

Chartered
Insurance
Institute
Standards. Professionalism. Trust.

CII ethnicity pay gap





Key terminology



Foreword



Introduction



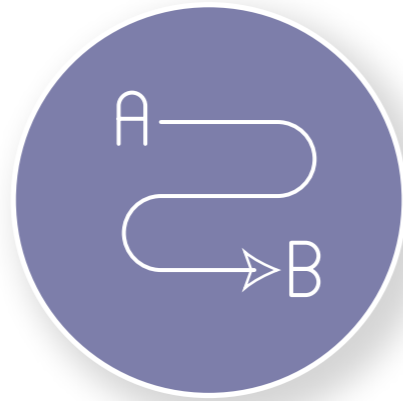
Definition of ethnicity



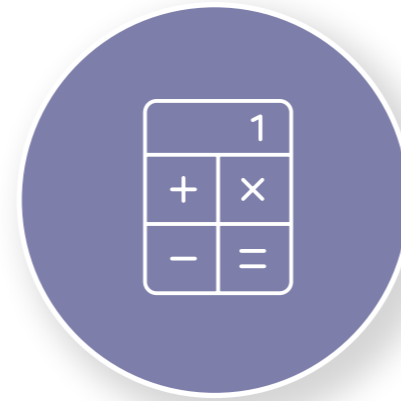
Collating the data



Measuring the ethnicity pay gap



The landscape so far



How to calculate your organisation's ethnicity pay gap



What causes the ethnicity pay gap?



What is the CII doing to address the ethnicity pay gap within its own organisation?



Intersectionality



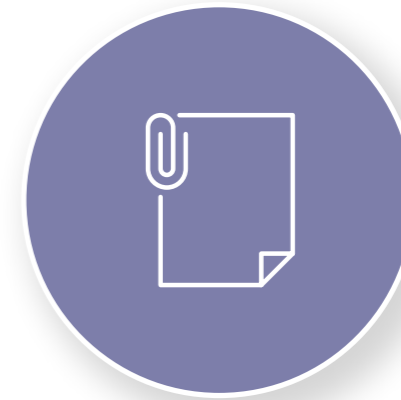
Case Study: CII's ethnicity pay gap



What action can your organisation take to reduce the ethnicity pay gap?

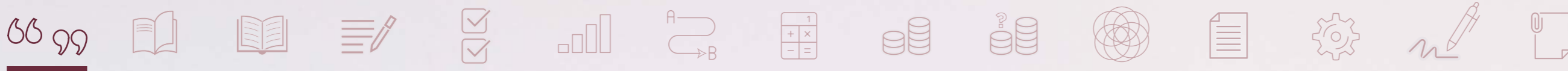


Sign up to the Race at Work Charter



Appendix





Key terminology

What is the ethnicity pay gap?

The ethnicity pay gap is the difference between average hourly pay rates for black, Asian and minority ethnic (BAME) employees compared to white colleagues.

What is the mean?

The mean is the average value of a population, dividing the total value by the population size.

What is the median?

The median is the middle value of a population, ordered by value.

What is BAME?

Black, Asian and minority ethnic.

What is intersectionality?

The terminology used to describe the overlapping of personal identities each of us have, such as being gay, male and black.





Foreword

One of the greatest breakthroughs in recent years has had nothing to do with technology and electronics: it is the advances we have made in understanding unconscious bias.

Our unconscious biases – and we all have them – are not the product of us being bad or lazy people. They are simply the result of the way our brains evolved in a world where we needed to make quick decisions based on imperfect information. However, if we do not recognise unconscious bias and find better ways to make decisions, we will miss opportunities to use people’s talent to the full – which means we will be letting down both our colleagues and our clients.

One important way to tackle unconscious bias is to collect data – often, unconscious bias is undetectable at an individual level but only comes into focus when we look at a larger population. For example, one often-quoted fact is that more than half of US CEOs are in excess of six feet tall, even though only 15% of men in the US are more than six feet tall. Clearly, this does not mean one individual cannot be both less than six feet tall and a brilliant CEO, but the fact that the numbers are so skewed is a signal to step back and challenge how recruitment decisions are made.

The same is true about ethnicity. It is hard to be aware of all the unconscious bias around ethnicity, but the bigger numbers tell us that there is a hugely important issue to address here. For example, last year the government commissioned Parker Review found that, only 2% of FTSE 100 director positions are held by people from ethnic minorities who are UK citizens, despite this group making up 14% of the total UK population.

Compiling the data we need to meet this challenge will not be easy. Ethnicity can be defined by race, heritage, physical characteristics, religious beliefs and the language we speak. It is often defined by a mixture of all these things, with different

characteristics being more relevant at different times. As a result, any information about ethnicity is flawed unless people are able to choose the ethnicity that is most appropriate to them.

However, just because something is difficult to measure, that does not mean we should give up. We must develop a strong, professional approach that is technically sound and that fully respects our colleagues. Only in this way can we create a market that is both fair to the people who work in it and is fit to serve all its clients.

Tali Shlomo
People Engagement Director





Introduction

The recently proposed legal requirements to report on gender pay gap have started discussions on the broader subject of equality in business.

The government has stated that it is consulting on the need for businesses to report on the ethnicity pay gap and how this would work in practice. This is following the McGregor-Smith report *Race in the Workplace*¹, which was published in 2017 and looks at the obstacles facing ethnic minority groups at work and how these blocks may be reduced or removed.

The government consultation is open until January 2019 and looks at how ethnicity pay reporting should be conducted in the future, in order to allow measures to be put into place that really make an impact in this area.

We have prepared this guidance paper to encourage businesses in the insurance profession to start thinking proactively about their approach to ethnicity pay reporting early, so they can be ahead of the game and ensure that they can focus on the business benefits of a diverse workforce rather than the reporting of data. The insurance profession has an opportunity to take a positive lead by preparing early and addressing these issues prior to the reporting requirements becoming statutory.

With this proactive thinking, organisations can ensure a future where the workforce equally reflects the diversity of the population at all levels of seniority within the business. According to government figures², the financial benefit of this is thought to be about £24bn a year in the UK economy (1.3% of GDP).

The government consultation document suggests that ethnicity pay gap reporting should³:

Result in a pay gap figure expressed as a percentage, comparing the pay of BAME groups with that of white groups at work

Pay gap data for various ethnic groups

Pay data stated by £20,000 salary bands

Pay data by salary quartiles.



¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/594336/race-in-workplace-mcgregor-smith-review.pdf
² BEIS Analysis (2016) - <https://www.gov.uk/government/statistics/bme-individuals-in-the-labour-market-analysis-of-full-representation>
³ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/747546/ethnicity-pay-reporting-consultation.pdf



Definition of ethnicity

While the UK Government is in consultation regarding the ethnicity pay gap, one area of consideration is the definition of ethnicity, for collating and reporting on the data.

Ethnicity can mean different things to different people and, while we need to respect the many layers of ethnicity, culture and race, for ethnicity pay gap reporting the recommendation is to apply one consistent approach and use the government's existing categories.

Currently, there are 18 ethnic group categories recommended by the Office for National Statistics, which are clustered into five areas for survey data collection. Refer to Appendix 1 for the full list of ethnic categories.

Note that the data is wholly reliant on colleagues self-identifying themselves according to the categories as defined in Appendix 1.

The five areas are:

1. White
2. Mixed/multiple ethnic groups
3. Asian/Asian British
4. Black/African/Caribbean/Black British
5. Other ethnic group.

87% of people in the UK are classified as white and 13% as BAME⁴.



⁴ <https://www.ethnicity-facts-figures.service.gov.uk/ethnicity-in-the-uk>



Collating the data

The most challenging aspect of reporting is collating the data.

Data on an employee's race and ethnicity is considered 'sensitive personal data' and employers will need to gain the individual's consent to gather and store such data, inform individuals as to the purpose of gathering the data and how the data will be stored confidentially. Most organisations have a voluntary approach to collating the data via their HR database or via an annual survey, but others may not gather this data at all. It is very important to ensure that employees understand why the organisation wishes to gather this data and how positive action will be taken, if required, as a result of analysing the data. In order for the ethnicity pay gap reporting to be robust and worthwhile, collation of accurate data will be vital, so encouraging individuals to engage is very important.

The data can be gathered from:

Current employees:

The first step is to collate the data for current employees. This will require clear communication and engagement on the need to collate the data and will require the senior leadership team and line managers to actively support and encourage colleagues to complete the data profile.

For organisations that do not have a HR database, asking the questions as per Appendix 1 via a survey will achieve the same outcome. However, it should be noted that the survey cannot be anonymised.

New employees:

This could form part of the pre-employment documents, such as a detachable part of the application form not seen by those selecting candidates for interview, or new joiner details.



Measuring the ethnicity pay gap

Although intentionally paying BAME colleagues less and not offering them equal career opportunities as white colleagues is against the law, there are still many unconscious and underlying forms of bias that affect everyday decisions in the business world.

This is due to underlying attitudes, assumptions and practices that unintentionally favour one community over the other. This is evident from the lack of black or Asian people in leadership positions in our profession.

These long-established biases have led to a culture in business where some colleagues potentially need to strive harder to achieve their full potential and career aspirations. The impact of this can be seen when looking at the ethnicity pay gap between BAME and white colleagues at work. Overlaying this with gender provides an additional lens to understand the impact of bias on certain groups of people at work.

The ethnicity pay gap measures the difference between BAME (using the five areas identified previously) and white colleagues' average earnings and is expressed as a percentage of white colleagues' pay. Ethnicity pay looks at what BAME colleagues earn compared to white colleagues – it does not look at like-for-like roles. The ethnicity pay gap figure provides some insight into BAME inequality but further investigation into the figures can shine a light on the fundamental causes of ethnicity pay and career progression and equality.

It is easy at first glance to assume that ethnicity pay is the same as equal pay. Equal pay, however, refers to our obligation to pay one employee the same as another employee for conducting the same or similar work of equal value. An organisation may therefore have equal pay but still have an ethnicity pay gap. The ethnicity pay gap is where fewer BAME colleagues are employed in the more senior, higher-paid roles than white colleagues and therefore BAME colleagues have a lower earnings level.



The landscape so far

The below provides an overview of the employment landscape illustrating the pool for talent can and should be extended to a wider reach as we look at attracting talent to our profession.

According to figures published by the Department for Work and Pensions in September 2018⁵:

There were just under 40 million working-age people in England, Wales and Scotland, of whom a little more than 34 million were white, and almost six million were from ethnic minority groups.

Some 77% of white working-age people were in employment, compared with 65% of ethnic minority groups combined.

Ethnicity and age

(see Appendix 1 for ethnic groups referred to below)

- Among people aged 16 to 24, white British had the highest rate of employment (59%), compared with 'other Asian', which had the lowest rate (29%).
- Among people aged 25 to 49 years, 'other white' had the highest rate of employment (87%), compared with Pakistani/Bangladeshi which had the lowest rate (64%).
- Among people aged 50 to 64, black had the highest rate of employment (75%), compared with Pakistani/Bangladeshi which had the lowest rate (53%).
- The difference between the employment rate for all age groups was the highest for 16 to 24-year-olds, with a 36% employment rate for ethnic minority groups compared with a 54% employment rate in general.

Ethnicity and gender

(see Appendix 1 for ethnic groups referred to below)

- The employment rate was higher for men than for women across all ethnic categories.
- The ethnic group with the greatest difference in male:female employment rates was Pakistani/Bangladeshi (71% of men in employment compared with 38% of women).
- The smallest difference in rate of employment was in the 'mixed ethnic' category (69% of men compared with 66% of women).
- The difference in employment rates between Pakistani/Bangladeshi women and white British women was 35%.



The landscape so far

Although there is currently no statutory requirement for organisations to report on their ethnicity pay gaps, many large organisations are taking the lead to measure the gap and take steps to address any issues found.

Professional services firm KPMG⁶ reported on its ethnicity pay gap in 2017 and found it to be 11.7%. This was identified as being mainly due to the company employing fewer BAME people in senior roles and more in junior and support roles. KPMG is taking steps to recruit and retain a more diverse workforce, such as by setting recruitment targets to ensure that 50% of shortlisted candidates for senior roles are from diverse backgrounds and reducing any factors that are stopping ethnic minority groups from progressing within the business. It is also working towards ensuring an inclusive diverse workplace by introducing unconscious bias workshops and ethnic minority networking groups.

Like KPMG, another professional services firm, PwC⁷, voluntarily reported its ethnicity pay gap and set targets to address any issues. PwC wanted to encourage other organisations to follow its example. PwC's ethnicity pay gap was found to be 12.8%. Also, like KPMG, it found that it had a lack of BAME staff in senior roles and more in junior roles, which opened up the pay gap. As a result, PwC is focusing on ensuring that BAME employees progress within the business to secure senior management roles, by setting ethnicity targets, reviewing the succession pipeline regularly, and gathering feedback from BAME talent regarding the factors that they consider to be blocking or slowing their progression.

Law firm Allen & Overy⁸ followed suit in 2018 by expanding its gender pay gap reporting to include ethnicity, in order to work towards a more diverse and inclusive organisation. The firm has managed to obtain ethnicity data for 90% of its workforce and found that the ethnicity mean pay gap was 21.6%. BAME employees in the organisation are proactively inspiring others and the firm has a reverse mentoring programme in place.

Ofcom, the UK communications regulator, also conducted an ethnicity pay review in 2017/2018⁹, to support its commitment to diversity and equality. Due to the nature of the work Ofcom conducts, it needs to have a diverse workforce to reflect the diverse needs and views of the general population. Its mean ethnicity pay gap in March 2018 was 14.2%.

University College London published its ethnicity pay gap figures in March 2018, of 13.1%¹⁰, and reported that there was a significant reduction in the number of BAME employees as people moved up in levels of seniority within the university.

Broadcaster ITN published its ethnicity pay gap in July 2018, supported by ambitious targets to reduce the inequalities experienced by BAME groups in the workplace. Targets set include cutting the ethnicity pay gap by 50% and ensuring that 20% of the top 20 highest earners are from BAME groups

by 2022, as well as requiring that one or more BAME candidates are interviewed for every vacancy.

The Mayor of London stated at the end of 2017 that the Greater London Authority would lead the way by circulating its ethnicity pay gap data and putting together an action plan to address any issues raised. By setting an example, the Mayor intends to promote the benefits of such reporting to other businesses and inspire them to follow suit.

⁶ <https://assets.kpmg.com/content/dam/kpmg/uk/pdf/2017/12/pay-gap-report-2017.pdf>

⁷ <https://www.pwc.co.uk/press-room/press-releases/PwC-publishes-BAME-pay-gap.html>

⁸ <http://www.allenoverly.com/corporate-responsibility/diversity-inclusion/Pages/Gender-Pay-Reporting.aspx>

⁹ https://www.ofcom.org.uk/__data/assets/pdf_file/0014/112541/Equal-pay-and-gender-ethnicity-pay-audit-2017-18.pdf

¹⁰ <https://www.ucl.ac.uk/news/news-articles/0318/200318-pay-gap>

¹¹ <https://www.london.gov.uk/sites/default/files/gla-ethnicity-pay-gap-report-2017.pdf>



The landscape so far

When looking at the insurance profession specifically, The Insurance Census 2017¹² from *POST* magazine, in association with the Chartered Insurance Institute (CII), found that about 14% of the UK's workforce were black, Asian or minority ethnicities according to the national census in 2011, whereas for the insurance sector that figure is lower than 10%, with Asian making up 6%, black 2.1% and Chinese 0.3%. The percentage of BAME colleagues in senior positions is 3.6% in the insurance sector.

Management consultancy firm McKinsey & Company¹³ found in its *Why Diversity Matters* report in 2015, that companies in the top quartile for racial and ethnic diversity are 35% more likely to have financial returns above their respective national industry medians showing how addressing these issues can positively impact the bottom line.

The McGregor-Smith review, *Race in the workplace 2018*¹⁴, found that just over half of employees from ethnic minority groups thought they had to move to another organisation in order to progress up the career ladder, compared to 38% of white employees.

A recent study by the Department for Business, Energy and Industrial Strategy¹⁵ showed that:

- In 2017, the average (median) hourly pay for white people was £11.34, which was 10p higher than the average hourly pay for people from all other ethnic groups combined.
- People from the Indian ethnic group had the highest hourly pay on average, earning £13.14, while people from the Pakistani/Bangladeshi ethnic groups earned the lowest, at £9.52 on average.
- People from all ethnic groups except for Indian had a lower average hourly pay level than those from the white ethnic group.
- Between 2013 and 2017, people from the Indian ethnic group had the highest average hourly pay out of all ethnic groups in four out of five years, while Pakistani and Bangladeshi people consistently had the lowest.

The Equality and Human Rights Commission conducted an ethnicity pay gap review¹⁶ in 2018 and found that:

- Between 2002 and 2014, white British individuals (both male and female) had a 70% employment rate, compared with Pakistani and Bangladeshi women who have an employment rate of less than 30%.
- White British men generally had higher pay than ethnic minority – closely followed by Indian, Chinese (both British and those born abroad) and British-born black African men. The remaining ethnic minority groups however had significantly lower earnings.
- When the study looked at women however, the picture was very different. The report showed that women from ethnic minority groups had higher earnings than white British women. The only exceptions were Pakistani and Bangladeshi immigrants. There was little difference however between white British and British-born Pakistani and Bangladeshi women.

¹² <https://www.postonline.co.uk/census>

¹³ <https://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>

¹⁴ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/594336/race-in-workplace-mcgregor-smith-review.pdf

¹⁵ Department for Business, Energy & Industrial Strategy 4 October 2018

¹⁶ Equality and Human Rights Commission: *The Ethnicity Pay Gap* August 2017



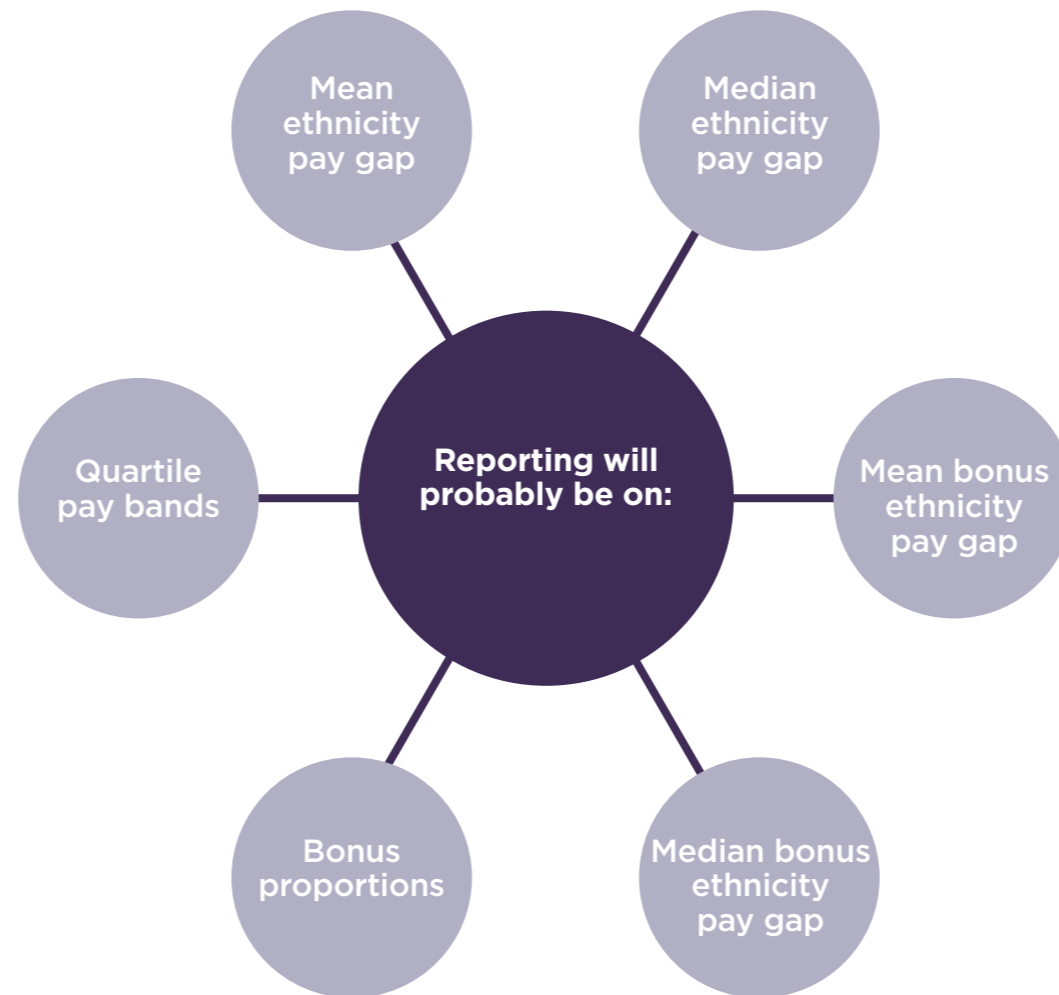
The landscape so far

What should be reported?

Although we do not yet have much information on what will need to be reported, as the government is still in the consultation phase, reporting will probably follow a similar format to that of gender pay reporting. This would result in companies with 250+ employees being required to report annually. That would affect about 9,000 UK employers and more than 15 million people (nearly 50% of the UK's working population).

It is recommended that firms assess the data for Categories 2-5 against Category 1 (white) and then compare the data against the combined results of the five areas. Organisations can then overlay this data with gender to assess if there are further differences between men and women across and within the different categories of ethnicity.

As with the gender pay gap statistics, the ethnicity pay gap statistics will probably have to be published on both the organisation's website and the government's website, so that they are publicly available. This means that current and future employees, in addition to customers and other stakeholders, can see the data. This will make it even more important that organisations have a strategy in place to tackle the gap and engage all of their stakeholders positively and proactively.





How to calculate your organisation's ethnicity pay gap

The ethnicity pay gap can be calculated based on both mean and median average pay for BAME and white colleagues in an organisation.

The ethnicity pay gap is expected to be calculated by subtracting the average hourly pay figure for those identifying as BAME (as one cluster and then taking each of the five areas) from the average hourly pay figure for those identifying as white, then expressing the difference as a percentage of the average hourly pay figure for white colleagues.

The ethnicity pay gap can be calculated based on both mean and median average pay for BAME and white colleagues in an organisation (or other population), and calculations will look at BAME and white colleagues employed at a specific date who are receiving their usual full level of pay at that date. When looking at the mean and median figures together, you can get an indication as to whether your figure is skewed. If the figures are similar, then this indicates that there is little or no skew. However, if the figures are wildly different this would indicate that some of your data may have skewed the figures. This may be because you have a small number of BAME or white employees on very low or high salaries.

Both the mean and the median pay gap figures can provide a different insight into ethnicity pay. It is important to look at both figures to get a holistic insight into the issue.



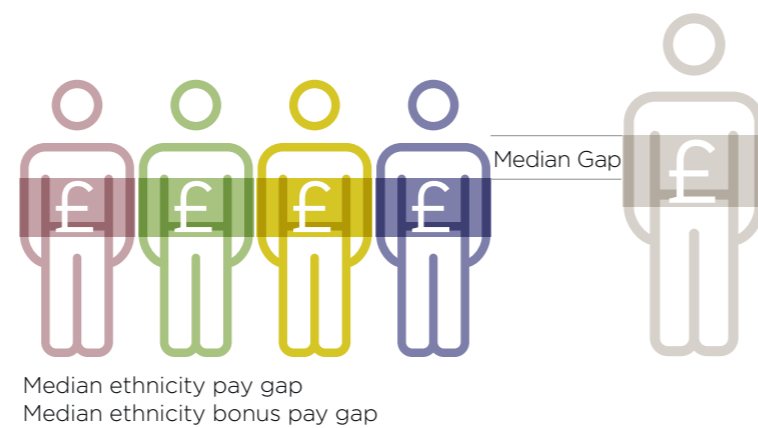
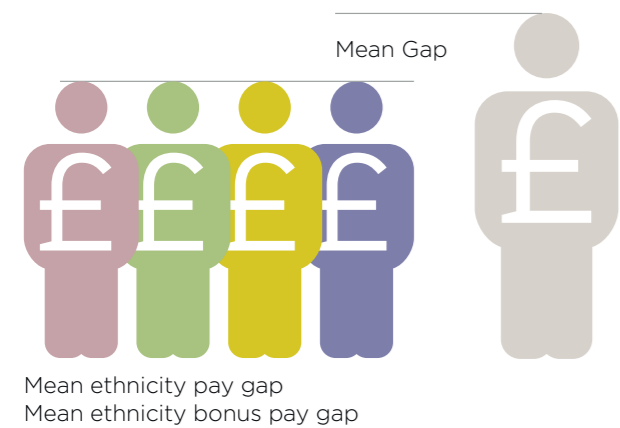
Mean:
the average value of a population. Provides you with an insight into the size of your ethnic pay gap.

Median:
the middle value of a population. Provides you with an insight into what that standard position is in regard to your ethnic pay gap.



How to calculate your organisation's ethnicity pay gap

Reporting the ethnicity pay gap:



Bonus proportions



Quartile pay bands

Ethnicity

- White
- BAME
- Asian or Asian British
- Black or black British
- Other

Example of an ethnic pay gap calculation

At 5 April, ABC Ltd employs 7 white people, and three BAME people all of who are receiving their usual full pay.

The Asian group's hourly pay figures are as follows: £11.55, £15.00, £34.07.

The white group's hourly pay figures are as follows: £11.55, £15.00, £15.00, £18.68, £35.72, £47.25, £55.49.

The mean average hourly pay for Asians is: £20.20.

The mean average hourly pay for white is: £28.38.

The median average hourly pay for Asians is: £15.00.

The median average hourly pay for white is: £18.68.

The ethnic pay gap between the white and BAME people is calculated as follows:

Step 1: Average hourly pay for white **MINUS** average hourly pay for Asian = Difference in averages.

Step 2: Difference in averages **DIVIDED BY** average hourly pay for white = Difference as a proportion of average hourly pay for white.

Step 3: Difference as a proportion of average hourly pay for white x 100 = ethnic pay gap percentage.

In our example above, the mean **ethnicity pay gap** percentage would be calculated as follows:

- Step 1: £28.38 - £20.20 = £8.18
- Step 2: 8.18 ÷ 28.38 = 0.2882
- Step 3: 0.2882 x 100 = 28.82%

The **median ethnicity pay gap** percentage would be calculated as follows:

- Step 1: £18.68 - £15.00 = £3.68
- Step 2: 3.68 ÷ 18.68 = -0.19
- Step 3: 0.19 x 100 = 19.7%



What causes the ethnicity pay gap?

As part of measuring the ethnicity pay gap, employers need to evaluate the root causes of any imbalances, removing any barriers and encouraging colleagues to reach their full potential in any role, regardless of their ethnicity.

An ethnicity pay gap might exist because in many businesses there are different proportions of BAME and white colleagues in different functions, at different levels of seniority and with different levels of experience or tenure. This is partly caused by immigration and the problems that they face when trying to obtain employment in the UK. These can include language difficulties, qualifications not being recognised and different traditions.

Unconscious bias plays a part in the ethnicity pay gap, where ethnic minority groups are treated less favourably due to negative views about them and stereotyping.

We need to go to the root causes of imbalances, removing barriers and encouraging colleagues to reach their full potential in any role, regardless of their ethnicity (or indeed any other aspect of their diversity).



What is the CII doing to address the ethnicity pay gap within its own organisation?

We are investing in our leaders, taking steps to move the dial within our own organisation by ensuring that leaders are well trained and developed in managing diverse teams:

- We are piloting a two-year leadership and management programme with a recognised Diploma certificate via the Institute of Leadership & Management at Level 5. Some 37.5% of colleagues on the programme are from our BAME community.
- We support our colleagues with learning and development including professional qualifications. Some 21% of our colleagues undertaking a professional qualification are from our BAME community. And 23% of our colleagues attending our fundamentals toolkit, a 9-month skills development programme, are from our BAME community.
- Accountability and individual sponsoring at executive level for our diversity and inclusion plan.



Intersectionality

Our identity is multifaceted and not one-dimensional. Intersectionality is the term used to describe the overlapping of personal identities each of us have.

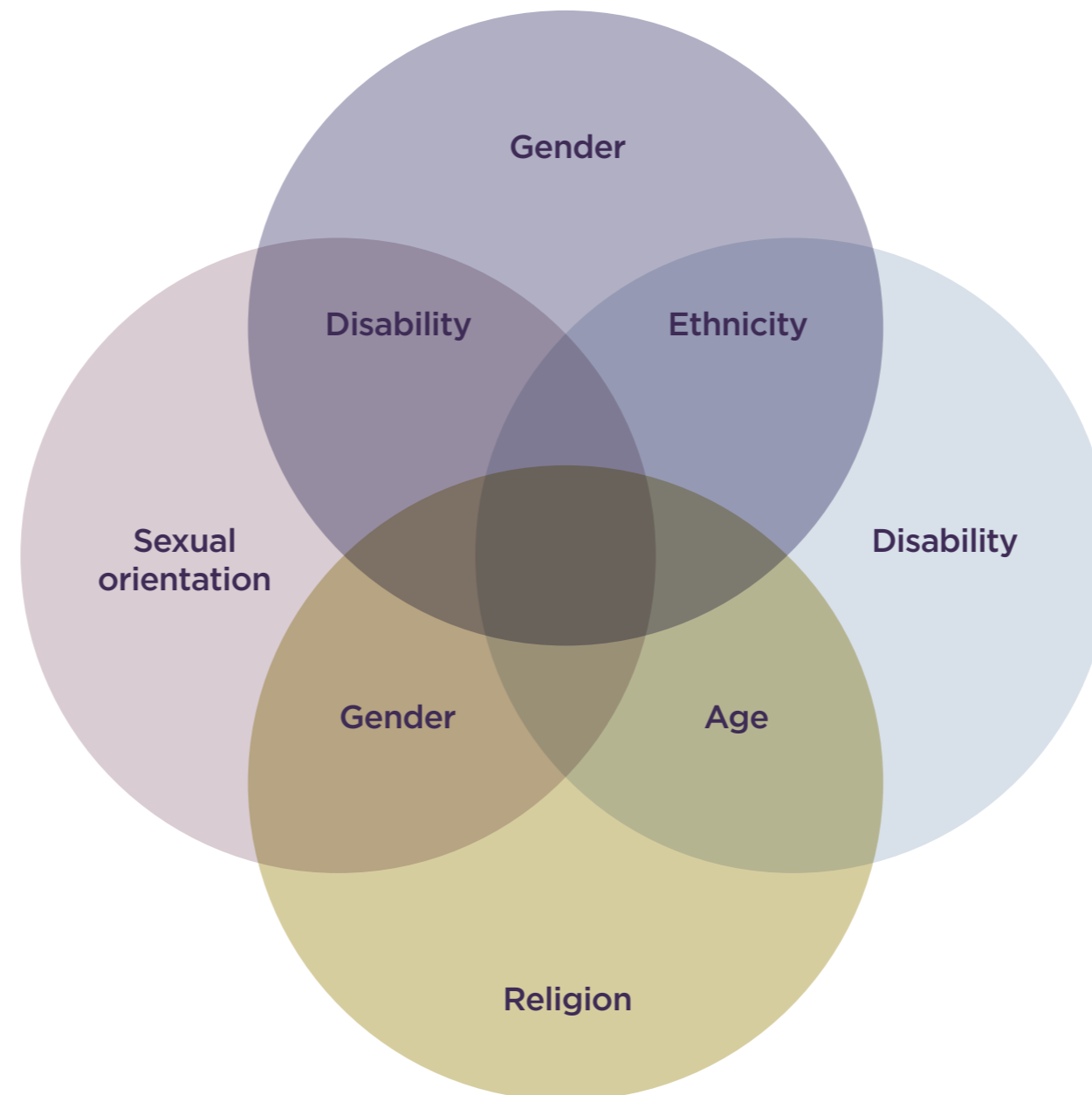
Unconscious bias illustrates that while we all have biases, it is once we bring them front of mind and pay attention to these that we can convert them to positive actions and truly create an inclusive workplace.

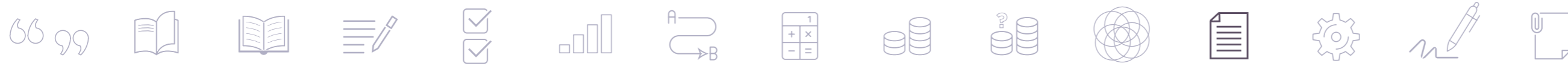
The introduction of gender pay gap reporting, and the prospect of ethnicity pay gap reporting, provides an opportunity to identify interventions to address some of the underlying causes of the gap. However, by measuring these gaps and inequalities separately we may be missing an opportunity to reveal more entrenched occurrences of inequality. Organisations must take a more holistic approach to pay gap reporting going forward.

The interventions identified in the gender pay gap reporting provide an opportunity to widen the reach and support for our colleagues. **For example, how often do we encourage our male colleagues to utilise the family-friendly policies as they start a family, or support our colleagues with a disability with work allocation?**

As the interventions take a new meaning, the pay gap should start to narrow over time.

When cross-referencing disability with the ethnicity pay gap, Bangladeshi males have a 56% pay gap and black African males a 34% pay gap, compared to white males without a disability¹⁷.





Case study: CII's ethnicity pay gap

The CII has not historically required colleagues to formally record their ethnicity, and in preparation for the forthcoming ethnicity pay gap reporting we have raised awareness internally of the purpose of collating this information and how it will be used.

We have currently managed to obtain self-identified ethnicity definitions for 70% of our colleagues and recognise that further engagement will be required to increase this participation to the desired 100%.

It is important to note the CII's headcount is 230 people and therefore some of the cohorts within each cluster have very small numbers of representatives, which, when combined with the current 70% voluntary responses, means the data lacks statistical significance and may not reflect a true picture of where we are.

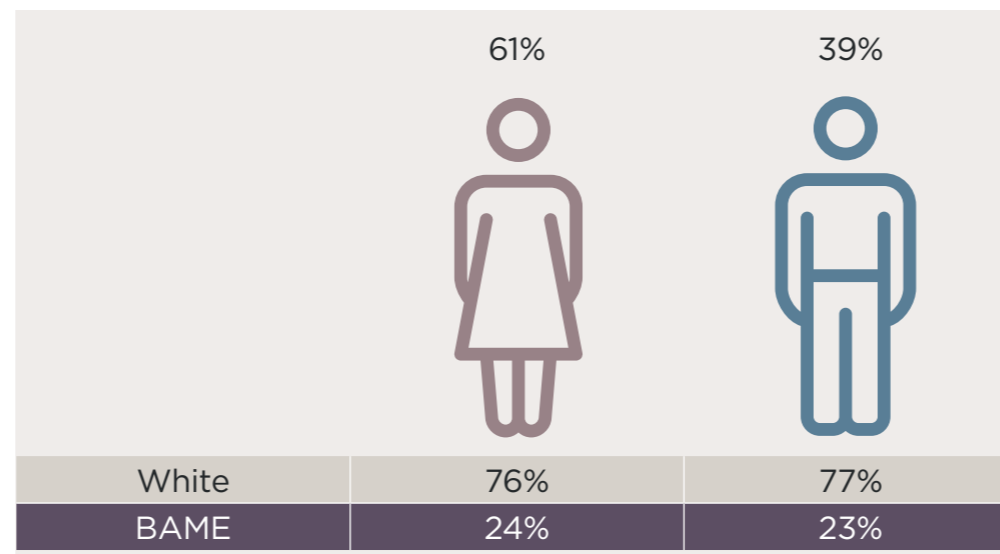
When using the mean hourly rates there is virtually no pay gap between our White and BAME colleagues (0.84% in favour of White colleagues). However, when we use the median hourly rates the ethnicity pay gap favours our BAME colleagues by 15.71%. This is due to there being a higher proportion of BAME colleagues paid in the highest pay quartile, than the proportion of white colleagues paid in this quartile.

Ethnicity Pay Gap at 2018

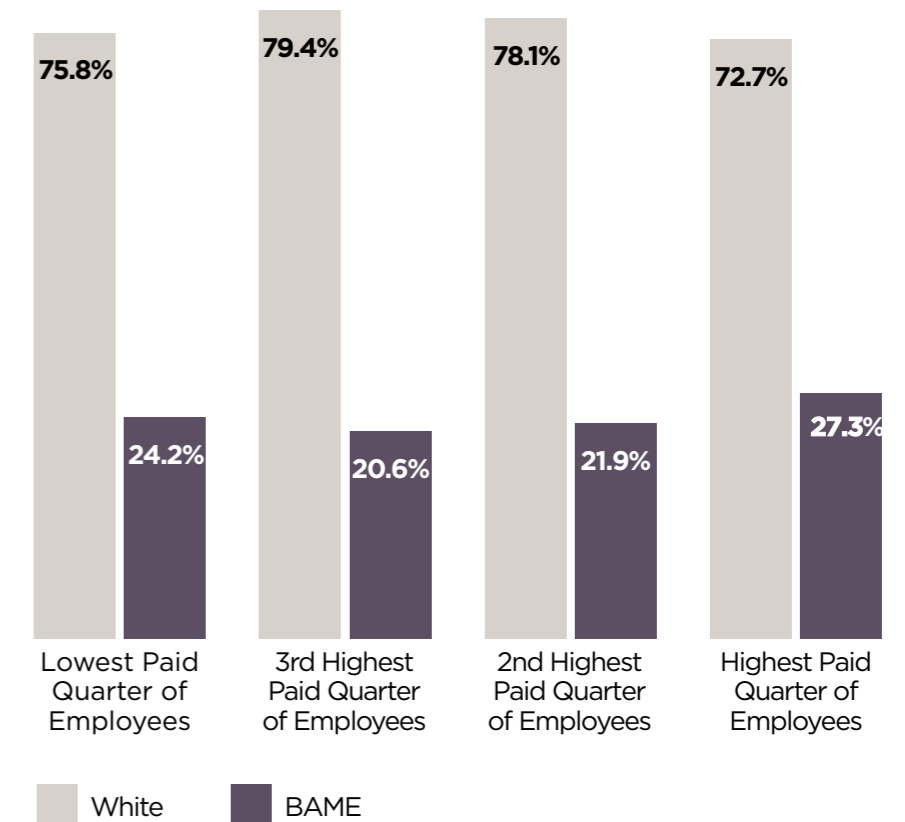
	December
Mean ethnically hourly pay gap	1%
Median ethnically hourly pay gap	-16%

Overall Workforce

White	77%
Ethnicity	23%



Ethnicity Distribution Pay Quartiles





Case study: CII's ethnicity pay gap

When we look at the overall composition of the CII workforce, we see a predominance of the White group which is also reflected when we look by gender.

Based on the results of this survey, the CII has greater ethnic diversity than when looking at the insurance profession specifically, The Insurance Census 2017¹⁸ from *POST* magazine, in association with the Chartered Institute (CII), found that about 14% of the UK's workforce were black, Asian or minority ethnicities according to the national census in 2011, whereas for the insurance sector that figure is lower than 10%, with Asian making up 6%, black 2.1% and Chinese 0.3%. The percentage of BAME colleagues in senior positions is 3.6% in the insurance sector.

The Insurance Census 2017¹⁹ from *POST* magazine indicates the profession has improved its ethnic diversity by nearly two thirds but the 2015 results show an inordinate number of people in the 'other' category, so it is difficult to extrapolate any concrete conclusions regarding whether the profession has really improved.

The CII faced the similar challenges when collating the data with a number of our colleagues identifying as 'other', which combined with our relatively small size, makes it a challenge to extrapolate the data without unintentionally disclosing colleagues' personal details.

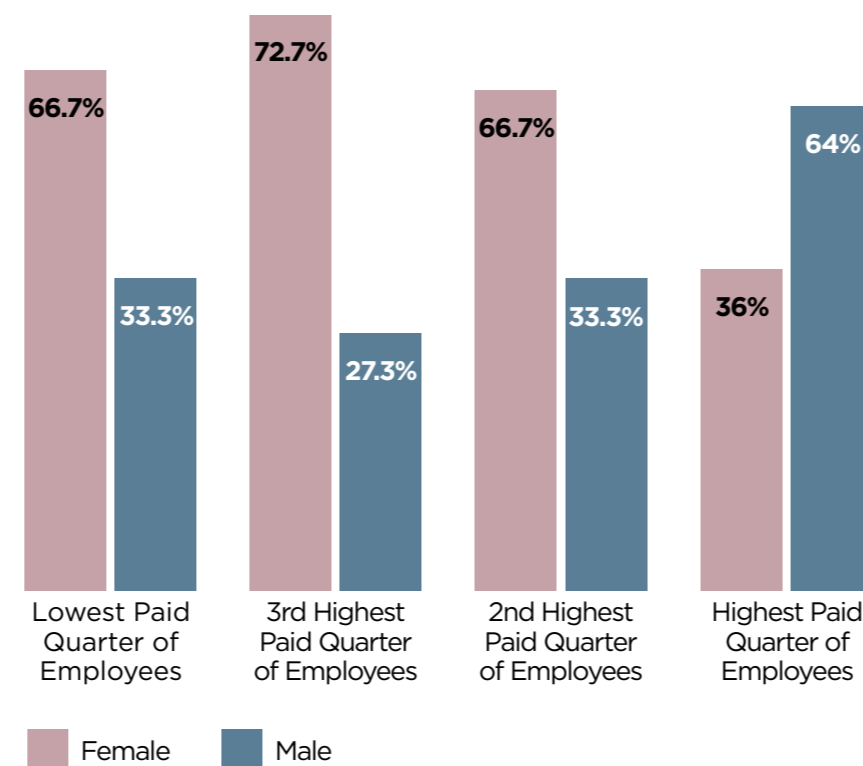
There is no current expectation that the government will require firms to report on intersectionality data comparing ethnicity and gender pay gap within each quartile. However we believe that it is the right thing to explore this data within our own business to identify any potential opportunities to improve. Due to the small volumes within some of these intersectional sets these are illustrative only and subject to volatility.

We already know that in common with most businesses, there is an existing gender pay gap (CII 2018 16.64% Mean, 5.65% Median), and when we overlay ethnicity data this remains broadly true, with men represented more within the top quartile

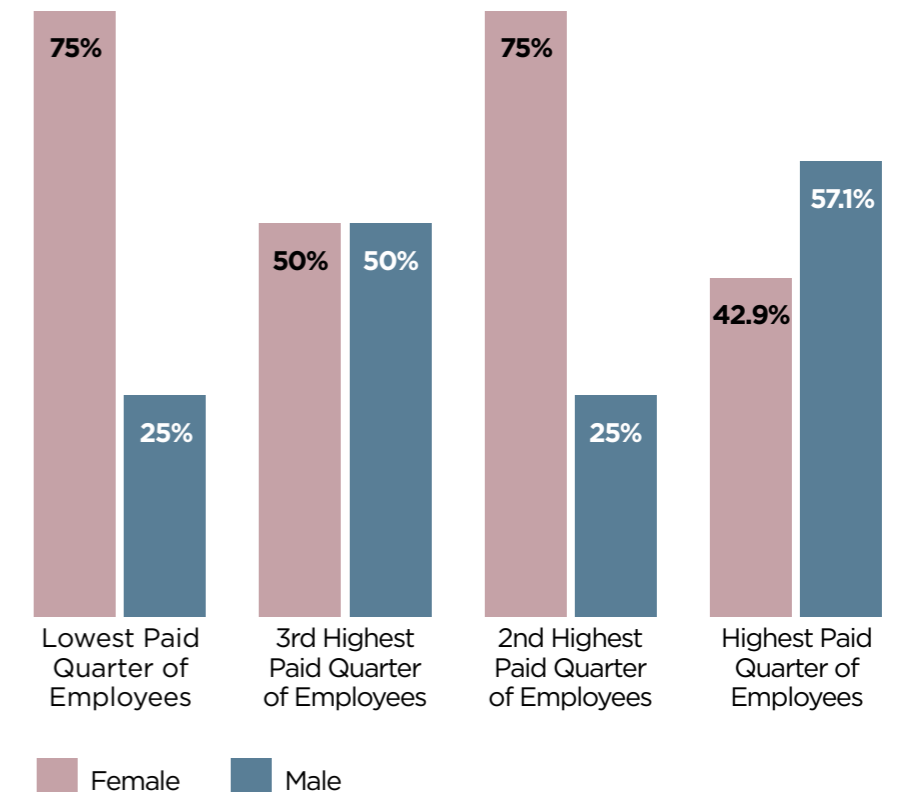
and women within the bottom quartile. **However, at the CII when looking at intersectionality among BAME colleagues, the gap is narrower in the top quartile and in the 3rd highest quarter we have equal representation between men and women, while among white colleagues, they are significantly more likely to be female.**

The below provides an illustration of our pay quartiles by ethnicity and gender.

Gender Distribution by Pay Quartiles - White



Gender Distribution by Pay Quartiles - Ethnicity

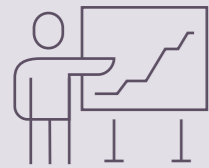


¹⁸ <https://www.postonline.co.uk/census>
¹⁹ <https://www.postonline.co.uk/census>



What action can your organisation take to reduce the ethnicity pay gap?

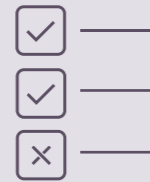
Organisations need to start taking action now to reduce the impact of ethnicity on pay and progression. Some approaches that organisations can take are:



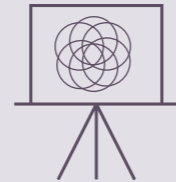
Collating the data is the first challenge and clarification of the categories and the application of the data is critical



Set ambitious ethnicity pay and progression targets, and monitor performance against them regularly



Actively encourage employees to provide their ethnicity data and start the process to enable colleagues to ensure buy-in to the overall goal of reducing the ethnicity pay gap



Introduce mandatory diversity and inclusion training, including understanding of unconscious bias, to increase awareness of the issues among employees



Nominate a senior employee to be the diversity and inclusion ambassador and take the lead on promoting diversity within the workplace



Ensure that diversity and inclusion is recognised as a key organisational priority, which is then fed down through the management structure



Ensure that senior employees have reverse mentoring sessions with employees from different backgrounds, to encourage better understanding of the issues faced



Review recruitment and selection policies to ensure that diversity is properly considered at every stage of the process



Ensure that organisations are using suppliers that also promote diversity and inclusion at their workplace



Connect with Insurance Cultural Awareness Network. The industry-wide independent network that supports multicultural inclusion across the insurance profession. To find out more or to get involved, please visit www.i-can.me or follow on Twitter @I_CAN_UK



Sign up to the Race at Work Charter

In order to ensure that your business has a diverse workforce and maintains a competitive edge, you need to ensure that you are recruiting your people from the full breadth and depth of the talent pool.

Research conducted by the Government²⁰ and Business in The Community²¹ shows that ethnic minority groups still experience substantial inequalities at work.

By signing up to the Race at Work Charter²², organisations are pledging to take proactive measures to address the issues that ethnic minority groups face at work.

A wide range of organisations have already signed up to the charter, including Accenture, EDF Energy, KPMG and Santander. A variety of resources, including factsheets and toolkits, are available on the Race at Work Charter website to support organisations with meeting their charter commitments.

Consistent with the suggestions that we make above, the Charter provides five focus areas:

1. Gathering the data and reporting on impact of initiatives
2. Taking accountability and appointing a senior executive sponsor
3. Ensuring the board leads from the top with zero tolerance policy regarding bullying and harassment
4. Raising awareness of BAME colleagues and ensuring that promoting equality at work is led by the leaders of organisations
5. Looking at processes that may hinder BAME career progression and addressing them.

²⁰ <https://www.ethnicity-facts-figures.service.gov.uk>

²¹ <https://race.bitc.org.uk/all-resources/research-articles/race-work-report>

²² <https://race.bitc.org.uk/issues/race-workplace/racecharter/signatories>



Appendix 1

The recommended ethnic group question for use on a survey in England²³

Below is the recommended country-specific ethnic group question for use in England. This question is recommended in a face-to-face interview or self-completion survey (both paper and electronic).

What is your ethnic group?

Choose one option that best describes your ethnic group or background:


White	Mixed/multiple ethnic groups	Asian/Asian British	Black/ African/Caribbean/ black British	Other ethnic group
1. English/Welsh/Scottish/Northern Irish/British 2. Irish 3. Gypsy or Irish Travellers 4. Any other white background, please describe...	5. White and black Caribbean 6. White and black African 7. White and Asian 8. Any other mixed/multiple ethnic background, please describe...	9. Indian 10. Pakistani 11. Bangladeshi 12. Chinese 13. Any other Asian background, please describe...	14. African 15. Caribbean 16. Any other black/African/Caribbean background, please describe...	17. Arab 18. Any other ethnic group, please describe...

²³ <https://www.ons.gov.uk/methodology/classificationsandstandards/measuringequality/ethnicgroupnationalidentityandreligion>

The Chartered Insurance Institute
42-48 High Road, South Woodford,
London E18 2JP

tel: +44 (0)20 8989 8464

customer.serv@cii.co.uk
cii.co.uk

 Chartered Insurance Institute

 @CIIGroup