

Diversity Analytics Working Party

Terms of Reference – 01/11/2017

Background

There are many awful statistics being reported in the news, some in relation to the insurance industry.

These statistics can be awful because they represent a significant disparity between diverse characteristics, such as gender, ethnicity, religious-beliefs, sexual orientation etc. but they can also be awful statistics because they are misleading and do not represent the true drivers of the disparity.

The Diversity Analytics Working Party believe that there are issues in the Insurance industry regarding diversity and want to use the actuarial skillset to better understand and present the drivers of the differences

Mission Statement

The goal of the Working Party is to be able to use advanced actuarial analytical techniques to determine and report findings on diversity within the insurance industry in the UK and its projected position in the short and long-term.

Purpose

The purpose of the working party is to:

- Shine a light of the true current situation in respect to diversity within the UK.
- Determine what that means the future will look like, by using actuarial analytical techniques to project future diversity.
- Support other diversity groups by providing them with high-quality and transparent statistics.

Approach

The Working Party's process will be data driven and impartial in the sense of being completely fact driven and forgetting what already know.

The Working Party will collect historic data on employees within Insurance firms in the UK. This data will then be analysed using advanced actuarial analytical techniques.

The Working Party will look to draw conclusions that explain the true drivers of any differences (for example, salary) between employees of different characteristics (for example, gender).

Key considerations

The data required is likely to be highly sensitive and so the Working Party will need to be very considerate of Data Protection rules, including the new GDPR requirements. A strategy for collecting and storing the data will form a significant workstream of the Working Party.

Getting data is a big focus of the Working Party and a key objective will be to get lots of companies comfortable to give us their data.

The Working Party will bear in mind the potential controversy that some findings could cause. As a result, all findings will be discussed with the IFoA before publication.

Composition of Working Party

The Working Party is seeking to have 10-15 members of the Actuarial Profession, plus lay-members who are subject matter experts in the areas of data science/analytics, HR or data security.

Specific goals and areas to be investigated

- What are the true drivers of diversity pay-gaps and performance gaps?
- How diverse is the Insurance workforce now and what will it be in 30 years' time?
- Is performance better for more diverse companies?
 - o Who worked this trend out early and how did it impact their performance?
- Do we expect different levels of diversity within different sized companies?
 - o Or do they contribute strongly to the diversity of the industry but are themselves not diverse?

Output

The Working Party aims to have some insightful statistics regarding diversity of the insurance industry to present at GIRO 2018. It is anticipated that a short report presenting these findings will also be published .

Proposed Timetable

The potential timeline for the Working Party is based on the ultimate aim of having something interesting to present at GIRO 2018. It is heavily dependent on being able to receive market data by March 2018.

SEPTEMBER 2017	Kick-off : First WP meeting - Develop workstreams and distribute tasks. WP Shadow Jo Lo and Sharon Cumberbatch from the IFoA to attend. Draft Terms of Reference.
OCTOBER 2017	Progress: Develop ideas under each workstream. Agree Terms of Reference for Working Party.
NOVEMBER 2017	Definitions and Feasibility: Determine a definition of "diversity", determine the planned analytics (including analytical tools/environments), and identify sources of data and data specification.
DECEMBER 2017	Data collection and storage plan: Determine how the data will be requested and stored, considering any processes/regulations of the IFoA.
JANUARY 2018	Data Collection: Begin collection of data.
FEBRUARY 2018	Initial analysis: Continue with data collection and start analysis on data received to see if fit for purpose.
MARCH 2018	GIRO Check-point: Determine if going to be able to provide significant results for GIRO – will most likely come down to whether we have appropriate data or not
APRIL 2018	Analysis
MAY 2018	Analysis
JUNE 2018	Complete the Analysis

JULY 2018 Review Analysis

AUGUST 2018 Finalise Conclusions and Draft materials: Determine key messages for report and GIRO presentation and draft.

SEPTEMBER 2018 Complete Report/Presentation: For presentation at GIRO

OCTOBER 2018 GIRO! Aim to have a six page report to publish, with key statements on what is working regarding diversity in the industry and what is not

Funding

No funding is anticipated to be required at this stage.