gender diversity strategies to hire and retain more women in leadership roles.

Re/insurance companies can strengthen their gender diversity strategies to increase women's participation on boards and executive teams. A successful gender diversity strategy would include measurable gender-specific hiring and promotion goals, to which the company commits publicly. Re/insurers can create a pipeline of future leaders by supporting women with career aspirations at all levels and using tools such as executive development programmes for women. It is also an advantage to expand flexible working policies to enable all employees to balance work and family life. Combining such tools can build gender-diverse companies that attract and retain senior women and are sustainable for the long-term.

¹ Based on a sample of about 400 insurers and 29 reinsurance companies from the world's 12 largest insurance markets.

² Analysis based on 170 global insurance companies from the Refinitiv ESG Database.

Key takeaways

Women are significantly under-represented on executive teams and company boards in the re/insurance industry.

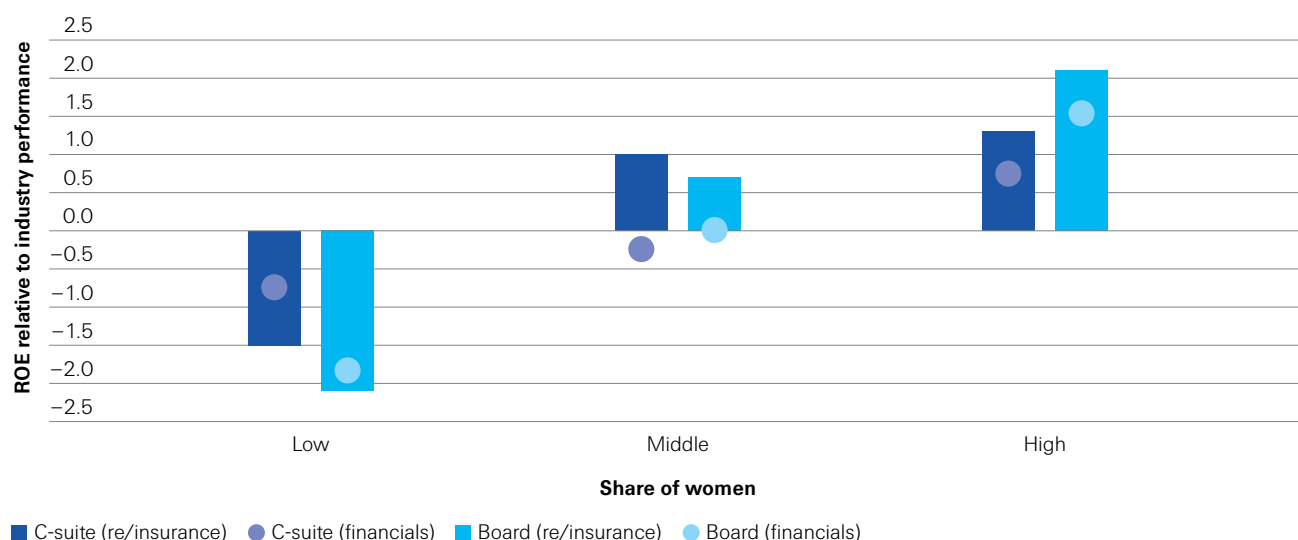
Women made up about 23% of C-suite executives, 10% of CEOs and chaired just over 8% of boards of re/insurance companies globally in 2019.

%	Share of women as CEO			Share of women as C-suite executives			Share of women as board chairperson		
	Non-life	Life	Average	Non-life	Life	Average	Non-life	Life	Average
Insurance									
France	11.8	11.8	11.8	19.4	53.6	40.6	10.0	22.2	15.8
New Zealand	7.1	50.0	22.7	31.3	39.0	35.5	10.0	10.0	10.0
Italy	10.0	5.6	7.9	26.0	34.6	29.3	11.1	0	5.0
Australia	5.6	6.3	5.9	24.6	33.3	29.0	25.0	22.3	23.7
US	5.0	16.7	10.5	21.1	26.9	23.8	10.0	10.1	10.1
UK	14.3	15.8	15.2	28.8	20.2	24.1	0	0	0
Canada	18.8	5.3	11.4	31.2	32.4	31.7	11.8	11.1	11.4
Germany	5.0	10.0	7.5	12.6	24.2	19.3	10.0	0	5.0
China	0	22.2	10.5	14.2	19.7	16.9	0	10.1	5.1
Japan	5.3	0	2.6	10.6	17.7	14.5	0	0	0
India	10.0	5.0	7.5	14.5	11.2	13.0	16.7	0	8.4
Brazil	7.1	0.0	3.3	11.8	5.5	10.4	0	16.7	8.4
Reinsurance									
	–	–	7.4	–	–	17.5	–	–	3.6
Overall average	8.0	10.6	9.6	20.2	26.3	22.7	8.7	7.8	8.0
Advanced markets	9.7	11.0	10.4	22.9	29.9	25.6	9.7	8.1	8.3
Emerging markets	5.9	9.3	7.2	13.5	13.2	13.8	5.9	6.8	7.1

Note: ratios are based on a sample of about 400 insurance and 29 reinsurance companies, using information (including name and photos) published in company website and/or annual reports. Some companies provided data only up to 2018. Definition of C-suite refers to the executive-level managers within a company, commonly including chief executive officer (CEO), chief financial officer (CFO), chief operating officer (COO), and chief information officer (CIO), as well as others listed by the company on its website or in annual reports under "Management Team", "Executive Team", or equivalent. Exact title of roles may vary across countries. Source: Swiss Re Institute

A higher ratio of senior women leaders in re/insurance companies correlates with higher company profitability.

We find a positive and significant relationship between the share of women on boards and C-suites, and profitability of re/insurance companies (measured by ROE). Re/insurers with the highest share of women as executives or board members outperform those with the lowest share of leaders by 3–4 ppt of ROE. This is in line with other financial services sectors.



Note: Based on a sample of 170 global insurance, reinsurance and insurance brokerage companies for the period 2002–2019. Graph shows the average ROE relative to the annual industry performance, for companies of different levels of representation of women in board or C-suite positions. (1) Low: companies in the lowest quartile (women represent less than 9% of board, and with zero C-suite representation). (2) Middle: companies in second and third quartiles (women represent 9%–25% of board, and 1%–20% C-suite executives). (3) High: companies in the highest quartile (women represent more than 25% of board and exceed 20% of C-suite executives).

Source: Swiss Re Institute, Refinitiv ESG Database

Gender diversity in re/insurance: an overview

Many stakeholders are driving greater gender diversity in senior leadership.

Many stakeholders are pushing for greater representation of women in company boards of directors and executive teams. They include national and supranational governments and regulators, civil society organisations, investors, shareholder campaign groups and company management themselves. A common goal is for composition of senior teams to be representative of the countries and communities they serve. Currently, directorships are still dominated by men.³ Other recognised benefits include improved governance, by increasing diversity of thought and decision-making. Diverse teams are more effective at solving difficult problems and reaching broader markets and customer segments.⁴ Shareholder value creation is another, in terms of higher profits but also by making companies more sustainable, safe, compliant with regulation, well governed and responsibly led, including through diversity and inclusion.

Public policy is steering companies to decisive action on gender diversity.

Governments, regulators and campaigners require action on gender diversity as part of companies' licence to operate. For example, in November 2020, Germany joined a long list of countries with some form of mandatory gender quota, including Belgium, France, Iceland, India, Israel, Italy, Norway, and Spain.⁵ Germany's law mandates all company boards with more than three members to have at least one woman member. It also applies to public corporations such as health, pension and accident insurance institutions.⁶ In the US, California's 2018 Women on Boards law requires all of the state's publicly traded companies to have at least one woman as board director.⁷ India was the first emerging market to establish a quota in 2013, mandating publicly listed companies to have at least one woman as board director.⁸

Investors are focusing on gender diversity as part of ESG criteria.

Investors are focusing on inclusion and diversity in companies' senior ranks as ESG evaluation of investments grows in importance. The growth of ESG investing has created impetus for greater disclosure and more gender diversity at senior level in companies, particularly in industries historically perceived as male-dominated, such as financial services. Indices such as Bloomberg's Gender-Equality Index measure and rank firms' commitments on diversity.⁹ Investment bank Goldman Sachs has announced that it will only work on share offerings for companies with at least one diverse board member, while major asset managers now typically require disclosure of diversity data from large companies.¹⁰

Re/insurers are setting targets for the share of women in their senior staff.

The re/insurance industry is responding to the public scrutiny by setting gender diversity targets and development programmes. Re/insurers are setting targets for the share of women among their senior staff. Allianz Group targets 25%–40% of women in management boards by the end of 2021, while AXA in the UK set a target to increase representation of women in senior and executive roles to 35% or more by 2021.¹¹ Lloyd's of London targets 35% women in its senior staff by 2023 and gender parity by 2030.¹²

³ *How Gender Fits into ESG?*, S&P Global, 24 February 2020.

⁴ K. Ellingrud, M. Lodolo, *Gender parity is still a problem in insurance: Here's what leaders can do*, McKinsey, 17 October 2019.

⁵ "Gender quotas on boards of directors", IZA, December 2018.

⁶ Unternehmensvorstände: Koalition einigt sich auf Frauenquote", *tagesschau.de*; *Women on Boards*, UK Government, February 2011.

⁷ *Women on Boards* website, California Secretary of State.

⁸ "India first developing country to have quota mandating at least one woman director on board of listed companies", *The Economic Times*, 15 November 2018.

⁹ Gender-Equality Index, *Bloomberg.com*.

¹⁰ *Goldman Sachs' Commitment to Board Diversity* webpage.

¹¹ *Inclusion & Diversity*, Allianz; *Empowering women*, AXA UK.

¹² "Lloyd's of London sets 20% target of women on boards by end-2023", *Reuters*, 30 July 2020.

Our analysis finds women under-represented in re/insurance leadership, and slow progress over a decade.

Only 23% of re/insurance company executives are women.

Re/insurers in advanced markets tend to have more diverse executive teams than in emerging markets.

More than 90% of re/insurance companies do not have a woman as chairperson.

Life insurers' C-suite teams tend to be more gender diverse than non-life and reinsurers.

Representation of women in re/insurance company leadership

Women are the minority in re/insurance company boards and executive teams globally and there has been slow progress in addressing the challenge. Our analysis finds women under-represented in all segments of the re/insurance industry. Insurance brokers and reinsurers have increased the share of women in leadership the most over the past decade. However, diversity has stalled for many re/insurers after adding one or two women to boards in the past decade.

Women are under-represented in re/insurance company C-suites

Swiss Re Institute conducted an online search of the gender of the CEO, executive-level managers (C-suite) and chairperson at the 10–20 largest companies in each of the life and non-life segments (by gross written premium) in the 12 largest insurance markets globally, as well as 29 reinsurance players. The resulting sample of more than 400 companies accounted for about 71% of total global insurance premiums and over 60% of global reinsurance premiums in 2019.¹³ The sample contained 43 women as CEOs (about 10% of the total), slightly higher than in the Fortune 500, which has 39 women as CEOs, less than 8% of the total.¹⁴ On average, 23% of C-suite executives in the re/insurance sample were women in 2019 (see Table 1). This is slightly higher than other studies have found for the overall financial sector. For instance, Oliver Wyman research found that women made up 20% of executive committees at major financial institutions in 2019.¹⁵ In a study by Deloitte, the proportion of women in leadership roles in financial services firms was 21.9% in 2019.¹⁶

Re/insurers in advanced markets have more gender-diverse C-suite executives, with an average of 25.6% women in their C-suite executive teams, compared to 13.8% in emerging markets. Among advanced insurance markets, France had the highest ratio of women executives, of 40.6%, whereas in Germany and Japan the ratios were far below their advanced market peers. Among emerging markets, insurers in China had the highest ratio of women executives of 16.9%, close to Germany's and higher than Japan's (see Table 1). However, these numbers are far lower than women's share of the overall industry sector workforce. For instance, in Australia, women accounted for 56.5% of total employment in the insurance and superannuation fund sector as of November 2020.¹⁷ In 2019, women comprised over 60% of the insurance industry's total employment in the US and 45% of the workforce in the financial and insurance sector in the UK.¹⁸ There remains a long way to go.

Across all markets, less than 10% of re/insurance companies on average had a woman as chairperson of the board or as CEO (see Table 1). The readings are similar among insurance companies in advanced and emerging markets. Oceania has greatest gender diversity. Around 24% of insurance companies in Australia had a woman chairing the board, and 23% of New Zealand insurance companies had a woman as CEO. In several key advanced markets, such as UK and Japan did not have a single major life or non-life insurance company board led by a woman.

Life insurance companies tend to have more gender diverse C-suite executive teams than non-life insurers and reinsurers, driven by advanced markets. Life insurers in advanced markets had an average 29.9% of women as C-suite executives, compared to 22.9% for non-life insurers and 17.5% for reinsurers. Nevertheless, in emerging markets, the comparable share of women in executive teams was 13.5% for non-life insurance companies, versus 13.2% in life insurers.

¹³ UK, Germany, France, Italy, Japan, China, Australia, New Zealand, India, US, Canada, and Brazil. The 12 countries accounted for 72% of the world's total insurance premium in 2019. Reinsurance premium includes intragroup transactions and compulsory cessions.

¹⁴ A. Benveniste, "The Fortune 500 now has a record number of female CEOs: A whopping 39", *CNN*, 10 September 2020.

¹⁵ *Women In Financial Services 2020*, Oliver Wyman, November 2019.

¹⁶ *Achieving gender equity in financial services leadership*, Deloitte, 5 November 2019.

¹⁷ *Labour Force, Australia, Detailed*, Australia Bureau of Statistics, 23 December 2020.

¹⁸ *Table 18: Employed persons by detailed industry, sex, race, and Hispanic or Latino ethnicity, Current Population Survey*, US Bureau of Labor Statistics, 2020. And: Number of full and part-time employees in the financial and insurance sector in the United Kingdom as of 2019*, by gender, www.statista.com.

Table 1

Proportion of women as CEOs, C-suite executives, board chairpersons and in the workforce of insurance companies (2019)

%	Share of women as CEO			Share of women as C-suite executives			Share of women as board chairperson			Women in workforce
	Non-life	Life	Average	Non-life	Life	Average	Non-life	Life	Average	
Insurance										
France	11.8	11.8	11.8	19.4	53.6	40.6	10.0	22.2	15.8	60.8
New Zealand	7.1	50.0	22.7	31.3	39.0	35.5	10.0	10.0	10.0	53.4 [#]
Italy	10.0	5.6	7.9	26.0	34.6	29.3	11.1	0	5.0	45.1 ^{**}
Australia	5.6	6.3	5.9	24.6	33.3	29.0	25.0	22.3	23.7	56.5 [#]
US	5.0	16.7	10.5	21.1	26.9	23.8	10.0	10.1	10.1	60.1
UK	14.3	15.8	15.2	28.8	20.2	24.1	0	0	0	45.0 ^{**}
Canada	18.8	5.3	11.4	31.2	32.4	31.7	11.8	11.1	11.4	55.7 ^{**#}
Germany	5.0	10.0	7.5	12.6	24.2	19.3	10.0	0	5.0	51.4 ^{**}
China	0	22.2	10.5	14.2	19.7	16.9	0	10.1	5.1	52.0
Japan	5.3	0	2.6	10.6	17.7	14.5	0	0	0	51.3 ^{**}
India	10.0	5.0	7.5	14.5	11.2	13.0	16.7	0	8.4	38.3
Brazil	7.1	0.0	3.3	11.8	5.5	10.4	0	16.7	8.4	55.6
Reinsurance	–	–	7.4	–	–	17.5	–	–	3.6	–
Overall average	8.0	10.6	9.6	20.2	26.3	22.7	8.7	7.8	8.0	–
Advanced markets	9.7	11.0	10.4	22.9	29.9	25.6	9.7	8.1	8.3	–
Emerging markets	5.9	9.3	7.2	13.5	13.2	13.8	5.9	6.8	7.1	–

Note: ratios are based on a sample of about 400 insurance and 29 reinsurance companies, using information (including name and photos) published in company website and/or annual reports. Some companies provided data only up to 2018. Last column presents data on the total share of women in workforce in the sector, for the latest year available (2019 unless otherwise indicated). ** women's share of employment in the insurance and financial sector combined. # is 2020 data. Source: CEIC, OECD, ILO, national statistical bureaus, Swiss Re Institute

Women's representation in senior roles in the re/insurance sector has grown in the past 10 years.

Brokers and reinsurers have improved most over the past decade

The above data presents a snapshot of the current landscape of gender diversity of the re/insurance industry in key markets. We also track the industry's progression over time using a different sample drawn from the Refinitiv ESG Database. Based on 170 global insurance, reinsurance and insurance brokerage companies, we find that women's leadership in the re/insurance industry has increased in the past decade, in line with other industries (see Table 2).

Table 2

Average share of women on boards and executive committees, by industry

	Board		C-suite	
	2010	2019	2010	2019
Insurance	13%	26%	10%	17%*
All financial	12%	24%	12%	17%
All sectors	10%	22%	10%	15%

Note: *The number differs from Table 1 due to different sample size. "Financial" industry includes banking services, collective investments, insurance, investment banking and investment holding companies. "All sectors" includes academic & education services, basic materials, consumer cyclicals and non-cyclicals, energy, financials, healthcare, industrials, real estate, technology and utilities. Source: Swiss Re Institute, Refinitiv ESG Database

Gender diversity in insurance: an overview

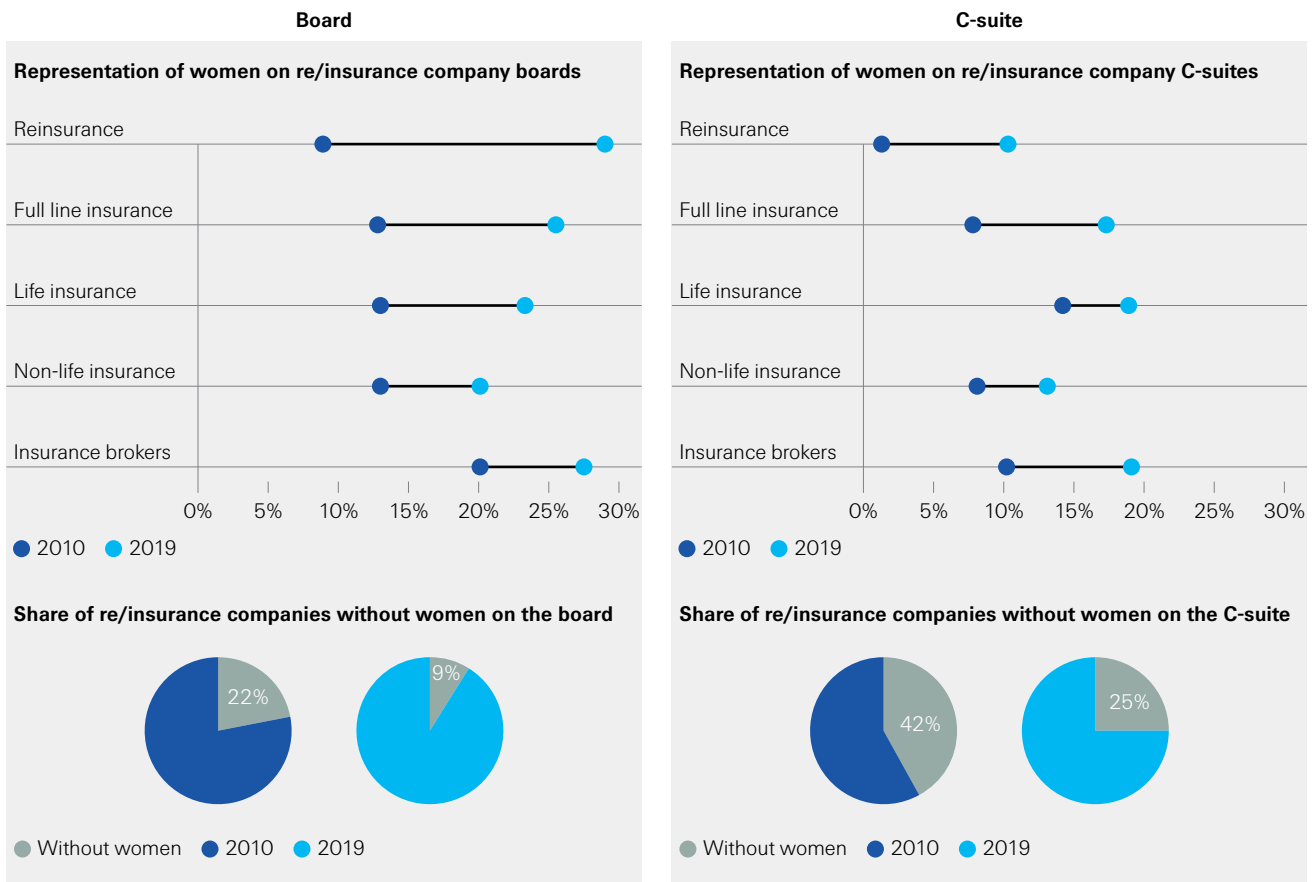
Insurance brokers and reinsurers most increased representation of senior women.

By segment, insurance brokers scored among the highest in terms of share of women in their board membership in 2019 (28%) and achieved the biggest improvement in the share of women in the C-suite in the past decade (from 10% in 2010 to 19% in 2019). Reinsurers have improved the representation of women in board membership (from 9% in 2010 to 29% in 2019) and significantly improved women's C-suite participation (from 1% to 10% between 2010 and 2019), but the latter ratio remains low compared to insurers brokers and primary insurers. Non-life insurers made limited progress, with ratios of women on the board and C-suite at 20% and 13% in 2019 (see Figure 1, upper panel).

Figure 1

Upper panel: average share of women on re/insurance company boards and C-suites by industry sector in 2010 and 2019

Lower panel: share of companies with no women on the board or C-suite in 2010 and 2019



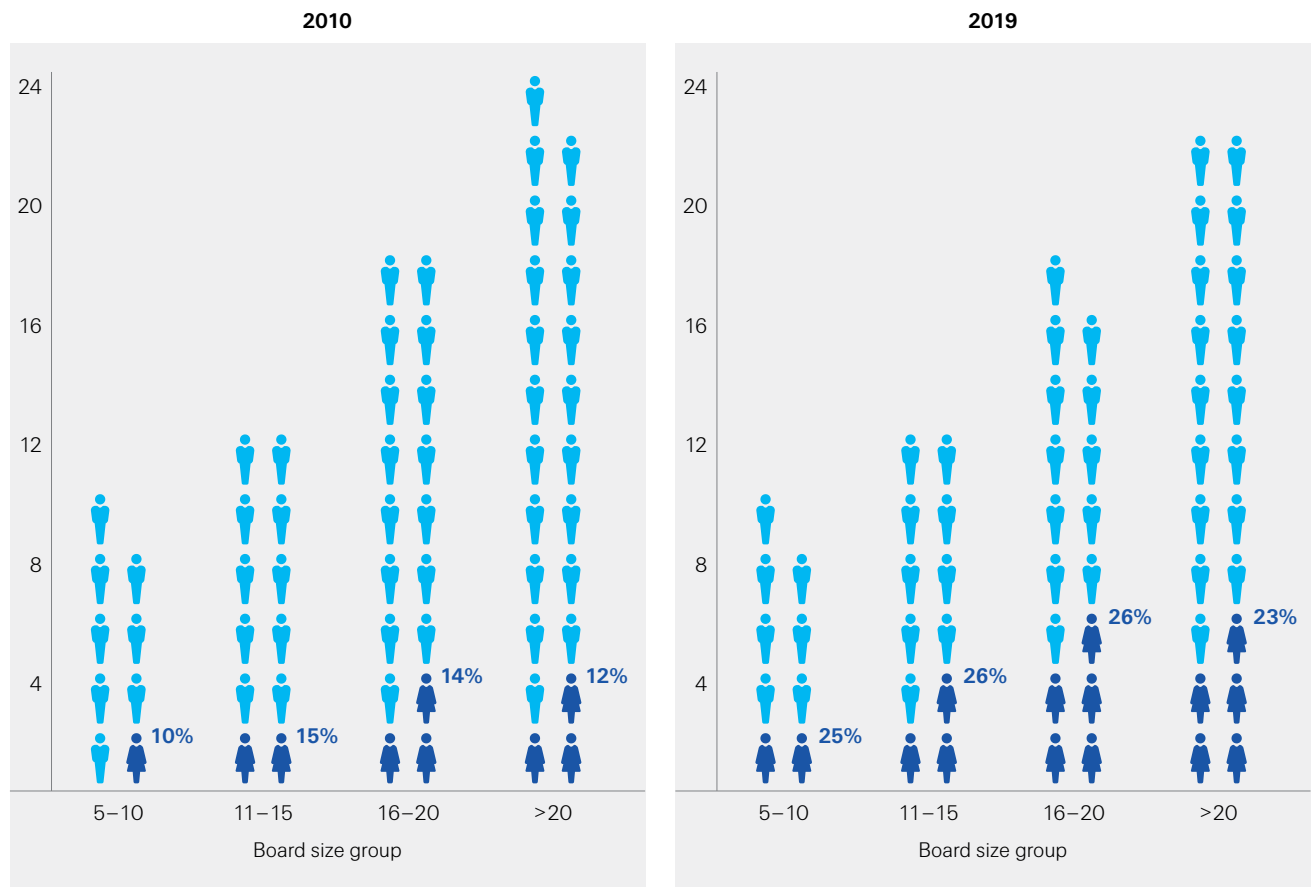
Note: Based on a sample of 170 global insurance, reinsurance and insurance brokerage companies. Where 2019 data were not available, 2018 data were used. Source: Swiss Re Institute, Refinitiv ESG Database

Share of women in leadership positions is increasing, but progress is slow

Participation of women on boards and executive teams has grown in all segments of the re/insurance sector. Nevertheless, progress has been slow. For instance, re/insurance companies have added on average 1.5 women to their boards over the past decade. In 2019, re/insurance company boards included three women on average. The biggest advances over this period were carried out by companies with smallest boards. Figure 2 shows the composition of men and women's board seats in re/insurance companies by board size category. In 2010, companies with "small" boards (total size of 5–10 members), had only one woman on average (10% share). By 2019, that number had increased to 2.5 women (25% share). While over the same period, boards of much bigger sizes have also added between one and two women on average to their membership, in proportional terms this increase was not as accentuated as for the smallest boards.

Figure 2

Average number of men and women in boards disaggregated by board size, in 2010 vs 2019.



Note: Based on a sample of 170 global insurance, reinsurance and insurance brokerage companies. Percentages indicate average share of women.
 Source: Swiss Re Institute, Refinitiv ESG Database

Close to half of re/insurers have made no progress on gender diversity since 2010.

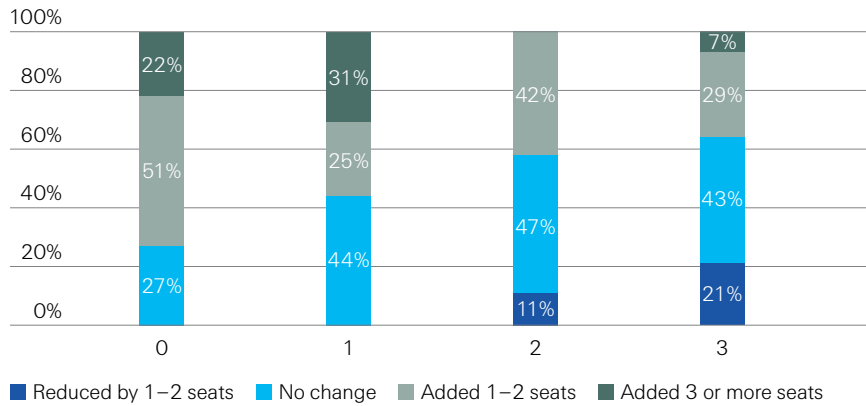
The least-diverse improve most, but a decade of lost progress for many

Most of the gender diversity improvement in re/insurance companies' boards came from those companies with boards composed solely of men in 2010 (see Figure 3). More than half of companies with all-man boards have recruited one or more women. However, 27% of those with no women on the board in 2010 still had no women on the board in 2019 – higher than the proportion for the overall industry (25%). Progress has also stagnated over the decade for many re/insurers. Close to half (45%) of the companies that had at least one woman on their boards in 2010 have not increased that number since. Board representation has decreased at 10% of these companies.

Gender diversity in insurance: an overview

Figure 3

Change in number of women on re-insurer boards between 2010 and 2019, by initial number of women.



Note: Based on a sample of 170 global insurance, reinsurance and insurance brokerage companies.
Source: Swiss Re Institute, Refinitiv ESG Database

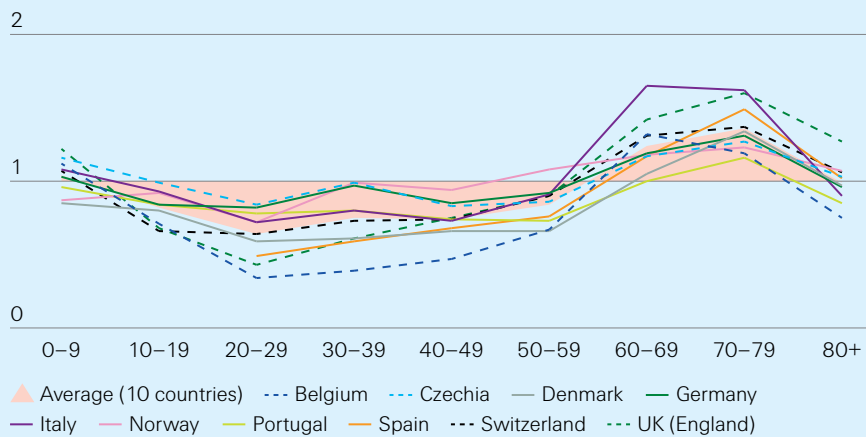
COVID-19 has exacerbated women's vulnerability and inequalities.

The coronavirus pandemic and gender inequality

The COVID-19 crisis is exacerbating gender inequalities. The pandemic has impacted women disproportionately: a study found women's jobs to be 1.8 times more vulnerable than men's.¹⁹ For those who retain their jobs, working at home with schools closed has meant a bigger unpaid workload alongside paid work. Working-age women have experienced higher infection rates due to their employment in more highly exposed sectors such as healthcare and elderly care. A lack of gender-differentiated personal protective equipment (PPE) in the medical profession has contributed to this problem. Governments and corporations should work to avoid the detrimental societal and firm level impacts on diversity from this crisis.²⁰ Insurance companies can support women in their staff by expanding flexible working policies, protecting women working in frontline roles and providing targeted support for women's physical and mental health, among others.

Figure 4

Ratio of male to female confirmed COVID-19 cases by age group



Source: T. Sobotka et al.²¹

¹⁹ D. Mahajan, O. White, A Madgavkar et al., "Don't Let the Pandemic Set Back Gender Equality", *Harvard Business Review*, September 2020.

²⁰ Firms' moves towards flexible working, and fathers staying at home more, could "also be an opportunity for them to engage more in caring for their children", the European Institute for Gender Equality notes.

²¹ T. Sobotka, et al., "Age, gender and COVID-19 infections", *medRxiv*, p. 2020.05.24.20111765, 2020.

Women have higher COVID-19 infection rates and are disadvantaged by lack of gender-differentiated PPE.

Higher infection exposure: COVID-19 infection rates in working-age women are higher than for men (see Figure 4). This is primarily because more highly exposed industry sectors such as healthcare, elderly care, childcare and schooling employ a larger proportion of women.²² Healthcare and social/education staff were 7.6x and 2.2x more likely than non-essential workers to be infected with COVID-19, although in part this reflects greater testing in these sectors.²³ Women have also been disadvantaged by a lack of gender-differentiated personal protective equipment (PPE) in the medical profession during the pandemic, a trend that has been noted previously. In the UK, a survey in 2016 found only 29% of women respondents used PPE purposely designed for women.²⁴ Similarly, in the US, the majority of PPE is designed for men.²⁵

Women's jobs are more at risk during the crisis.

Higher unemployment: Studies have shown that women make up 39% of global employment but account for 54% of COVID-related job losses as of May 2020. This implies women's jobs are 1.8 times more vulnerable than men's during the pandemic.²⁶

Women's unpaid workload has increased.

Higher unpaid workload: care responsibilities have fallen disproportionately on women during the pandemic. Women's unpaid workload (cleaning, cooking, child and elderly care) has increased, often due to school and childcare closures. This effect holds irrespective of degree of gender equality prior to COVID-19 in advanced and developing countries.²⁷

COVID-19 is hurting women's mental and emotional health.

Harder hit to mental health: A UN study of Asia Pacific countries found that the "emotional impact of the pandemic is disproportionately falling on women's shoulders."²⁸ Unpaid care, domestic work, and gender-based violence are to blame, it found.

²² T. M. Alon, M. Doepke, J. Olmstead-Rumsey et al., "The Impact of COVID-19 on Gender Equality", *NBER*, Working Paper No. 26947, April 2020.

²³ M. Mutambudzi et al., "Occupation and risk of COVID-19: prospective cohort study of 120,621 UK Biobank participants", *medRxiv*, p. 2020.05.22.20109892, 2020. And *COVID-19 – One virus, many faces*, Swiss Re Institute, August 2020.

²⁴ The Gender PPE Gap: The Case for Women's Workwear, *Wiseworksafe*, updated 12 April 2020.

²⁵ J. Cohen and Y. van der Meulen Rodgers, "Contributing factors to personal protective equipment shortages during the COVID-19 pandemic", *Preventive Medicine*, Volume 141, December 2020; "PPE 'designed for women' needed on frontline", *BBC News*, 29 April 2020.

²⁶ D. Mahajan, O. White, A. Madgavkar et al, "Don't Let the Pandemic Set Back Gender Equality", *Harvard Business Review*, September 2020.

²⁷ Unpaid care and housework webpage, European institute for Gender Equality.

²⁸ "Surveys show that COVID-19 has gendered effects in Asia and the Pacific", *UN Women Data Hub*, 29 April 2020.

Gender diversity as a driver of shareholder value

Gender diversity is a source of shareholder value for re/insurance companies.

Gender diversity is a source of shareholder value for re/insurance companies. It is associated with stronger financial profitability and higher standards of ESG practice that benefit investors. Our analysis finds re/insurance companies that have demonstrated commitment to gender diversity have achieved above-industry-average financial returns. This is in line with studies on other industries (see *Proof points: quantifying the impact of gender diversity*).

More gender-diverse management contributes to better business decisions, innovation and risk management.

Proof points: quantifying the impact of gender diversity

Recent research has indicated an association between women in senior roles and company outperformance. On decision-making, studies have shown that a more gender-diverse management team contributes to better business decisions, innovation and risk management.²⁹ Another study found that group performance in solving tasks can be explained by a “collective intelligence” that is not highly correlated with any individual group member but is, among other factors, correlated with the share of women.³⁰

Recent studies show positive correlation between women in leadership roles and firm financial performance.

There is also a growing body of research finding a positive correlation between companies’ representation of women in senior roles and company financial performance. A 2019 S&P study found that women CFOs drove more value appreciation, better-defended profitability moats, and delivered excess risk-adjusted returns for their firms, of USD 1.8 trillion in excess profits over the study horizon.³¹ Studies by McKinsey showed that companies in the top quartile for executive team gender diversity were 15% more likely to experience above-average profitability than companies in the fourth quartile in 2015. This rose to 21% in 2017 with an expanded dataset.³² A review of 353 Fortune 500 companies by Catalyst, a non-profit group, found companies with high representation of women in their senior leadership teams had a 35% higher ROE and 34% higher total shareholder return than firms led only by men.³³

The higher the ratio of women at senior leadership level, the higher the company profitability...

Gender diversity and re/insurers’ financial outperformance

Swiss Re Institute carried out an empirical study to explore how women in leadership roles affects the profitability of re/insurance companies. We found a positive and significant relationship between the share of women on the board and C-suite, and profitability of re/insurance companies, measured by ROE. The higher the ratio of senior women leaders, the higher the company profitability. Similar trends are observed for other financial services companies (see Figure 6).

...reflecting that a critical mass of women leaders is crucial for change.

Re/insurance companies in the highest quartile for representation of women on the C-suite and board benefit from 3–4 ppt higher ROE than those in the lowest quartile. These findings are in line with previous studies that show that gender diversity is positively correlated with both profitability and value creation.³⁴ This also supports the “critical mass” theory in gender diversity, whereby a threshold of participation of women is needed to change boardroom dynamics and improve financial

²⁹ T. Miller, M. Del Carmen Triana, “Demographic Diversity in the Boardroom: Mediators of the Board Diversity–Firm Performance Relationship”, *Journal of Management Studies* 46(5), 755–786, 2009. And: S. Chen, X. Ni, J. Y. Tong, “Gender Diversity in the Boardroom and Risk Management: A Case of R&D Investment”, *Journal of Business Ethics*, 136 599–621, 2016.

³⁰ Woollley et al., “Evidence for a Collective Intelligence Factor in the Performance of Human Groups”, *Science*, 2010.

³¹ D. J. Sandberg, “When Women Lead, Firms Win”, *S&P Global*, 16 October 2019.

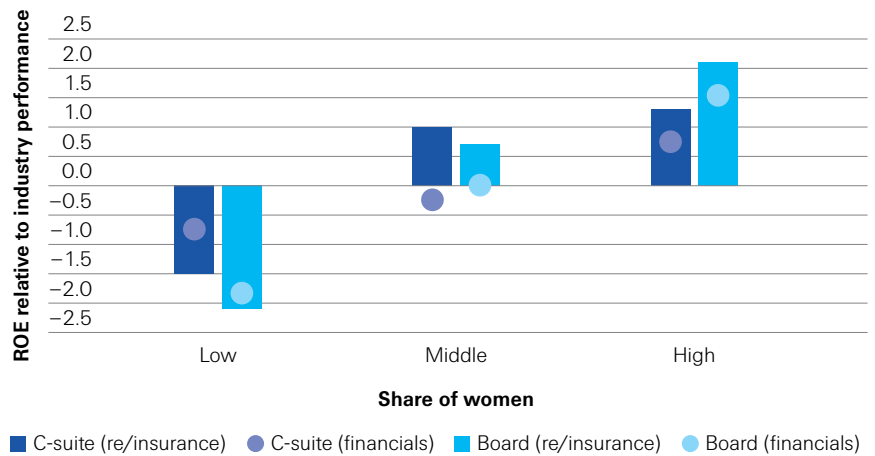
³² Companies in the top quartile for gender diversity on their executive teams were 15% more likely to experience above-average profitability than companies in the fourth quartile. In the expanded 2017 data set this number rose to 21% and continued to be statistically significant. V. Hunt, D. Layton, S. Prince, “Why diversity matters”, *McKinsey*, January 2015. V. Hunt, L. Yee, S. Prince et al., “Delivering through diversity”, *McKinsey*, January 2018.

³³ “New Catalyst study reveals financial performance is higher for companies with more women at the top”.

³⁴ V. Hunt, L. Yee, S. Prince et al, op. cit.

performance of firms. Much of the research on this sense of critical mass is settled on 30%–35% or at least three women on the board, to support one another and influence the culture of the group.³⁵

Figure 5
Share of women in leadership positions and profitability levels



Note: Based on a sample of 170 global insurance, reinsurance and insurance brokerage companies for the period 2002–2019. Graph shows the average ROE relative to the annual industry performance, for companies of different levels of women's representation in board or C-suite positions. (1) Low: companies in the lowest quartile (women represent less than 9% of board, and with zero C-suite representation). (2) Middle: companies in second and third quartiles (women represent 9%–25% of board, and 1%–20% C-suite executives). (3) High: companies in the highest quartile (women represent more than 25% of board and exceed 20% of C-suite executives).
Source: Swiss Re Institute, Refinitiv ESG Database

A 10% increase in the share of women in leadership roles is associated with ROE outperformance of 1-2 ppt relative to the industry average.

Adding at least one woman to an all-man C-suite or board is associated with a 3-5 ppt increase in ROE above industry average.

To quantify the impact of gender diversity on re/insurance companies' performance, we performed a regression analysis on a sample of 170 global insurance, reinsurance and insurance brokerage companies with available panel data from the Refinitiv ESG database. This dataset contains annual data for 2002–2019 on the share of women in C-suite roles and company boards, and on ROE. We find that both the gender diversity in board and in the C-suite membership have a positive and significant effect on the financial performance of re/insurance companies. Our findings show that a 10% increase in the share of women on C-suite or the board was associated with 1–2 ppts higher ROE performance than the industry average.³⁶

The positive impacts of more gender diverse leadership are most strongly felt for companies that previously had only men on boards/executive committees. We found that moving from having only men on the C-suite team or board to at least one woman is significantly associated with an increase of about 3–5 ppts in ROE, relative to the average annual performance of the sector. More diverse boards are on average more profitable: for example in 2019, re/insurance companies with at least one woman on the board had an average ROE of 13.7%, while companies with boards solely of men had an average ROE of only 8.6% (and 14.2% vs 11.0% ROE, respectively, for the diverse vs all-men executive committees). This suggests that improving gender diversity in leadership roles can be beneficial to financial performance.

³⁵ A. Konrad, V. Kramer and S. Erkut, "Critical Mass: The Impact of Three or More Women on Corporate Boards", *Organizational Dynamics*, issue 37, pp145–164, 2008. J. Joecks, K. Pull, K. Vetter, "Gender Diversity in the Boardroom and Firm Performance: What Exactly Constitutes a "Critical Mass?" *Journal of Business Ethics*, Vol. 118, No. 1, pp. 61–72, November 2013. M. Schwartz-Ziv, "Gender and Board Activeness: The Role of a Critical Mass", Cambridge University Press, 23 March 2017. C. Wiley, M. Monllor-Tormos, "Board Gender Diversity in the STEM&F Sectors: The Critical Mass Required to Drive Firm Performance." *Journal of Leadership & Organizational Studies*, 2018.

³⁶ This result is based on an OLS linear regression using data for 170 companies, over 2002–2019, that includes year fixed effects.

Conclusion

Achieving gender diversity puts the re/insurance industry on the path to a sustainable future.

Re/insurers should treat gender diversity as an opportunity to unlock long-term business benefits.

Gender diversity strategy and initiatives can help insurers increase diversity.

The re/insurance industry has much to gain from increasing gender diversity on its boards and executive teams. Commitment to inclusion and diversity that leads to a rising share of women as leaders contributes to stronger financial performance in re/insurance companies. It also enables re/insurers to meet their commitments to governments, regulators, investors and society, putting the industry on the path to a sustainable long-term future.

Gender diversity offers re/insurance companies the opportunity to strengthen their governance, profitability, business model and long-term sustainability. This is crucial at a time when the COVID-19 pandemic is reversing progress made in gender equality by disproportionately increasing women's vulnerability to job loss, stress and infection. The drive to become more representative of the communities in which they operate is urgent and pressure is coming from many stakeholders. While it may not be easy for insurers to deliver quickly against the challenging targets set by governments and regulators, our analysis indicates that it brings compelling rewards.

To grow the representation of women in leadership teams and on boards, re/insurers can strengthen their gender diversity strategy and in-company initiatives. Transforming gender diversity typically requires companies to take action at each step of the recruitment and talent development process. We recommend the following:

- *Setting measurable gender-specific hiring and promotion goals:* articulating gender-specific ambitions, measuring progress and making public commitments to deliver against the goals. It is not a question of simply fulfilling quotas, but a management top priority and business imperative.
- *Building the talent pipeline:* identifying women ready and able to fill leadership roles in the company supports women with career aspirations at all levels to create a pipeline of future women leaders. Support for women includes developing leadership or executive presence training programmes specifically for women.
- *Adapting workplaces to Industry 4.0:* COVID-19 has accelerated the move towards remote and flexible working. Cloud computing as part of the fourth industrial revolution enables employees to work more flexibly in and around their family commitments. Flexible work for all, not only for women.

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