

NINETY

Insurance Innovation **Blueprint**

**People
& Culture**

**in insurance
innovation**



Introducing NINETY

Ninety are innovation experts for the insurance sector. We take new insurance ideas to market in 60 days, and build best-practice innovation capability for insurers in 12 months. We work across the insurance value chain, but mostly for carriers and re-insurers like Zurich, Allianz, Aetna, Swiss Re, Generali, Travelers, Hiscox, Bupa, Liberty Mutual and Lloyd's of London; and we do it internationally, with projects in the USA, the UK, Continental Europe and Asia. Over the last four years, our work with clients has won or been shortlisted over 30 times for major insurance innovation awards, and the sector picked Ninety as its "Insurance Consultancy of the Year" in 2019 and 2020.

We believe insurance is fundamentally a force for social good. We also believe in the power of innovation and customer-centred change. Our mission is to help insurers innovate and thrive, and our vision is a generation of insurers well-equipped to serve and stabilize a fast-changing world. Ninety is a Social Enterprise, and 90% of the company's distributable profits go to helping the global poor to rise above poverty. To that end, we donate to healthcare, education and entrepreneur development initiatives in the third world. Beyond that, we connect our

work in insurance by impact investing some of our profits in microinsurance startups in developing countries, and make charitable grants to innovation in pro-poor insurance initiatives, for example, work with an African insurance regulator to promote innovation in microinsurance.

**“ We believe insurance
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Introduction

Why people and culture matters for insurance innovation

To put it simply: we fundamentally believe that without getting the people dimension right, innovation efforts will fail.

At Ninety, we do a lot of research, and the vitalness of the human dynamic is something that comes up time and time again. Indeed, in our [Insurance Innovation Blueprint report of 2020](#), in which we investigated the ‘how’ of insurance innovation, we concluded that “the human dynamic is a vitally important consideration”. People and culture encompasses many aspects of innovation, from the incentives that we give employees and the behaviors that they encourage, to the mindsets that form the undercurrent of our organization, to the experiences of individuals and the way they shape what we become.

We are privileged to work in an industry with so much talent; yet, we continue to fall behind the curve when it comes to innovation. At the time of writing, no insurers have made it into the Global Innovation 1000 study¹. The findings of our Blueprint report reaffirmed to us that there is much more that could be done to maximise talent development and utilization.

¹ <https://www.strategyand.pwc.com/gx/en/insights/innovation1000.html#GlobalKeyFindingsTabs4>

Our mission as a company is to help insurers innovate and thrive. If we’re going to do that, we need to dive deeper into this key building block of innovation.

The research we carried out for this report makes a few key observations when it comes to driving innovation and its relationship to people and culture:

- 1.** Idea generation is not the problem. **It is the lack of incentives, structures and training that means good ideas often aren’t enough.** Continued failure to progress ideas disincentivises innovation and cultivates a downward spiral.
- 2.** Lack of incentive to innovate is particularly notable for middle managers: the ‘sticky middle’. We must develop and motivate this layer to remove the blockers to innovation.
- 3.** A successful insurance innovator has the ability to stand apart from the organizational culture and use innovation methodologies and mindsets to forge a path ahead. However, **innovators should operate with humility, rather than challenging for challenge’s sake.**

4. Cross-functional, cognitively-diverse teams are important; but we have more work to do as an industry in terms of making this a lived reality.
5. **The key unlock in many cases is innovation training**, which equips employees not just to think, but to do so differently. However, this tool is currently woefully underutilized.

How we compiled this report

This report forms part of the Blueprint series, an ongoing deep dive into the ‘how’ of insurance innovation, premised on Robert Solow’s Nobel Prize-winning work which showed that success in innovation is linked less to what you have and more to how you use it. For our [Insurance Innovation Blueprint report](https://ninety.com/insurance-innovation-blueprint/)², we collected about 4000 data points, mapped 250 companies, surveyed 75 insurance innovators and interviewed 50 senior leaders. We analysed what was perceived to work, as well as what actually worked, and reached conclusions about how insurers can recombine capital, assets and labour in new ways in order to achieve more growth.

In building out the people aspect of this research, we have gathered key questions in conversation with senior insurance innovators across the sector, and used these to inform a detailed survey undertaken by around

2 <https://ninety.com/insurance-innovation-blueprint/>

150 insurance professionals from across various insurance classes and across the globe. We have also supplemented these survey findings with data collected during our deep-dive [Insurance Innovation Health-checks](https://ninety.com/insurance-innovation-health-check/)³ with various insurers. This process involves assessing where a business is positioned on its innovation journey and benchmarking against its peers, to understand why certain innovation activities are working more effectively than others.

A final note. The insights from this paper are intended to be able to stand alone; however, further depth on related topics may be found in our other research. So, if you have not done so already, please refer to our [Insurance Idea Pulse 2021](https://ninety.com/insurance-idea-pulse-2021/) report to understand the ‘what’ of insurance innovation, and our [Insurance Innovation Blueprint report](https://ninety.com/insurance-innovation-blueprint/) to understand the ‘how’⁴.

Who this report is for, and how to use it

This report is primarily intended for the ‘people-people’: individuals tasked with either people or innovation capability development within an organization. This may be L&D or HR professionals, it may be Heads of Innovation or innovation practitioners looking to effect cultural and structural change.

There is no one way to get the people dimension right when it comes to insurance innovation. What works will depend on your company components and culture, as well as the type of people you have within your

3 <https://ninety.com/insurance-innovation-health-check/>

4 <https://ninety.com/insurance-idea-pulse-2021/> ; <https://ninety.com/insurance-innovation-blueprint/>

organization. However, we have identified a number of considerations which, when adjusted to suit your business, will drive towards success.

Ninety has an extensive history of building capabilities across the industry, including building large-scale tailored training programs for global organizations. If you'd like to hear about how we've helped insurance groups like Zurich, Generali, Travelers, Lloyd's of London and Swiss Re to develop their people for innovation, or have a conversation about how to start implementing change off the back of the insights in this paper, please do get in touch.

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Incentives and Behaviors

People do what they're told to do, or incentivized to do. And so incentives and middle management are critical components of a rich, effective culture of innovation. In turn, existing incentives or structures may disincentivize innovation activity. Too often, we see 'the tail wagging the dog' – where incentive structures hold so much power that they make or break an innovation agenda.

Intrinsic over extrinsic incentives

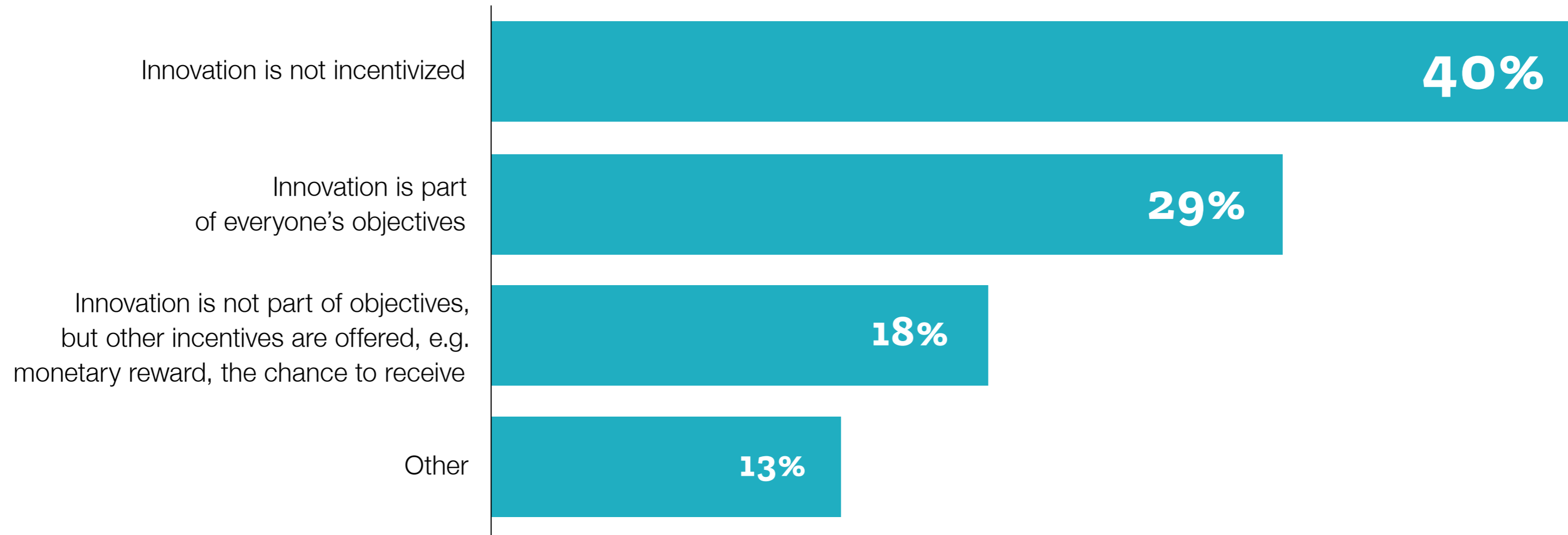
Incentives are a thing that motivates or encourages someone to do something. These motivations fall into two categories: extrinsic motivations are where people engage in a behavior to gain a reward, or avoid punishment, for example, entering a hackathon to win money; intrinsic motivations are where people engage in a behavior because that behavior in itself is a reward, for example, allowing idea promoters the time to work on an idea that they have come up with. We have also seen effective initiatives that build a bridge between financial and non-financial motivation. UK insurance pioneer Direct Line, for instance, has an Idea Lab that encourages idea submission. Where an idea is taken to scale, the idea originator shares a percentage of the value generated. In some cases, that has amounted to, for example, two years' salary as an innovation bonus. This not only has a financial impact but also creates ownership around ideas.

Incentivization of innovation behaviors is strikingly low: our data shows that nearly half of insurance companies (40%), do not have any structures in place to incentivize innovation. This is followed by 29%, where innovation is a generic but non-specific part of everyone's objectives, and 18% where innovation is incentivized in other ways than a person's objectives.

“ **Nearly half of insurance companies, do not have any structures in place to incentivize innovation** ”

Ninety's view is that non-financial incentives are the most effective. These types of incentives tend to play into both intrinsic and extrinsic factors. For example, objectives work because they bring together intrinsic factors with the extrinsic factor of accountability. They also create a durable and consistent approach to innovation. **Insurers who incentivize innovation through objectives achieve the best balance between innovation and BAU**, with over 80% stating that their approach either probably or definitely allows for BAU as well as pushing new innovations. This is compared to just 50% for other kinds of objectives.

How is innovation incentivized within your organization?



Source: Ninety's Survey of Insurance Innovators, 2021

From encouragement, to disillusionment

Disincentives for innovation, insidious within most organizations, can have greater effect than any of the above. Where innovation is not incentivized, we rely on a small body of employees with a strong intrinsic desire to innovate to fight against the tide without real reason for doing so. In these cases, innovation is unlikely to be widespread or consistently successful. A few particularly harmful disincentives are:

“ Where innovation is not incentivized, innovation is unlikely to be widespread or consistently successful

1. Risk aversion. A culture of ‘threat detection’, in which employees are biased towards thinking about what could go wrong, will stop innovative ideas from getting off the ground.
2. The ivory tower. The perception that innovation is the exclusive preserve of the innovation team/lab, etc. will generate complacency towards, or even sabotage of, innovation initiatives.
3. Over-work. Innovation is seen as a waste of time and effort.
4. Disillusionment. Innovation is perceived as chronically underfunded and unsuccessful and so is fundamentally pointless.

Where sufficient innovation structures are not in place, incentives can in fact breed disincentives. An example is innovation events, a highly popular innovation enabler utilized by 74% of insurers⁵. Events are assumed to raise the profile of innovation and encourage increased innovation behaviors. And they do – in the short-term. We frequently hear from clients that, after running their first innovation event, there is a cultural high accompanied by the promise of ideas being taken forward. However it often transpires that the infrastructure or resource is not in place to support growing these ideas. When employees see ideas fading into an awkward silence, it creates an ambivalence towards participating in innovation initiatives in the future. This corresponds to the “democratization” cycle of the insurance innovation rollercoaster, which usually ends when the organization comes to the realization that asking tens of thousands of employees to innovate is no easy task. You can find out more about the [insurance innovation rollercoaster](#) in our blog on this topic⁶.

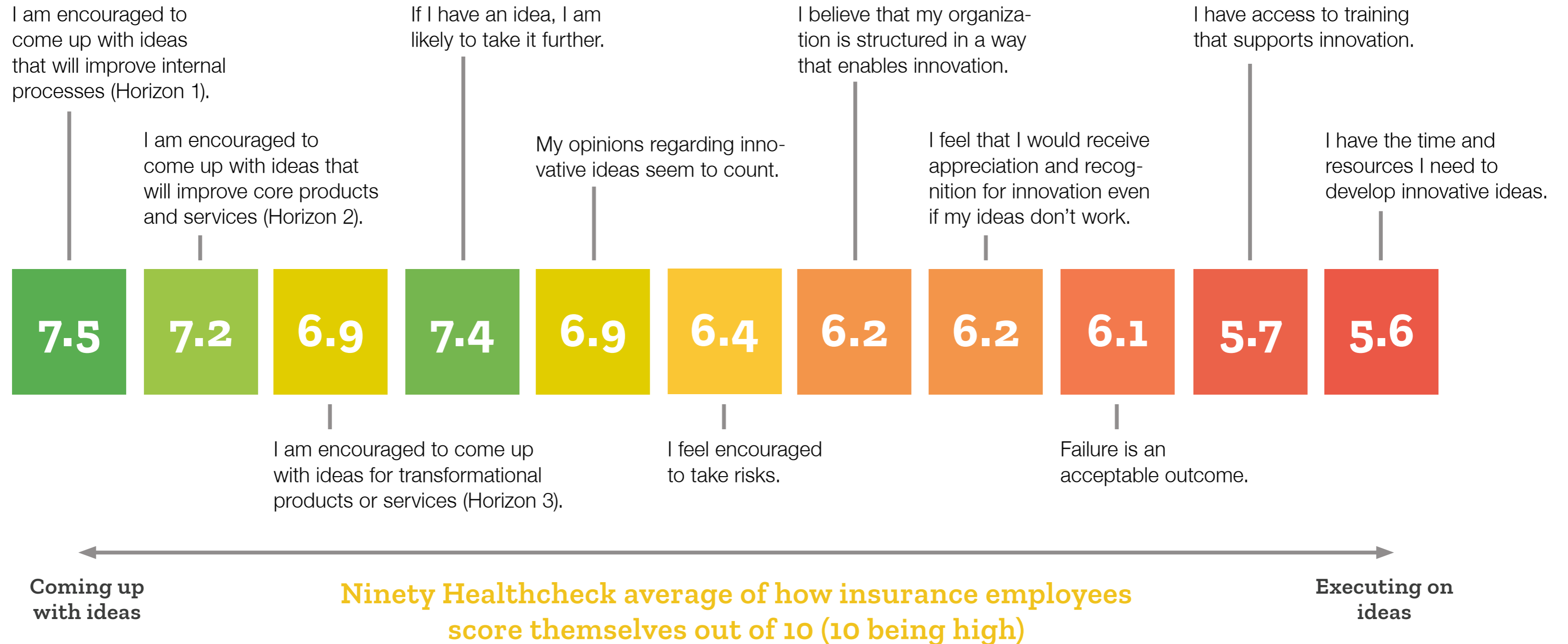
We believe that an emphasis on incentivizing the beginning of the innovation process, without adequate support for the later stages, is a pervasive form of disincentive. The findings of our [Insurance Innovation Healthchecks](#)⁷ with large global insurers map this cycle of encouragement to disillusionment:

5 <https://ninety.com/insurance-innovation-blueprint/>

6 <https://ninety.com/2020/06/25/why-innovation-fails-so-often-in-insurance-the-curse-of-the-rollercoaster/>

7 <https://ninety.com/insurance-innovation-health-check/>

Execution of ideas is the problem; not creativity itself



Source: Aggregated benchmark from Ninety's Innovation Health-

These numbers, built up from surveying thousands of insurance professionals, tell us that idea generation is usually not the problem in insurers. It is other cultural and structural factors that really affect the people dynamic here: cultural unacceptance of failure that makes employees unwilling to put their neck on the line; lack of structure to successfully take forward innovative ideas; and unrealistic metrics for innovation projects like rapid ROI. Over time, if ideas are proposed and not taken forward, a vicious cycle of idea suppression will begin. Ultimately, employees will stop sharing ideas altogether because there is ‘no point’.

One fix for this can be instilling a structure where disincentives to innovation are actively removed. An example is an innovation fund. Innovation funds provide financial support necessary to take forward ideas whilst also investing the idea creator in their success and letting them know that they have explicit permission to pursue the opportunity. Another fix is innovation training. Training equips employees with a greater ability to overcome obstacles to moving an idea forward.

Suggestions to implement incentives, and to mitigate disincentives

As part of the survey, we collated incentive methods from insurance innovators that they had found effective in terms of finding the right balance between innovation and BAU. We have categorized some of the key ideas under the incentive type they relate to:

Incentive	Idea to implement
Events	An innovation event where successful ideas are taken forward by those who suggested them with support from a sponsor/mentor.
Ownership	Giving front line workers the additional responsibility to work on implementing Horizon 1 initiatives alongside the day job, and making it a recognized part of career development.
Opportunities	Part-time/full-time secondments for individuals into innovation teams.
Public recognition	Allowing people to use BAU time to join high profile innovation sessions and publicising the value of their input.
Career development	Offering a structured innovation training program for employees to join.

Data source: survey of 148 innovation specialists in insurance across different geographies

Disincentive	Idea to mitigate
Risk aversion	Reward and recognize ambitious innovation attempts, even if they fail.
Ivory tower	Identify a few key people for each area and give them extensive training so they have the ability to become a catalyst for innovation.
Lack of time and resources	Offshore BAU autopilot activities so more investment and attention can be paid to innovation.
Short-termism	Have people dedicated to running current cash cows and others dedicated to dream up the future cash cows or growth engines of the company.

Data source: survey of 148 innovation specialists in insurance across different geographies

Middle management: the neglected layer

We often see ambition and passion for innovation at top management level (where there is proximity to purpose, vision, strategic perspectives and competitive strategy), and a latent but untapped innovation powerhouse at grassroots level (where there is creativity, customer insight and hands-on ability to deliver change). It's the 'sticky middle' that often puts the handbrake on. Over 50% of those we surveyed felt that this group either probably or strongly inhibited innovation.

“ It's the 'sticky middle' that often puts the handbrake on

In Ninety's view, the structures surrounding middle management often lead them to consider innovation as an inconvenience. We have run innovation events where managers have actively told employees not to take part because it would take resource away from the floor. This is symptomatic of an incentive structure which is geared exclusively towards BAU and the near-term P&L. This is supported in our survey data. When asked what would incentivize middle management to unlock and execute on innovation, over half of respondents mentioned addressing a current lack of incentives for this layer, with the top recommendation being making innovation an essential part of their objectives and remuneration.

Other key points raised (from most to least cited), which will shape behavior in this group included:

- 1. Lack of clear leadership.** We recommend senior leadership establishing what innovation means for their organization, and developing a communications strategy involving all employees.
- 2. Lack of time and resources.** We recommend a cascaded set of objectives that confirm an expectation that time and resource will be spent on innovation; alongside this, a dedicated innovation fund and small innovation support unit can provide specialist input and seed capital.
- 3. Fear of failure.** We recommend introducing different metrics for innovation which allow for failure.
- 4. Lack of empowerment.** We recommend addressing this by giving middle managers accountability for innovation initiatives within their business area.
- 5. Lack of skill set.** We recommend training managers on how and why to innovate, and recruiting with greater diversity from outside the sector.

In summary, incentivization for innovation is essential to drive the right behaviors within organizations. This is particularly applicable for the middle management layer, which is frequently forgotten in innovation initiatives. When it comes to incentivization, factors which draw on intrinsic factors, such as objectives, are more effective than one-off incidents, such as events. Where initiatives like this are used, it's important that they are backed up by structures, including innovation methodologies and training, to ensure that they don't create a cycle of disillusionment.

Mindsets and Culture

In Ninety's view, **methodology without mindset is not enough**. We can impose any system on individuals and they will most likely follow it. Innovation methodologies are designed to encourage iteration, creativity and failure. However, without a culture which promotes adoption of these behaviors, any approach will become slow and linear.

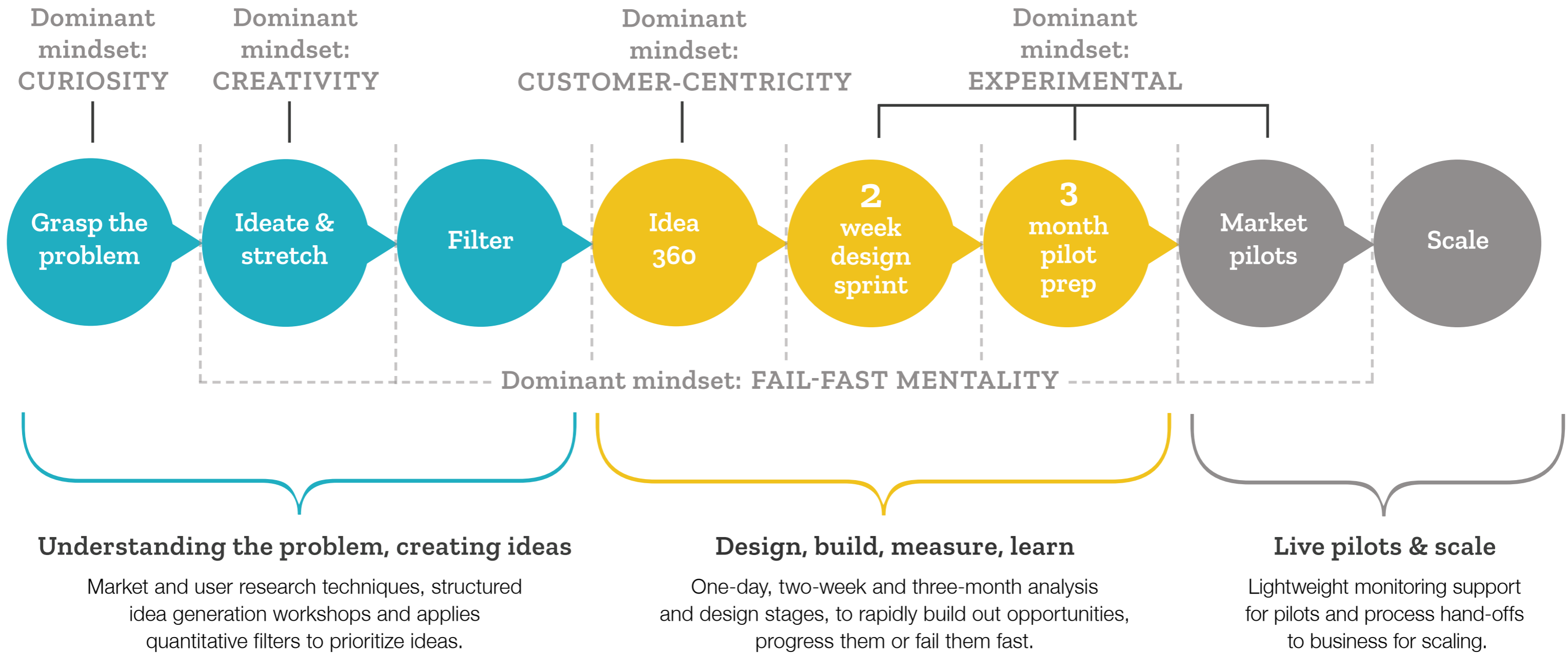
Mindset of an insurance innovator

Our view is that the top five mindsets that need to come together for successful insurance innovation are: curiosity, creativity, customer-centricity, experimental, and fail-fast mentality.

Different mindsets take precedence at different stages of the innovation process:

- 1. Curiosity** is the dominant mindset in the problem stage; because asking why, and listening to what our customers have to tell us, is the first step to identifying a problem area.
- 2. Creativity** is the dominant mindset in the ideation stage; because we must think diversely in order to find an innovative solution.
- 3. Customer-centricity** is the dominant mindset when we begin to develop out our idea; because identifying a customer problem is not enough - we need to ensure that we co-create with them to find a desirable solution.
- 4. Test and Learn** is the dominant mindset when we experiment and pilot; because, as we grow our idea, we must keep learning from our customers and implementing that learning.
- 5. Fail-fast** mentality is essential at every checkpoint in the process; because we must be prepared to fail our idea if evidence suggests it's the right thing to do.

Our **123 FRAMEWORK**TM for new insurance ideas to market in 60 days



In the schematic above, these five mindsets are mapped across the innovation process. This illustrates how important it is to bring in different roles with different strengths. We covered this in our blog on the [Wild West of Insurance Innovation](#). Here, we recommend cultivating a mix of personalities including ‘pioneers’, ‘settlers’ and ‘sheriffs’ when building innovation teams. This enables the flow of mindsets across the development of the solution, leading to better results.

Mindset blind spots: curiosity and customer-centricity

In our survey data, curiosity (47%), and customer-centricity (48%), were the highest ranked character traits for insurance innovators. It is interesting to observe that these characteristics are the highest voted, because both of these mindsets require looking outside of the business. And yet, during the [Insurance Innovation Healthchecks](#)⁸ we run with insurers and in our project work, we have occasion to notice meaningful levels of insularity amongst some insurers. We have trained individuals who have confessed they haven’t spoken to a customer in over 10 years, and it is often the case that ‘front line staff’, such as claims handlers or call center agents, who are the closest to the customer, aren’t consulted for insights/ideas. For example, during a Healthcheck with a large personal and commercial lines insurer, we surveyed customer-facing groups

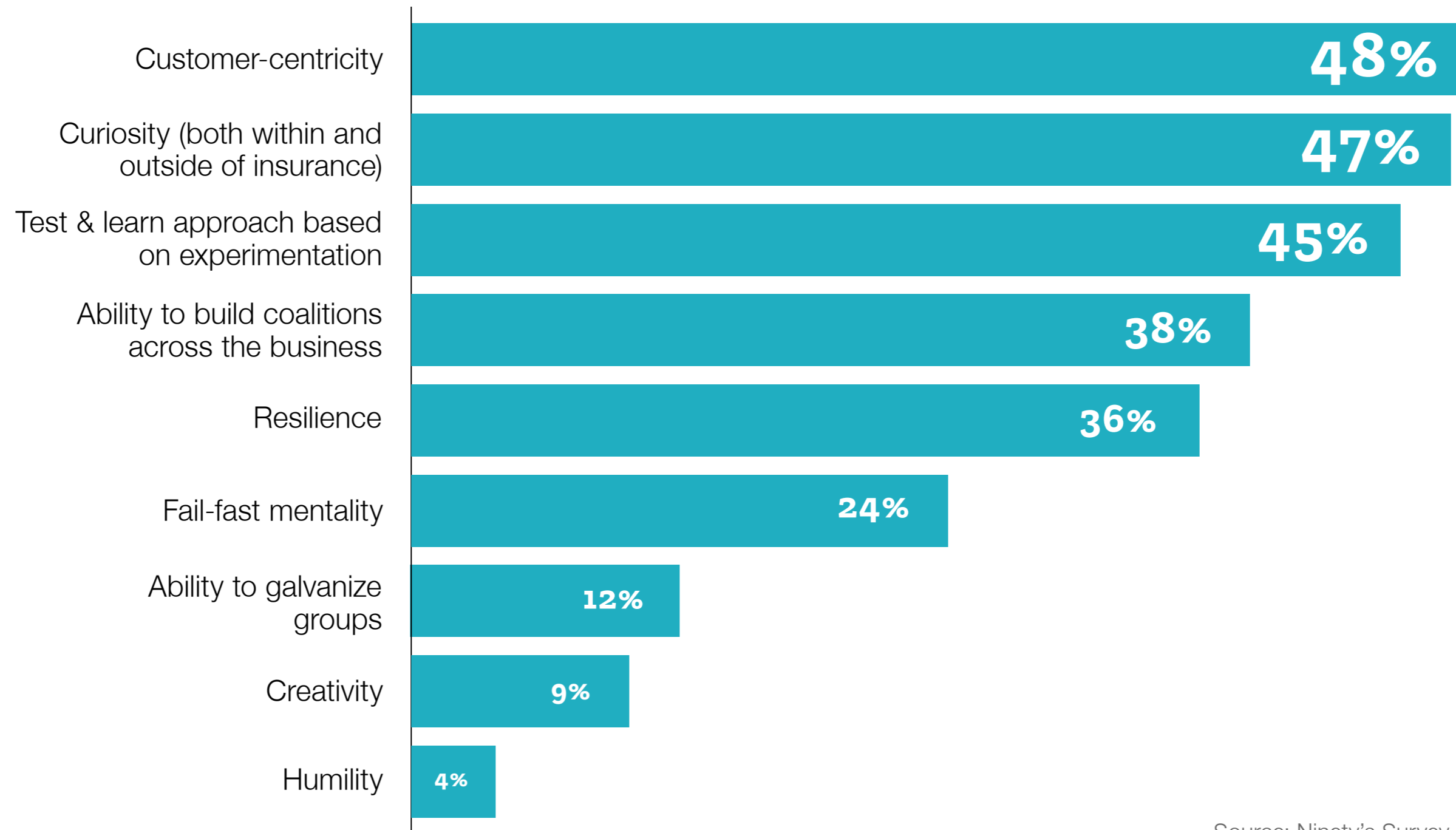
// We have trained individuals who have confessed they haven’t spoken to a customer in over 10 years

and non-customer-facing groups separately. The (often more ‘junior’) customer-facing groups scored meaningfully higher for creativity and encouragement to submit ideas than the (often more ‘senior’), strategic transformation teams. Yet they were being sidelined on innovation efforts, rather than seen as a key enabler. Though insurers appear to recognize the importance of getting closer to customers and looking outside, there is still a dominant trend towards the HIPPO (highest paid person’s opinion), which, at worst, sidelines valuable employee ideas and customer insights in favor of a hunch or buzzword.

To conclude, it could be that we rank curiosity and customer-centricity highly in insurance innovators because they are qualities that we don’t see exhibited frequently within insurers, although they might receive a lot of internal lip service. No company wants to say that they are not customer-centric, or doesn’t pay attention to industry and market trends; but the difference between those who walk the walk and those who do not, will come down to cultivating an internal culture where an external outlook is supported, and staff are encouraged to regularly engage with customers, regardless of their role.

8 <https://ninety.com/insurance-innovation-health-check/>

What is the core **character trait** that you observe in successful insurance innovators?



Source: Ninety's Survey of Insurance Innovators, 2021

Divisional silos create enemies of innovation

Researchers have long touted the benefits of diversity, from decision-making to the ability to innovate, and even improved financial performance⁹. And we've seen first hand that cognitive diversity, defined as "the inclusion of people who have different ways of thinking, different viewpoints and different skill sets in a team or business group"¹⁰, is essential to innovation. This was a key factor recognized within the research, where cross-functional teams were perceived to be more effective than a dedicated innovation resource. Furthermore, 86% of respondents believe that a lack of cognitive diversity definitely or probably impacts their ability to innovate. However, whilst the importance of cognitive diversity is recognized within the industry, there is a gulf between the ideal and the reality. A key component of this, of course, is DEI (diversity, equality, inclusivity), which we will cover in more detail in the Empowerment and Psychological Safety segment of this report.

Our research suggests that business functions were where ideas most frequently get stuck, and divisional silos were ranked the third highest

cultural blocker to innovation (tied with legacy systems)¹¹. Indeed, many of our training participants admit that they intentionally exclude 'difficult' departments (usually cited as legal or compliance), until absolutely necessary because they 'always say no' or 'don't like taking risks'. When we exclude departments that might provide a more sceptical perspective on our idea, we run the risk of creating an echo chamber – only including those who are likely to agree that an idea is a good one, often for the same reasons. This is contrary to the principle of cognitive diversity which welcomes different viewpoints. And it works both ways. In our Insurance Innovation Blueprint report¹², we identified that a 'them vs. us' culture between innovators and the rest of the business, was a key source of angst amongst the 250 major global insurance businesses that formed part of the study. In this scenario, sabotage can occur: traditional business functions don't want 'the innovators', often perceived as arrogant or detached, to succeed. Unwittingly, by excluding these groups and making them feel like enemies of innovation, we cultivate hostility and create silos.

⁹ <https://hbr.org/2018/07/the-other-diversity-dividend>

¹⁰ <https://www.forbes.com/sites/forbescoachescouncil/2018/11/26/the-benefits-of-cognitive-diversity/?sh=73430ac05f8b>

¹¹ The highest rated blocker, governance structures and demand for fast ROI, is not covered in detail here as it is more focused on infrastructure than people and culture. For more analysis, please see Ninety's Insurance Innovation Blueprint report. The second highest ranked - risk aversion - is covered in more detail later in this report.

¹² <https://ninety.com/insurance-innovation-blueprint/>

Where do ideas most frequently get stuck in your organization's structure?

No. 1 Business functions
(e.g. procurement, finance, compliance)

No. 2 Middle management

No. 3 Senior management

No. 4 Other

No. 5 Change functions

There is a perception that insurers fall behind the curve when it comes to innovation. Which part of your company culture is the biggest blocker to innovation?

No. 1 Governance structures and demand for fast ROI

No. 2 Risk aversion

No. 3 Legacy system / Divisional silos

No. 4 IT security and compliance challenges

No. 5 Corporate hierarchy

No. 6 Other

No. 7 Lack of diversity

Source: Ninety's Survey of Insurance Innovators, 2021

At Ninety, we combat this by encouraging groups to include business functions from early in the process. In our experience, involving ‘tricky’ business functions early on and making them feel a part of something different to ‘business as usual’ encourages them to stop saying “no” and start saying “no, but...”. The responsibility for this falls on our shoulders as innovators. Organizations could not function if everyone acted ‘like an innovator’ the whole time. This is especially true for functions such as compliance and legal – if they were to spend their time getting ‘creative’ with regulation, this could lead to huge and disastrous consequences. Instead of writing off individuals in this function because of their BAU responsibilities, when we involve them in an innovative project, we should endeavor to shift their mindset – even for a day, or an hour – to accommodate for their changed role within the project. This comes down to trained practitioners, who are able to understand how to cultivate an innovative mindset in a project setting, as well as being experts in innovation methodology. Most importantly, it requires the building of cultural bridges to create cognitive diversity.

A final thought on mindset and culture

A good communications plan can’t change mindset and culture. At least, not on its own. Industry leaders and researchers argue that **cultural change must start with the actions of senior leadership, rather than words.** Leaders must embody the change in their behaviors first¹³. We have worked with many organizations who have implemented lean / agile / innovative ways of working, yet seen little to no change in the behavior of their employees. That is because structures in and of themselves do not create innovation. We must practise what we preach to achieve success. To become customer-centric, we must empower employees to access customers and know how to get insights from them. To have a fail-fast mentality, we must put structures in place that allow employees to fail and to be celebrated for doing so. Without this, mindsets will not change.

¹³ <https://hbr.org/2017/06/changing-company-culture-requires-a-movement-not-a-mandate?registration=success>

Empowerment and Psychological Safety

Ideas can come from anywhere, at any time; but there's a reason why we tend to have our best ideas in the shower, or driving the car, or walking the dog: we are alone and at ease. In the workplace, it's harder to come up with and develop good ideas. We must establish psychological safety, "a climate in which people feel free to express relevant thoughts and feelings"¹⁴. And we must empower employees to try, learn, experiment, and even fail, if they are to share and build their ideas.

Psychological safety and DEI (diversity, equality, inclusivity)

Earlier in this paper, we spoke of the importance of cognitive diversity for innovation. Diversity of people, not just in terms of professional attributes but also personal attributes, such as class, sex and race, is an extremely important part of this. We tend to see greater innovation maturity and effectiveness in global composite businesses with great diversity of culture, language, background, etc., than we do in single-market monoline businesses, who tend to recruit from the area immediately around their head office – people who went to the same schools, have lived in the same area, etc.

¹⁴ Source: Edmondson, Amy C., and Edgar H. Schein. *Teaming: How Organizations Learn, Innovate, and Compete in the Knowledge Economy*. Jossey-Bass, 2012

Surprisingly, although the importance of cognitive diversity came out strongly in our research, lack of diversity was considered the smallest blocker to innovation within the company cultures of those we surveyed. Does this indicate a gulf between the ideal and the real for the industry? We strongly believe that the insurance industry still has a way to go when it comes to diversity, and this is reaffirmed by statistics for the sector¹⁵. The Covid-19 pandemic, and the leaps it has generated in hybrid and remote working, makes now a timely opportunity to review recruitment structures and hire more diverse talent. As one of the interviewees for our [Inclusivity in Insurance Innovation blog](#) argued: "in some scenarios, you will need to take the active decision to recruit someone that you need to upskill, not because it makes the best financial sense in the short term, but because you want to drive the best long term outcomes in terms of diversity and creating a psychologically safe environment".

However, increasing cognitive diversity by hiring more diverse talent and encouraging cross-functional collaboration is not enough. Psychological safety must be present to make everyone feel not only part of the organizational culture, but also part of its future.

¹⁵ <https://www.spglobal.com/en/research-insights/featured/diversity-in-insurance> ; <https://www.insurancebusinessmag.com/uk/news/columns/insurance-industry-why-excuses-for-lack-of-diversity-dont-wash-anymore-226112.aspx>

Inclusive design is a key part of this. For example, we led an innovation re-design at a large global insurer. The key workshops were attended by 15-20 middle-aged white men. In one case, a woman sat in a corner - the assistant to one of the senior team, and only there to organize refreshments. Similarly, when a female Ninety representative attended a Future of Lloyd's consultation on diversity, standing in for a male colleague, she found herself the only woman in the room. This room had brought themselves together to discuss diversity, among other topics, without having invited any diverse representatives to the table in terms of gender.

These examples make for difficult reading, and we recognize this as a widespread, industry issue that we each need to play a part in resolving. They are examples of behaviors contrary to the principles of inclusive design. When developing a product or service, users tend to have a range of backgrounds and perspectives, and we incorporate their diverse needs and insights in that development. It should be the same for innovation and culture design. While trying to develop a company that is better suited for equality, you need that insight. It will help you reach a different perspective when approaching risks and innovation challenges, and will help you find solutions that maybe you hadn't thought about.

In our [Inclusivity in Insurance Innovation](https://ninety.com/2021/06/15/inclusivity-in-insurance-innovation/) blog¹⁶, we built on this argument to talk about the importance of making sure that collaborative spaces and experiences are physically and psychologically safe. To achieve this goal, there is a need to increase the proportion of counter-stereotypical people in leadership positions and create inclusive groups (for example, by designing for diversity of perspective and experience and introducing

¹⁶ <https://ninety.com/2021/06/15/inclusivity-in-insurance-innovation/>

unanimity rules or political correctness norms). As part of this, employees must learn about the importance of psychological safety and how they might encourage greater psychological safety in workshops and meetings that they run. Even simple actions, such as enforcing equality of turn-taking in a workshop, or stating that all ideas and perspectives are welcome at the outset, can make a difference.

Risk aversion and employee empowerment

Of all the mindsets that Ninety's training teams teach our insurance clients, fail-fast is the one that gets cited the most as a problem. Many participants feel paralyzed by the attitude towards risk at their organization, which deters them from coming up with and pursuing innovative ideas. This is reflected in the survey data, with risk aversion coming out as the second biggest cultural blocker to innovation. We believe that the issue here is one of narrative. Employees are often given the message that innovation is risky, when, really, the opposite is true. **Innovation is a protection against the biggest risk that insurers face – the future.** And failing ideas fast allows us to save time and money on opportunities that just aren't right. Changing the story that we tell employees is a first step towards empowering them to innovate.

Another connection between risk aversion and employee empowerment is the systems that exist surrounding innovation within organizations. What we have seen through our [Insurance Innovation Healthchecks](https://ninety.com/insurance-innovation-health-check/)¹⁷, is that even small Horizon 1 innovations may be accompanied by an extensive approvals structure and require dozens of people to get involved

¹⁷ <https://ninety.com/insurance-innovation-health-check/>

before they can move forward. Ultimately, this leads to the perception that pursuing an innovative idea is simply not worth the effort, and that individual employees are not trusted to make decisions.

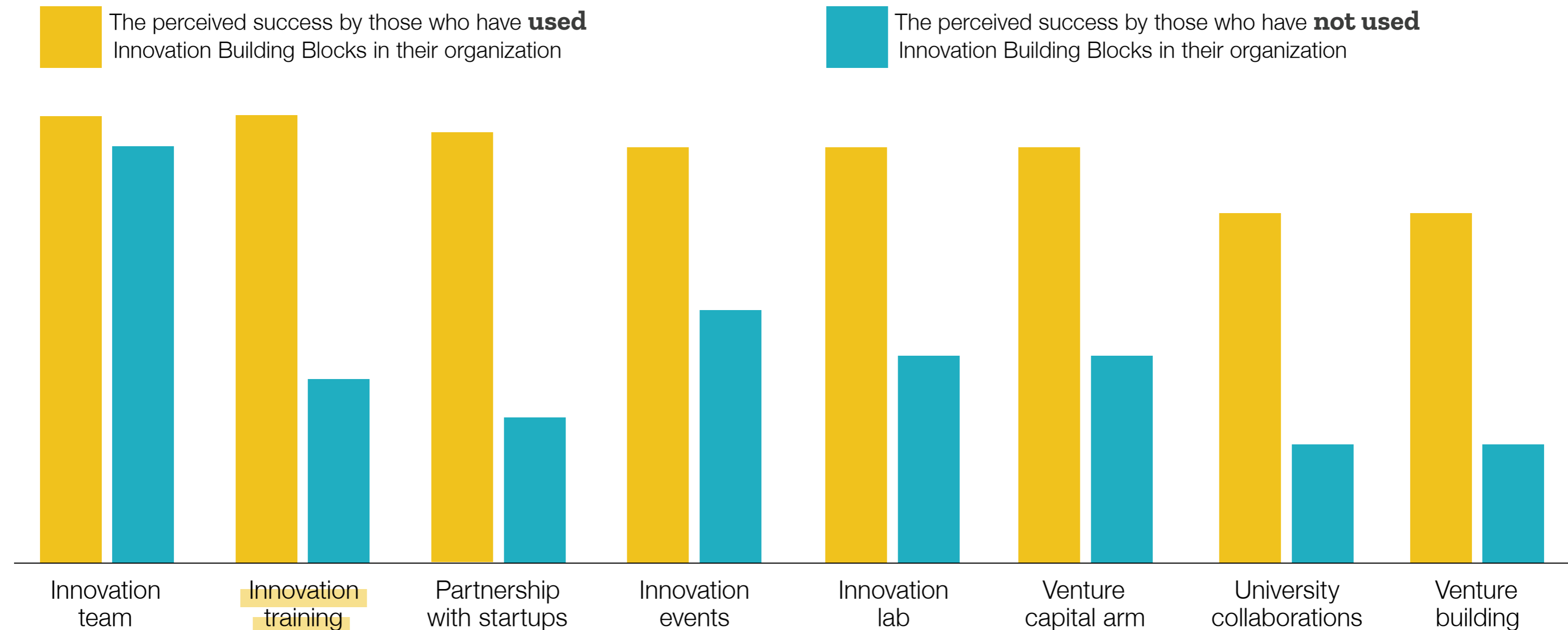
A final factor impacting employee empowerment is short-termism. Our Healthcheck data across insurers shows that people are often encouraged at grass-roots level to submit Horizon 1 ideas, but very seldom beyond that. By contrast, in lab-type settings, people are asked to submit Horizons 2 and 3 ideas, but may not be properly incentivized to push into the higher horizons, except where a venture build setting exists, with meaningful equity for founding teams, etc. This discrepancy is exacerbated by the emphasis that tends to get placed on 'tip of the iceberg' innovations - big Horizons 2 or 3 projects - whilst little airtime is given to meaningful Horizons 1 and 2 initiatives. Feeling empowered only to pursue low-level innovation, which may not even be recognized as such within the business, reinstills the idea that innovation is the preserve of some and not others.

In our work, we've seen several things be helpful in cultivating employee empowerment:

1. Try changing the narrative around risk and innovation within your organization to make it clear that neglecting innovation is risky, rather than the other way around.
2. Try communicating a wider organizational definition of innovation, encompassing both innovation with a lower case 'i' (tactical / core innovation), and Innovation with a capital 'I' (disruptive / radical innovation).
3. Try generating a separate process which allows innovative ideas to meet different levels of rigor and deliverables to BAU projects.

The importance of training

We asked insurance innovators what Building Block (activities & methods to encourage innovation) they were using and how successful they thought they were.



Source: Ninety's Insurance Innovation Blueprint, 2020

Ninety believes that innovation training is highly important when it comes to employee empowerment. Training is the armor that we give employees to enter the fray. It symbolizes that the organization both trusts and expects them to practise innovation. This perspective was ratified by our Insurance Innovation Blueprint report: we captured data on how respondents perceived the effectiveness and success of different innovation initiatives. Participants were asked to reflect on how successful they believed these initiatives to be, based on their experience. Innovation training scored the second highest amongst those who had direct experience of it being deployed within their

organization (second only to having a dedicated innovation team). Almost two-thirds of those who had implemented this capability described it as 'successful' or 'very successful'. However, it is one of the least commonly used tools for innovation, overlooked by the majority of primary carriers and reinsurers, and used sporadically by brokers¹⁸. In our view, **innovation training remains a missed opportunity for a large proportion of the sector.** Come and [talk to our training specialists](#) to find out what models are in place, and what approaches work best, both for specialised learning outcomes, and for more widely democratized culture-building.

¹⁸ <https://ninety.com/insurance-innovation-blueprint/>

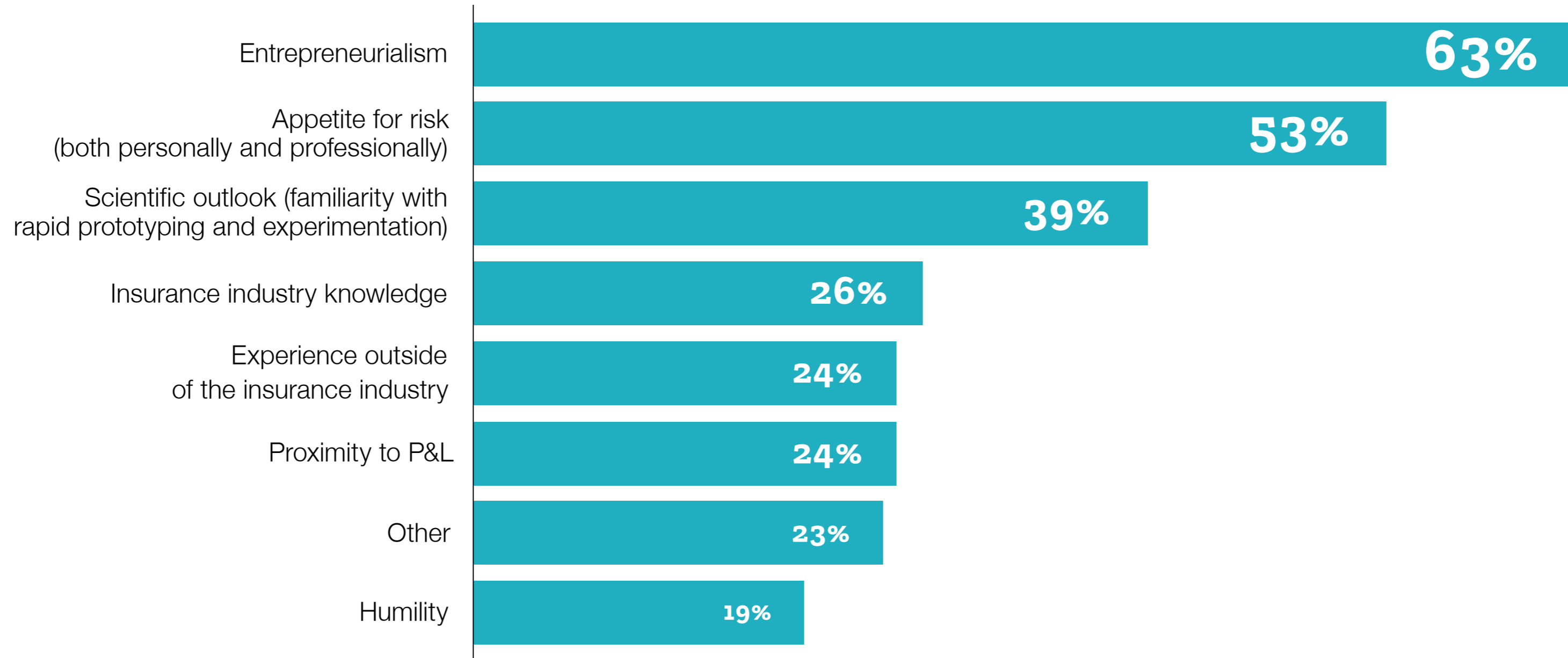
Individual Experience and Personality

What is the DNA of an insurance innovator? There is no single mold, and mindset here is just as important - if not more important - than background or prior insurance experience. The ability not to be assimilated into the organizational culture whilst also understanding the needs and personality of the organization; the skill of facilitation; and the capacity to challenge with humility, are all essential characteristics to develop.

An external perspective

We believe that the key value of an insurance innovator is to bring a new approach and perspective, and the ability to stand aside from the organizational context. We saw this expressed in the drive towards the externally-facing characteristics of curiosity and customer-centricity in an insurance innovator, as mentioned earlier in this report. This is echoed in **the characteristics considered most desirable in a Head of Innovation: entrepreneurialism and appetite for risk.**

What characteristics are most important in an effective Head of Innovation?



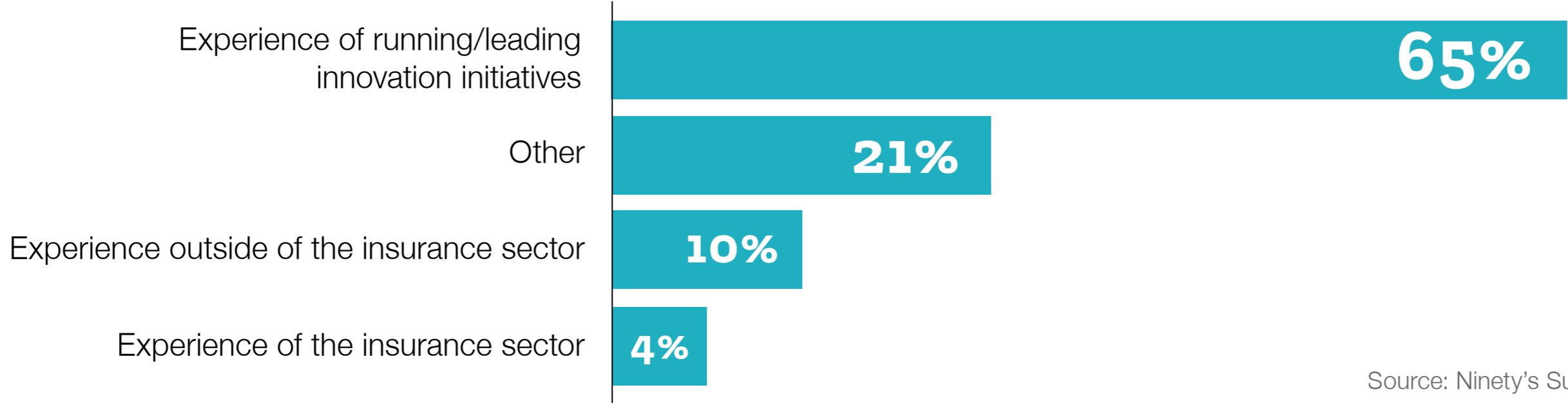
Source: Ninety's Survey of Insurance Innovators, 2021

This emphasis on an external view inevitably raises questions about prior experience and background. In the survey, respondents were firmly leaning towards innovation experience being the most important factor for hiring for an innovation role, with insurance experience as the least important. The research of Astebro et al, which we cited as part of our Insurance Innovation Blueprint report, suggests this is the right approach, since people with broad cross-sector experience are more

creative, while those with deep experience in a specific sector are more skilled at commercializing those ideas and getting them to market¹⁹. An example from the industry is Brit Insurance, where, when building an innovation team, they deliberately hired exclusively from outside of the insurance industry. They then seconded in ‘intrapreneurs’ with specific technical capabilities to assist with product development.

¹⁹ Astebro, Thomas B. and Yong, Kevyn, *Invention Quality and Entrepreneurial Earnings: The Role of Prior Employment Variety* (December 31, 2015). HEC Paris Research Paper No. SPE-2016-1129. Available at SSRN: <https://ssrn.com/abstract=2709622> or <http://dx.doi.org/10.2139/ssrn.2709622>

What do you look for in a candidate when you hire someone into a role which will involve innovation?



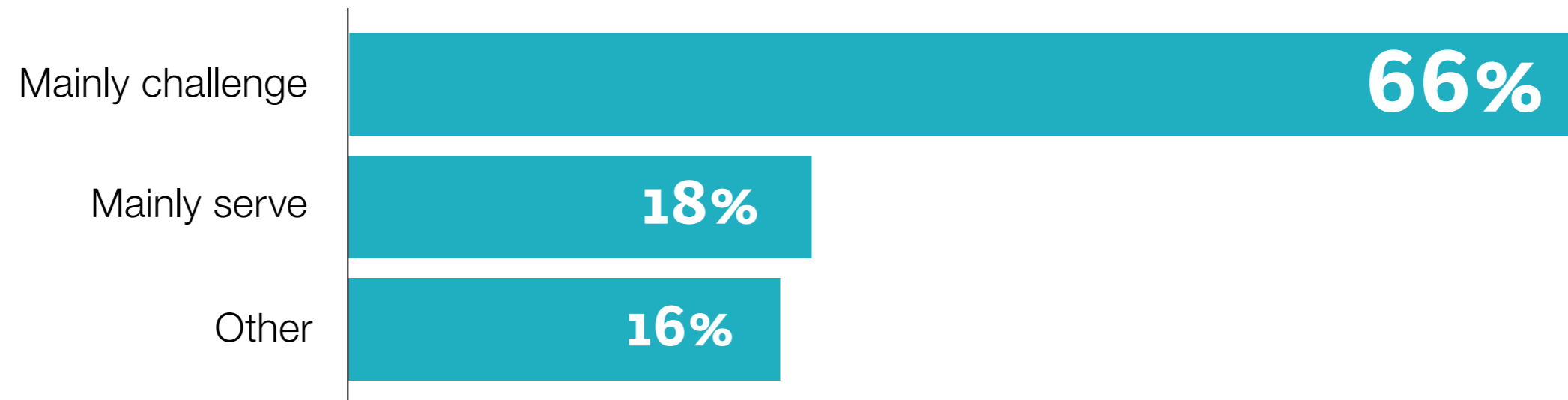
Source: Ninety's Survey of Insurance Innovators, 2021

In our view, this evidence all points towards the deficit of a particular type of individual within insurance companies: the facilitator. Insurers are full of talented technical experts. Often, what is missing is the facilitator role – individuals who are able to step back, galvanize relationships, and move things forward. When we train individuals to facilitate innovation activities, we explain that detailed knowledge of the insurance aspects of an idea is not a prerequisite for effective facilitation. The facilitator is a guide through the innovation process, expert in bringing together technical forces to reach an outcome.

Challenging with humility

The picture that we've painted of the insurance innovator is someone who is not fully assimilated into company culture and uses this to push against 'the way that things have always been'. This is reaffirmed by the survey data, which showed that, by and large, we expect our innovators to challenge over serving the organization.

Should innovators, in your view, serve or challenge the organization?



Source: Ninety's Survey of Insurance Innovators, 2021

However, it is essential that insurance innovators bring humility to this approach. As came through in the verbatims to this question, the true role of the innovator is to “serve through challenging”. This means putting aside egotistical desires to challenge for challenge’s sake and instead reaching towards solving real problems with appropriate solutions, balancing customer and business needs. It requires recognition that

innovation is not just the most radical and risky ideas. This means that for Horizon 1 and most of the Horizon 2 ideas – the innovators should serve the business. They should be building solutions that directly serve and benefit the business, with the business setting the priorities. Beyond that – for high Horizon 2 and into Horizon 3 ideas, they should be challenging.

Conclusion: the Perfect Insurance Innovator

Taking what we have learnt from our extensive experience and research into the sector, what picture would Ninety paint of the perfect insurance innovator? The perfect insurance innovator is someone who:

1. Has innovation built into their objectives

And has been equipped with the skills and structures to make good on them.

2. Thinks outside of the industry

And understands that insularity will lead to irrelevance.



3. Challenges with humility

And is able to balance the ability to challenge with a ready accountability to the needs and culture of the organization.

4. Brings together diverse teams

And understands that innovation is not just about leveraging 'the innovators' but embracing a variety of backgrounds in innovation work, even the 'dreaded compliance team'.

5. Is trained in both innovation methodology and mindset

And recognizes that everyone can be innovative, but not everyone needs to be an innovator all of the time.

What's next?

The perfect insurance innovator is not a mythical creature. There are probably many such individuals within your organization; perhaps you already know who they are, perhaps you don't. What these individuals need is the skill set to make a change, and the empowerment to do so. And there's never been a better time. On the one hand, we are still navigating the future of work following a global pandemic that has thrown working arrangements and innovation priorities into disarray, closing some doors and opening others. Employees should be fundamental to what their organization looks like as we emerge on the other side. On the other hand, Covid-19 has put a bigger spotlight on culture than ever before. At the time of writing, 41% of the global workforce is considering leaving their current company in the next 12 months. That's even higher for Gen Z, at 54%¹⁹. **People will not stay where they do not feel they belong. Innovation, and making innovation accessible, is a big part of belonging; making employees feel empowered and part of the company's future.**

Ninety are experts in building insurance innovation capability across insurance classes and countries, through training and L&D programmes, rapid insurance idea development, and strategic innovation planning. If you'd like to discuss the findings of this report, or learn how we help develop insurance people and cultures for innovation effectiveness, please get in touch with the authors of this report.

// The perfect insurance innovator is not a mythical creature. There are probably many such individuals within your organization

¹⁹ Work Trend Index: 2021 Annual Report.

About the authors



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