THE INSURANCE C-SUITE NEEDS A MAKEOVER
Make no mistake, this is a disruptive time for the insurance industry. Accenture research finds that over 80 percent of IT and business insurance executives say insurance is currently facing complete or moderate disruption. That means the time is ripe for innovation—for imaginative and bold ideas. For the most part, however, it’s not happening. And that’s a problem.

The demographics, buying behaviors and expectations of insurance customers are changing rapidly. Customers are comparing their interactions and experiences not just with other insurers, but every kind of company with which they do business. Insurers need to aggressively respond, especially as digital-native competitors such as Lemonade and Simplesurance are trying to grab market share with innovative offerings and experiences.

In their search for answers, many insurance executives are overlooking a major barrier to the makeover that’s needed. Talent pools, competencies and ideas in their organizations often look much the same now as they did when today’s C-level leaders entered the workforce. That is not a formula for future growth.

Change is needed—and it starts with looking in the mirror.
THE C-SUITE REMAINS STUBBORNLY HOMOGENEOUS

Many traditional insurers are falling behind in the release of new and innovative products, services and experiences. Why? Consider that insurance is really selling a promise—a promise based on knowing customers and their needs. Actually delivering on that promise requires solutions appropriate to a more diverse customer base. This is easier when leaders represent a mix of backgrounds, ideas and perspectives.

It’s hard to develop new, personalized experiences for customers when decision makers don’t identify with or can’t relate to increasingly broad and diverse customer demographics, lifestyles and experiences. Accenture research finds that 96 percent of insurance executives indicate that a personalized customer experience is one of their top-five organizational priorities. Yet, 71 percent of insurers report that, despite an increase in available customer data and insights, their organizations struggle to fully understand customers’ needs and goals. A more representative C-suite could help accelerate new, customer-centric solutions.

Diversity statistics among traditional insurers reflect that more progress needs to be made. In the U.S., 30 percent of insurance workers are minorities (both men and women), only 11 percent work in executive or senior management positions. Just 12.6 percent of board seats at insurance companies are held by women, and only 6 percent have women in top executive positions. There are exceptions, of course. At Penn Mutual, for example, the CEO is a woman and 42 percent of board positions are occupied by women and minorities.

Without a refreshed wardrobe of talent, ideas and backgrounds, where are the innovative ideas that connect to the changing customer base going to come from?
TIME FOR CHANGE

Until recently, insurers’ risk-averse culture has served them well. Talent and operations over the last 20 years have been characterized by consistency, quality and dependability, providing customers the protection they need before, during and after a time of loss. But the strengths that are important in a stable environment can hinder progress in a time of rapid disruption. Weighed down by historical processes, lack of knowledge about customers’ desires and a dearth of skills needed for future success, many insurers are slow to respond to new entrants, changing markets and rising customer expectations.

Leading companies are trying to establish more responsive, customer-centric modes of planning and working. One way is by blending talent and ideas from other industries to challenge the traditional view of insurance. Another is to think about the future using the process of design thinking—an agile and collaborative discipline that enables human-centric ideas to be brought to market faster. Design thinking can break through internal complexity and “the way things have always been done” to re-imagine existing products and create new ones, all through the lens of the customer experience.

By unlocking their people’s creativity, insurers can transform not only their own value and performance, but people’s experiences of the products or services the company provides.
Adopting new, technology-based solutions is another important way to keep pace with disruption, but only 44 percent of insurers are comprehensively investing in digital technologies as a part of their overall strategy. Leaders in the digital age will embrace emerging digital and intelligent technologies as integral to the future in order to:

**Understand** the technology-based lifestyle of a new generation of customers.

**Fuel** new ways of working with data and insights that people can use to develop breakthrough solutions and connect ideas.

**Accelerate** the reskilling needed to keep insurers competitive. Sixty-three percent of insurance workers rate the quality of learning opportunities from their employer as just fair to poor.

If insurers do not actively seek out leaders with different backgrounds and experiences, invest in new skills and capabilities, and overcome the constraints of historical processes, how will they remain relevant?
Eighty-six percent of insurance executives say their organization and workforce must innovate at an increasingly rapid pace to keep a competitive edge. But during the funding cycle, innovation can end up being an afterthought. And senior leadership often fails to appreciate that getting innovation past the day-to-day bureaucracy of an organization can be an uphill battle.

Insurers want to innovate, but may not appreciate how leadership needs to change. Sometimes, executives will create an innovation group—or buy into an innovative start-up—but won’t integrate it with the rest of the business or provide easy access to existing customers or divisions, dooming its chances of success. Other times, leaders may require the innovation group to show immediate results, not adapting success metrics to reflect the experimentation and “fail forward” approach that are the hallmarks of rapid innovation.

In other words, there is often a disconnect between “saying” and “doing” when it comes to innovation—to such a degree that many managers believe that being put in charge of an innovation project can be a career killer. This disconnect is confirmed by Accenture Strategy research that finds that 77 percent of leaders in large organizations believe their staff proactively innovates, but only 50 percent of staff believe that to be true.

Insurers need to fashion a culture that fosters the “new” while preserving the best parts of the traditional. The C-suite is essential to this culture transformation, not just through communications and exhortations, but through long-term efforts to sponsor and manage the change.

Without the C-suite's commitment and support, how will insurers create and sustain an organization that is open to new ideas?
STEPS TOWARD A C-SUITE MAKEOVER

To seize the opportunities being created by changing markets, distribution strategies and customer expectations, leading insurers are infusing diverse ideas and skills throughout their organizations. They are taking advantage of innovative technologies to drive new solutions, and changing existing behaviors and mindsets to challenge current assumptions. Here are some practical steps for the C-suite:

**Build a diverse leadership team.**
Create an executive team with diverse backgrounds and experiences and review the composition of the board as well. Drive a diversity-focused recruiting strategy to attract greater breadth of talent and leaders throughout the organization who can cultivate new ideas. Consider hiring from the outside. Insurers can sometimes be too insular when it comes to hiring and talent development. For example, bringing in an experienced hire from the retail industry might help an insurer become more customer-centric.

**Look through the lens of customer experience.** Executives know that thinking like the customer is a key to success. Accenture research has found that 80 percent of insurers believe that those that can truly tap into what motivates human behavior and design the customer experience accordingly will be the next industry leaders. To accomplish that goal, challenge current processes and structures by looking through the lens of customer experience and value creation.
Make innovation core to the enterprise. Define and establish bold innovation targets across the company and for every department or management team. Track progress toward those targets for each business unit and leader across the company. Foster an innovative culture with events, processes and actions designed to attract and reinforce diverse thinking. Embrace speed, innovation and experimentation to disrupt the “same old, same old” across the business.

Equip the workforce to accelerate progress. Empower the workforce to reskill and adapt so people can embrace innovation and not fear it. Establish non-traditional learning opportunities such as coaching, leadership academies and gaming, and focus on capabilities that can push past the status quo. Broaden the spectrum of learning content to include subjects like design thinking, agile development, diversity and digital capabilities.

A C-suite makeover doesn’t necessarily imply regime change, but it does imply a new or renewed commitment to a diversity of ideas, experiences and capabilities. This mixture creates a rich canvas for new ideas—ideas for designing and delivering the kinds of customer experiences needed to remain competitive.
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