

## **Workforce Diversity in the Independent Agency System: 3 Steps to Change**

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Chair, IIABA Diversity Council**

### **I. INTRODUCTION**

The Big “I” formed the Diversity Council in 2002. We understood the importance of enabling our industry to better reflect the growing diversity of America — not only to improve our ability to attract and retain employees, but also to provide customers a buying experience that matches their own cultural or societal identification.

The council’s mission remains clear and direct: “To engage and develop a sustainable diverse independent agency network by partnering with state associations, carriers, and industry affinity groups.”

Motivating change has proven difficult, and it won’t occur overnight. There has been some progress, albeit slow. Our challenge is complicated by the fact that we are competing for the same talent pool as many other business segments. As the National Federation of Independent Business reported in October 2018, there are more U.S. job openings than there are qualified candidates: 38% of small businesses reported job openings they could not fill, and 88% of those trying to hire could find no or few qualified applicants. Small business owners reported the difficulty of finding qualified workers as their leading problem.<sup>1</sup>

Many agencies continue to struggle to convince an already limited talent pool that insurance is a promising career option. In fact, IIABA’s 2018 Agency University Study<sup>2</sup> revealed that the No. 1 challenge identified by respondents was “finding and screening job candidates with strong potential,” with 44% of agencies saying this is an issue for them. (The study was completed by the Future One Research Task Force, a collaboration of IIABA and carrier partners.)

Can pushing for diversity work? We believe so. After all, as a simplistic explanation, people tend to want to work with and buy from individuals they feel understand their lifestyle and realities. It’s simply human nature.

Thus, while many agency owners understand *the need* to diversify their workforces, too few seem to be attaining significant thresholds of diversity. This stagnation is reflected in the latest findings of the Agency Universe Study. When the 2018 findings are compared with those from 2014 and 2016, only slow change is revealed, driven mostly by newer agencies that have been established within the past five years.

## II. POSITIVE SHIFTS ... OR MORE OF THE SAME?

According to the 2018 Agency Universe Study, 83% of agency principals and senior managers are male. It's not until you consider non-principal agency management and other roles that women begin staking a majority position.

As the chart below reveals, this has been the agency landscape across the years, with change only seen in the non-principal producer role from 2014–2018.

<b>Percentage of Agencies Reporting Women as:</b>			
<b>Position</b>	<b>2014</b>	<b>2016</b>	<b>2018</b>
Principal or senior manager	37	35	35
Non-principal manager	72	73	72
Non-principal producer	58	64	67 <i>(+15% over 2014 levels)</i>
CSR	89	85	87
Other positions	84	81	81

When ethnicity is considered, the reality of dramatically skewed groupings continues, with 88% of all agency principals and senior managers being Caucasian/non-Hispanic white. This lopsided grouping has remained fairly consistent over the years and across position types as well.

<b>Percentage of Agencies Reporting Caucasian/Non-Hispanic White as:</b>			
<b>Position</b>	<b>2014</b>	<b>2016</b>	<b>2018</b>
Principal or senior manager	92	90	88
Non-principal manager	91	85	84
Non-principal producer	92	88	89
CSR	89	85	86
Other positions	87	85	89

One additional chart, showing the 2018 levels by minority type, provides further reinforcement that the industry still has opportunity for more inclusion:

<b>2018: Percentage of Agencies with Each Employee Type by Gender and Ethnicity</b>					
<b>Number of full-time equivalents (FTE) for each position type</b>					
	<b>Principal/ Sr. Mgmt.</b>	<b>Non- Principal Managers</b>	<b>Non- Principal Producers</b>	<b>CSRs</b>	<b>Other</b>
<b>Gender</b>					
Male	83	43	68	25	33
Female	35	72	67	87	81
<b>Ethnicity</b>					
Caucasian/Non-Hispanic White	88	84	89	86	89
Latino/Hispanic	6	12	16	20	13
African-American/Black	4	5	4	9	6
Asian Indian/Other South Asian American	2	1	2	3	4
East Asian-American/Pacific Islander	1	1	3	3	2
Native American or Alaska Native	1	1	2	1	0

To frame the current industry skew and begin considering the implications of not pushing for diversity, consider these facts from the U.S. Census Bureau<sup>3</sup>:

- The non-Hispanic white-alone group was the *only* race group to experience population decline between 2016 and 2017 (-0.02%).
- At the same time, the national population of all other races and ethnic groups) *grew* between July 1, 2016, and July 1, 2017.
  - The Hispanic population increased 2.1% to 58.9 million and now makes up 18.1% of the nation’s total population in 2017, primarily due to natural increase (the difference between births and deaths).
  - The black or African-American population increased 1.2% to 47.4 million. There were 104 counties nationwide that had a majority black or African-American population.
  - The Asian population increased 3.1% to 22.2 million and was the fastest-growing racial group in the nation, primarily because of net migration.
  - The American Indian or Alaska Native population increased 1.3% to 6.8 million.
  - The native Hawaiian or other Pacific Islander population increased 2.1% to 1.6 million.

- The population of those of “two or more races” increased 2.9% to 8.7 million, making them the second-fastest growing race group in the nation. Their growth is due primarily to natural increase.

If the independent agency system continues to follow its gender and ethnicity status quo — white-male dominated — we literally will orchestrate our own decline. Despite years of “calls for greater diversity,” many have failed to develop a deliberate, intentional plan for change. The Diversity Council continues to provide the information and tools to change this, and recent accomplishments in this area will be shared later in this paper.

### **III. WHO IS DRIVING INDUSTRY CHANGE?**

Newer agencies (those established within the last five years), and those that are classified as small or medium-small in size appear to be the drivers of change in the industry regarding diversity.

According to the 2018 Agency Universe Study:

- Almost all agencies (92–98%) in the medium size category or larger have at least one male principal/senior manager. This is significantly higher than the proportion found among small and medium-small agencies, which have 72-79% male principals or senior managers. That means women in these agency categories account for about a quarter of upper-higher level positions. This is still an uneven reflection of the population, but better than the 2–8% of women leaders found in the larger organizations.
- Among newer agencies, 13% have at least one African-American principal, versus 2% of established agencies.
- When compared with established agencies, newer agencies also are more likely to have at least one non-principal producer who is female (86% versus 64%) or African-American (16% versus 3%).
- Ultimately, no meaningful differences are noted among agencies with minority principals, other than age of agency. In other words, their operations are reflective of the overall independent agency trends; they simply are newer to the field.

### **IV. GUIDING DIVERSITY: WE MEAN BUSINESS**

IIABA’s Diversity Council has actively worked to become a leading change agent within our industry and was nationally recognized in 2015 and 2016 as one of the top 25 U.S. organizations<sup>4</sup> doing exemplary work in diversity and inclusion initiatives. The Association of ERGS (Employee Resource Groups) & Councils awards the recognition, and the Diversity Council received it alongside such Fortune 100 companies as American Airlines, Coca-Cola and Mass Mutual.

Recent projects include:

- A six-month mentorship pilot project focused on minority independent agency owners as a supplementary component to the [Right Start Training Series](#). Each participating agency owner mentee was paired with both a seasoned agency owner mentor and company representative mentor. Version 2 of the *Right Start Training Series* was launched in spring 2018, to help up-and-coming developing agency owners attract top-rated carriers with a focus on minority owners. The series provides essential best practices beneficial for agency owners looking to get and retain appointments with top carriers. The series is available to all independent agents (members and non-members).
- The [PriSim College Agency Management Challenge](#) to engage students at campuses across the country. This joint project from InVEST, the Big "I" Diversity Council and several insurance companies, invites collegiate teams to manage a "virtual agency" for 2-3 hours each week under the guidance of an assigned insurance professional. The top three teams win an all-expense paid trip to the Big "I" Legislative Conference in Washington D.C. for an opportunity to connect with executives from top insurance agencies and companies.
- Greater online presence, mainly through [independentagent.com/diversity](http://independentagent.com/diversity), in an effort to serve as a leading resource for current and prospective member agents, state association staff and carrier partners.
  - Tools are available for those interested in enhancing their agency value, attracting diverse markets and learning about emerging markets.
  - The page also includes an events calendar noting industry events focused on diversity and inclusion.
- A more active approach on social media through Twitter and LinkedIn.

The Diversity Council will continue to engage state associations in diversity and inclusion initiatives and plans to launch an annual diversity "boot camp" for state association leaders. This interactive training session will provide an opportunity for state association leaders to come together and learn diversity and inclusion best practices they can take back to their leadership teams. This will also provide state association leaders an opportunity to further build rapport with company partners and member agents.

## V. GAINING MORE MEMBERS

One of the most notable findings of the Agency Universe Study in 2016 was that minority-owned agencies represented a growth opportunity for the Big "I." Nearly 45% of responding agencies with minority ownership said they were not members of any professional insurance or financial organization — compared with only about 25% of all-white agencies without membership in a supporting organization.

Considering these numbers, the Diversity Council urged industry colleagues to renew efforts toward meeting the diversity needs of individual markets. The council also recommended outreach programs to bring the new and vital blood of minority-owned agencies into the Big "I."

The Agency Universe Study found that awareness of the Diversity Council has grown significantly since 2016, but remains low:

Diversity Council Awareness			
	2016	2018	% Change
Percent aware	10	16	+60
Of those aware, percent who use	3	6	+100

## VI. REASON FOR OPTIMISM

There is nowhere to go but up, and the percentage increases seen in the chart above, even working with a small starting base, are encouraging.

So, what can independent agents do, starting today, to change the diversity landscape in our industry?

1. **Join the discussion.** Visit <https://www.independentagent.com/Resources/StaffDevelopment/Diversity/Pages/home.aspx> to review a list of all available resources and opportunities provided by the Diversity Council.
2. **Formalize an approach.** The most recent Agency Universe Study revealed that agencies are more likely to have a formal business plan in 2018 (57%) than they did in 2016 (49%). These plans focused primarily on goals for premium volume, retention and account growth. Although not measured, it is unlikely that most agencies addressed the potential impact of diversity on each of their written goals.
3. **Understand your opportunity.** National trends are a great way to understand the need for addressing diversity, but there is no substitute for knowing your own market to establish clear goals and develop effective outreach and marketing plans. What are the top three ethnic markets in your own community? How might their buying needs or approach to insurance differ from what you're already doing? Once you know this, you can target these groups more easily and effectively.

## VII. ENGAGE TODAY

Let's not let another two years go by before the next Agency Universe Study is prepared. Until it's given dedicated attention, our industry's pattern of diversity will not change and our ability to catch up will be diminished.

Diversity efforts also make smart business sense. Check out the Brazen blog, "[4 Business Benefits of Diversity in the Workplace](#),"<sup>5</sup> to discover the research behind these claims:

1. Diversity initiatives expand the talent pool.

2. Diverse teams make better decisions.
3. Diverse teams better serve their client base.
4. Diverse companies make more money.

Ultimately, as Twitter CEO Jack Dorsey, [explains](#), “Any time you bring together diverse perspectives, it just creates a bunch of potential that you weren’t really expecting.”<sup>6</sup>

Imagine the potential for your own agency.

## ***ABOUT THE IIABA DIVERSITY COUNCIL***

A cooperative industry group composed of agents, brokers and carrier executives, the IIABA Diversity Council includes Latin-American, African-American and Asian-American professionals. The council collaborates with other multicultural industry groups, state associations and other Big “I” committees.

The Diversity Council members include:

- Chair Alex Dopazo, Dopazo & Associates Inc.
- IIABA Executive Committee Liaison Joe Leahy, Leahy & Brown Insurance

### *Company Members*

- Michelle Berry, Progressive
- Bruce Carter, Church Mutual
- Renee Collins, Travelers
- Shay Conyers, CNA
- Emma Corcoran, Selective
- Cedric Gregory Francis, CNA
- Dana Garcia, Travelers
- Kristene M. Hawk, Westfield
- Monica Jenkins, Allstate
- Janice Jensen, MetLife Auto & Home
- Susan Johnson, The Hartford
- Carla Laracuente, The Hartford
- Clive McCarthy, Liberty Mutual
- Jeff Ogard, Safeco
- Robert Redden, Selective
- Carlos Eddie Riveiro, Westfield
- Sevé Spruill, Chubb
- Brian Tallman, Selective
- Jeff Taylor, Nationwide
- John Tribble, Church Mutual
- DeLynn Trivison, AmTrust North America
- Christine Washington, AmTrust North America

### *Agent Members*

- Mel Evans, Insurefit RM
- Rene Hernandez, CPC Insurance
- Bennie Jones, Risk Management Solutions of America Inc.
- Brandon Okita, FIA Insurance Services Inc.
- Janeth Ochoa, The Golden Rooster LLC

### *State Executive Liaison*

- Mark Male, Independent Insurance Agents of Rhode Island

### *Staff Liaisons*

- Madelyn Flannagan, IIABA
- Whitnee Dillard, IIABA

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<sup>1</sup>NFIB, “Small Jobs Report: Small Business Labor and Demand Continues to Grow”  
<https://www.nfib.com/foundations/research-center/monthly-reports/jobs-report/>  
<https://www.nfib.com/assets/Jobs-Report-1.pdf>

<sup>2</sup>2018 *Agency Universe Study*. Future One: Independent Insurance Agents & Brokers of America Inc. and member companies. Unless otherwise noted, all statistics are derived from this source or previous 2014 and 2016 studies.

<sup>3</sup>United States Census Bureau Press Release “Midwest Home to Most of the Counties with Decreases in Median Age;” June 21, 2018; Release Number CB18-78; <https://www.census.gov/newsroom/press-releases/2018/popest-characteristics.html>

<sup>4</sup>ERG & Council Honors Award™, <http://www.ergcouncilconference.com/diversity-council-honors-award.html>

<sup>5</sup>Brazen, “4 Benefits of Diversity in the Workplace”; <https://www.brazen.com/blog/recruiting-hr/benefits-of-diversity-in-the-workplace/>

<sup>6</sup>Kessler, Sarah. Fast Company. “Tech’s Big Gender Diversity Push, One Year In,” Anita B. Org Grace Hopper Celebration, 2015. <https://www.fastcompany.com/3052877/techs-big-gender-diversity-push-one-year-in>