In the insurance industry, social good is prioritized with shareholder value

The insurance industry has an opportunity to get more creative about how it engages its people and contributes to the community.

By Anthony Markel | December 05, 2019 at 12:00 AM

Successful companies are, by definition, good corporate citizens. (Photo: Shutterstock)

Since the Business Roundtable was founded in 1972, this group of CEOs has released a number of statements about fiscal and public policies that affect the country's largest companies. This August, however, it issued one that is a complete game-changer for how corporate America will operate in the future. They said their commitment to customers, employees, suppliers and communities will be just as important as pleasing shareholders.

While many businesses will have some game planning to do to level the playing field, the insurance industry — which has been focused on social good for years — has an
opportunity to use its head start to get even more creative about how it engages its people and contributes to the community through volunteerism and charitable giving.

In this tight talent market, that will be music to the ears of the younger generations who are choosing their careers based largely on where they can make a difference through both work and community service.

**Making a commitment**

Successful companies are, by definition, good corporate citizens. We, at Markel Corp, have taken this responsibility seriously for many years. Our peers in the industry, too, have made giving back to the community a priority, including partnering with the Insurance Industry Charitable Foundation (IICF), which unites the collective strengths of the industry in providing grants, volunteer service and leadership.

Forty years ago, we penned our culture statement called the “Markel Style” to guide the way the firm operates and treats its social commitments. In part, it says: “Our pledge to our shareholders is that we will build the financial value of our company. We respect our relationship with our suppliers and have a commitment to our communities.”

That commitment allows our associates to be generous with both their time and money, and the company supports their efforts on behalf of more than 100 local, regional, national and international charities. Recent contributions have aided medical research, hunger relief agencies, schools, inner-city youth, hospice organizations, veterans, the arts and victims of natural disasters.

For many years, this charitable focus of the business, although practiced, was mostly unspoken. But over time, industry leadership has realized the value of these opportunities and has added information to websites and other company materials to show existing and prospective employees what we can accomplish together.
The draw of social responsibility

In addition to the Business Roundtable’s new modern standard for corporate social responsibility, there are other factors that will continue to prompt insurers to get creative in their efforts to be good corporate citizens. Local governments, for example, particularly in cities with growing populations, are increasingly experiencing pressure to control costs, while the number of people in need of assistance continues to grow. Insurers can be a vital part of public-private partnerships that help with medical research, homelessness, poverty and more.

On the recruiting side, employees of the millennial and Z generations want to work for companies that are socially aware. Consider these findings from a Cone Communications employee engagement study:

- 75% of millennials would take a pay cut to work for a socially responsible company;
- 76% of millennials consider a company’s social and environmental commitments before deciding where to work; and
- 64% of millennials won’t take a job if a potential employer doesn’t have strong corporate responsibility practices.

A social consciousness can also have a positive impact on a company’s bottom line. According to the Center for Creative Leadership, studies have found that corporate social responsibility is tied to increased purchase behavior, superior customer satisfaction, and a higher firm market value, which translates into increased profitability. And studies have shown that corporate giving can be an effective means of encouraging employees to improve their performance at work.

Getting creative

In my experience, insurers that have the strongest community engagement policies have buy-in at the highest levels of leadership. Many top insurance executives contribute personally to universities, nonprofit associations and religious organizations. But, beyond making monetary contributions, they also have skin in the game.
Take members of Markel’s leadership team, for example. Steve Markel, individually, took responsibility for building a new grocery store in Richmond, Virginia, where residents were poorly served. In addition, he continues to be a major contributor to the expansion at Virginia Commonwealth University. Alan Kirshner formed the Partnership for the Future 20 years ago, which is an initiative that exposes inner-city high school students to the business community and helps 95% of them attend college. Under Alan’s direction, the firm’s leadership has been instrumental in starting and growing the Faison Center in Richmond that gives children with autism a cutting edge opportunity at education and life skills.

While these are some examples of more creative initiatives, a simple employer two-to-one or three-to-one match for contributions can go a long way toward inspiring employees to give and toward making a difference in the community. These days, employees are increasingly seeking opportunities where they can combine their social consciousness with what they do 9-to-5. Making it easy for them to participate in these opportunities allows employees to see that their employer supports their values and has strong values of its own.

As baby boomers continue to retire in waves and younger talent assumes a greater share of the workforce, this new philosophy of putting community commitment on par with shareholder returns will be attractive to the workforce of the future. Now, it’s up to insurers to maintain their forward-thinking approach to the social good so that the next time the corporate responsibility goalposts are moved we’re at first and 10 and not fourth and long.
Anthony Markel is vice chairman of Markel Corp., a holding company for insurance, reinsurance and investment operations around the world. The firm will be recognized by the Insurance Industry Charitable Foundation for its influence in the industry and impact in the community at the annual Northeast Benefit Dinner in December. Among his charitable endeavors, Markel chaired the City of Hope Centennial Campaign, which raised more than $1 billion for cancer research and continues to support the Markel-Friedman Foundation for Ovarian Cancer Research at the City of Hope. The Susan M. Markel Veterinary Hospital of the Richmond SPCA is named in honor of his late wife. In addition, he is actively involved with a charity that his brother started called Operation Healing Forces, which provides week-long therapeutic retreats for wounded special operators and their spouses. Opinions expressed here are the author’s own.