

Navigating Challenges and Triumphs: Black Professionals in Insurance

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September 1, 2023

Insurance is an arrangement wherein a company or government agency offers a guarantee of compensation for specified losses, damages, illnesses, or death in exchange for a paid premium. ¹However, a concern arises: what happens when individuals not only lack access to this essential assistance but are also systematically denied opportunities? This reality has been an enduring struggle for African Americans throughout history, marked by exclusion from insurance, discriminatory practices, and numerous barriers hindering economic progress. This paper aims to shed light on this troubling history while celebrating the resilience of pioneers who navigated these obstacles, all while advocating for greater inclusivity and diversity within the insurance sector.

In the world of property insurance, we often think of safeguarding homes and cars. But behind this seemingly ordinary concept lies a chilling truth. For African Americans, the origins of property insurance are intertwined with a painful past—a time when they were treated as property themselves. In the days of slavery, the very existence of Black individuals was reduced to mere commodities. To illustrate this, consider the infamous Zong trial in 1781. The captain of the Zong, a Liverpool slaver, threw 132 living slaves overboard, believing insurance would cover the loss when provisions ran low.² The court ruled in favor of the owners, allowing them to receive compensation for the lost slaves. However, the trial itself highlighted the devaluation of enslaved lives and how insurance policies at that time did not fully recognize their worth. The captain's actions were motivated by the belief that insurance would cover the loss, but it was the legal system's ruling that granted the payout. Next, after the Civil War, a glimmer of hope emerged for African Americans with General William T. Sherman's Field Order 15, which

¹ "Definition of insurance," Oxford English Dictionary, s.v. "insurance."

² Pearson, Robin, and David Richardson, "Insuring the Transatlantic Slave Trade," *The Journal of Economic History* 79 (2019): 1-30.

promised 40 acres to each family of the formerly enslaved, a proposal now famously known as "40 acres and a mule." The order aimed to provide a path toward economic self-sufficiency and land ownership for the newly freed population. However, this promise was short-lived.

Following President Abraham Lincoln's assassination, President Andrew Johnson rescinded Field Order 15, denying African Americans the opportunity to secure the land they had been promised.³ This denial of land ownership had profound implications for the access of property insurance for African Americans. Without the ability to own land, they could not enter the discussion of insurance coverage for their homes, businesses, and property. Denied the opportunity to accumulate property and wealth, Black individuals were further marginalized within the insurance industry. How would African Americans overcome these challenges? Finally, in the quest for rebuilding their lives and securing resources after the denial of land ownership, African Americans found hope and support through the emergence of mutual aid societies. These organizations, formed by community members pooling their resources, played a vital role in providing financial support and assistance to their members in times of need. While the societies provided crucial support to African Americans in safeguarding their homes, businesses, and property, they had their limitations. These organizations offered financial assistance but fell short in providing comprehensive insurance coverage. As African Americans acquired land and property, discriminatory practices persisted, posing significant barriers to accessing insurance. This left them vulnerable to uncertainties without adequate protection. The struggle for equal opportunities in insurance extended beyond property insurance.

Profound historical injustices become evident when we examine the laws and practices that were not only discriminatory but blatantly so. These include Jim Crow laws, Federal

³ Nadra Kareem Nittle, "The Short-Lived Promise of '40 Acres and a Mule'," HISTORY, November 2022.

Housing Administration (FHA) guidelines, and The McCarran-Ferguson Act (1945). Moreover, it is essential to recognize the challenges from the lack of representation, inadequate outreach, and need for cultural competency training within the insurance industry. During the Jim Crow era, life insurance discrimination against African Americans was painfully common, with companies like Prudential undervaluing their policies, impacting financial security. Similar discriminatory tactics were employed by other insurers, charging higher premiums based on segregated mortality tables.⁴ These practices were often justified using "Scientific racism," a flawed ideology attributing differences to race rather than socio-economic factors. These justifications perpetuated racial stereotypes, leaving the African American community at a disadvantage and reinforcing systemic racism in insurance. Shifting to the FHA, we find discriminatory practices such as redlining.⁵ This involved marking areas where non-white families lived with red lines, denying access to FHA-insured mortgages and limiting homeownership for minority households. The ripple effects were severe, leading to disinvestment in black communities, economic hardships, and restricted access to insurance and financial services. The legacy of redlining persisted long after its rejection, upholding racial inequalities in housing and insurance. Turning our focus to The McCarran-Ferguson Act (1945), it granted states control over insurance regulation.⁶ The act unintentionally enabled discriminatory practices, deepening challenges faced by African Americans due to systemic racism and segregation. Preserving state control hindered equitable access to comprehensive insurance coverage, further contributing to financial disparities.

⁴ William G. Gale, Kyle D. Logue, Nora Cahill, Rachel Gu, and Swati Joshi, "Racial Discrimination in Life Insurance," Law & Economics Working Papers, 2022.

⁵ D. J. Reiss, "The Federal Housing Administration and African-American homeownership," SSRN, April 18, 2017.

⁶ NAMIC, "The mccarran-ferguson act" n.d.

Following the research aforementioned, personal experience has found outreach to be inadequate and in need of change. During my internship at Arch Re in summer of 2023, I could not help but notice the glaring underrepresentation of Black professionals not only among interns but also within the office where I was stationed. In a workplace where diversity should be celebrated, I recall having just four other Black coworkers in the Hartford office consistently. Furthermore, when I had the opportunity to visit other Arch Re offices in cities like Boston and New York City, my observations remained consistent; there were only a handful of Black individuals. These experiences were a striking reflection of the broader statistics in the insurance industry. Nationally, the most common ethnicity among underwriters is White, accounting for a staggering 72.7% of all underwriters, while only 9.6% are Hispanic or Latino, and a mere 9.2% are Black or African American.⁷ This data underscores the pressing need for immediate action to address the industry's diversity and inclusion gaps, which are indicative of inadequate outreach efforts. For instance, at the intern conference I attended, out of about 40 interns, only 3 total were Black, highlighting the clear lack of outreach to diverse talent pools. It is imperative for the insurance industry to reevaluate its recruitment strategies and engage in proactive efforts to attract, retain, and support professionals from underrepresented backgrounds, ensuring that it reflects the rich tapestry of our society and offers equal opportunities to professionals from all walks of life. Cultural competency is important as well, and there has been a lack thereof in the insurance industry. It facilitates effective collaboration among individuals from diverse backgrounds, enabling smoother and more efficient communication. This significance becomes especially apparent due to the nature of insurance, involving client interactions and community engagement. By fostering an understanding of various cultural norms, cultural competence

⁷ "UNDERWRITER DEMOGRAPHICS AND STATISTICS IN THE US," Zippia.

enhances teamwork within the workplace, leading to a reduction in misunderstandings and smoother interactions. Skills such as active listening, empathy, and adaptability come into play, contributing to the functioning of teams. Furthermore, the adoption of cultural competence within an organization contributes to amplified job satisfaction, as employees hold organizations' commitment to diversity, equity, and inclusiveness in high regard.⁸ Moreover, cultural competence offers substantial benefits for the productivity of diverse teams, as noted in the same source. Developing this skill encompasses elements such as adopting a diplomatic mindset, continually enriching one's understanding of different cultures, demonstrating cultural reasoning, and proactively engaging in intercultural interactions. Prominent corporations like Unilever, Merck, and Accenture exemplify the significance of cultural competence through their integration of this approach into their strategies, underscoring its pivotal role in establishing a workplace culture that champions inclusivity.⁹ The infusion of cultural competence within the insurance sector could carry a profound impact. It serves to enhance collaboration, elevate job satisfaction, and invigorate team productivity. As the business increasingly recognizes its value, the insurance industry's adoption of cultural competence stands to have positive transformations, creating an environment where diversity is embraced and dynamics flourish. In conclusion, as we have delved into the historical injustices faced by African Americans, from the oppressive Jim Crow laws to discriminatory practices such as the Federal Housing Administration (FHA) guidelines and The McCarran-Ferguson Act (1945), it becomes evident that the struggle for racial equality has deep historical roots. Moreover, we have also shone a light on the pressing issues within the insurance industry, including the lack of representation, inadequate outreach,

⁸ USC, "Psychological Benefits of Cultural Competence for Employees: USC Online," USC MAPP Online, April 11, 2023.

⁹ USC, "Psychological Benefits," April 11, 2023.

and the critical need for cultural competency training. Acknowledging these challenges is the first step toward fostering a more inclusive and equitable future, where diversity is not only celebrated but also integrated into our society, including the realm of insurance.

While it is true that African Americans have encountered significant challenges within the insurance sector, it's worth noting that a select group of influential individuals from the African American community have not only navigated these obstacles but also played a crucial and transformative role in shaping the trajectory of the industry. These individuals, driven by their determination and innovation, navigated the hurdles of discrimination and actively worked to bring about positive change. Through their significant contributions, they not only established their presence within the field but also set the stage for increased diversity, inclusivity, and advancement. Let us explore the narratives of these remarkable individuals and uncover the profound impact they have had on the world of insurance.

Among these notable figures, the journey of Charles Clinton Spaulding stands as testament to the potential of perseverance. Spaulding's trajectory began in the late 19th century. Overcoming challenges as a dishwasher and office boy, he rose to leadership within the North Carolina Mutual and Provident Association, extending insurance access to marginalized communities.¹⁰ Established in Durham, North Carolina, the North Carolina Mutual Life Insurance Company initially collected modest commissions. However, it eventually became the largest African American-managed financial institution in the United States. Spaulding's legacy embodies the spirit of progress and change that can arise from individual dedication. Amidst the exploration of noteworthy figures who have shaped the insurance industry, the remarkable journey of Minnie M. Cox stands out. In the early 20th century, Minnie Cox emerged as a

¹⁰ Emmanuel Stocker, "Spaulding, Charles Clinton," NCpedia, 2013.

trailblazer in insurance, navigating the challenging intersection of race, gender, and class. Living in a time of discriminatory practices, Cox's visionary leadership led to the establishment of the Mississippi Beneficial Life Insurance Company in 1908. Her company became a pivotal milestone, offering fair policies to African-Americans and reshaping the industry norms. Cox's commitment and strategic decision-making allowed her to overcome adversities and elevate her company to prominence. By 1923, the Mississippi Beneficial Life Insurance Company had become the third-largest black-owned insurance firm.¹¹ Her story underscores the transformative power of determination in the face of systemic challenges, providing inspiration not just for aspiring black professionals but specifically for black women in the field. Cox's accomplishments challenged deeply ingrained stereotypes, serving as a testament to the incredible potential that exists within this unique intersection of identity. For aspiring black women professionals in the insurance sector, Minnie Cox's legacy serves as a beacon of hope and empowerment. Her journey reinforces the idea that through unwavering dedication, expertise, and unrelenting perseverance, even the most formidable barriers can be overcome. It encourages black women to believe in their own capabilities and the invaluable perspectives they bring to the industry. Cox's story, especially when considering the specific challenges faced by black women, reminds us of the inspirational stories and outstanding achievements of individuals who pave the way for others. Her life's work has left an indelible mark on the insurance industry, demonstrating that inclusion and equity are not just aspirations but achievable realities for black women. Minnie M. Cox's enduring legacy continues to inspire generations of black women professionals, affirming that they too can make exceptional contributions and help shape the

¹¹ Shennette Garrett-Scott, "To Do a Work That Would Be Very Far Reaching: Minnie Geddings Cox, the Mississippi Life Insurance Company, and the Challenges of Black Women's Business Leadership in the Early Twentieth-Century United States," *Enterprise & Society*, Cambridge University Press, May 2, 2016.

future of their chosen fields. Finally, from our exploration of notable figures directly involved in the insurance industry, it is essential to recognize the profound impact of allies who, although not directly engaged in insurance, contributed significantly to the advancement of black individuals. The ally of particular interest to cover is philanthropist Julius Rosenwald, known for his pivotal role in transforming education for African American communities through initiatives like the Rosenwald school building program.¹² His unwavering commitment to social progress and educational uplift showcases the power of allyship in fostering change. The establishment of Rosenwald Schools across the segregated South not only elevated educational opportunities but also potentially played a role in expanding avenues for economic empowerment. By fostering a more educated population within African American communities, these schools may have indirectly contributed to increased access to various professional fields, including opportunities within insurance, as heightened education could have enabled individuals to engage in a wider range of professions and industries. This notion aligns with the journey of black professionals in the insurance sector, who, like the beneficiaries of Rosenwald's educational initiatives, have navigated challenges and harnessed education as a tool for empowerment. In both contexts, education emerges as a cornerstone, paving the way for progress and triumph over adversity, all under the guiding light of a dedicated ally like Julius Rosenwald.

In the pursuit of justice and equality, a series of laws have been implemented to combat discrimination against African Americans within insurance. These laws have not only sought to rectify historical injustices but also to foster a more inclusive and equitable future for all. First, The Civil Rights Act of 1964. Title VI of the Civil Rights Act of 1964 prohibits discrimination

¹² Rebekah Dobrasko, "The Rosenwald Schools: Progressive Era Philanthropy in the Segregated South (Teaching with Historic Places) (U.S. National Park Service)," National Parks Service, U.S. Department of the Interior, 2015.

based on race, color or national origin in programs or activities which receive federal financial assistance.¹³ It ensures that African Americans and individuals from other racial and ethnic minorities enjoy equitable access to insurance services, including essential coverage such as health insurance, auto insurance, and homeowners' insurance. By doing so, it effectively stops insurers from denying coverage or imposing higher premiums based on race. Furthermore, it compels insurance companies to scrutinize their underwriting and pricing practices, thereby eliminating biases that might disproportionately impact minority communities. This approach aims to eradicate long standing biases like redlining and biased risk assessments. Importantly, insurance companies that receive federal financial assistance are mandated to adhere to Title VI's non-discrimination policy. Failure to comply with these carries the weight of potential legal actions, financial penalties, or even the loss of government contracts, all of which can significantly affect the insurance industry.¹⁴ In essence, Title VI of the Civil Rights Act of 1964 serves in dismantling systemic racism within insurance. Its goal is to ensure not only equal access to insurance services but also the cultivation of a just and inclusive environment where individuals are evaluated and treated based on their distinct needs and circumstances, rather than the color of their skin. In addition, Fair Housing Act of 1968: prohibits discrimination by direct providers of housing, such as landlords and real estate companies as well as other entities, such as municipalities, banks or other lending institutions and homeowners insurance companies whose discriminatory practices make housing unavailable to persons because of race, religion, sex, disability and familial status.¹⁵ This legislation, initially enacted in 1968, has a primary goal of eliminating race-based discrimination in housing sales and rentals. Even though decades have

¹³U.S. Dept of Education, "Education and Title VI," US Department of Education (ED), April 25, 2023.

¹⁴ US Dept of Education, "Title VI," April 25, 2023.

¹⁵ Department Of Justice, "The Fair Housing Act, 2023."

passed since its inception, racial discrimination in housing remains a persistent issue. The Department of Justice actively addresses this problem by initiating legal actions in cases demonstrating a pattern or practice of discrimination or when a denial of rights to a group of individuals raises concerns of public importance. The Act also empowers the Department to pursue criminal proceedings when force or the threat of force is employed to obstruct fair housing rights. Moreover, it provides mechanisms for handling individual complaints of discrimination. Those who believe they have experienced an unlawful housing practice can file a complaint with the Department of Housing and Urban Development or pursue their own lawsuit in federal or state courts. This legislation has had a significant impact on African Americans, as it strives to counteract various forms of racial discrimination in housing. Housing providers attempting to conceal their discriminatory actions by providing false information about housing availability or directing homeseekers to specific areas based on race are challenged by the Act. The Department has actively pursued cases against such practices, seeking justice for those who may not be aware that they have been victims of discrimination. Furthermore, the Department's Fair Housing Testing Program is instrumental in uncovering hidden discrimination, holding accountable those responsible for such actions. Importantly, many of the Department's cases under the Fair Housing Act and Equal Credit Opportunity Act revolve around allegations of discrimination based on race or color in mortgage lending. Additionally, some cases involve municipalities and local government entities, accused of violating the Fair Housing Act when they restrict permits or zoning changes for housing developments to predominantly minority neighborhoods due to the expected predominantly African-American residents.¹⁶ This legislation plays a pivotal role in combating racial discrimination

¹⁶ Department Of Justice, "The Fair Housing Act, 2023."

The journey of Black professionals in the insurance industry reveals a complex history of triumphs and challenges. From a history marked by exclusion, discrimination, and systemic barriers to the resilience and determination of individuals who defied the odds, it highlights the urgent need for greater diversity, inclusivity, and cultural competency within the industry. Yet, amidst these challenges, we also find stories of remarkable individuals who paved a trail of success, pushing the boundaries of what was possible. These pioneers gave hope, reminding us that barriers can be overcome, and progress can be made. Their achievements stand as a testament to the human spirit's ability to rise above adversity. This exploration serves as a call to action and appreciation, encouraging the insurance industry to actively embrace diversity, create equal opportunities, and foster an environment where individuals of all backgrounds can thrive. It is a reminder that acknowledging the past is essential for building a more equitable future in insurance and, by extension, in society as a whole. By working together, we can ensure that the insurance industry continues to evolve into a space that everyone can access and where everyone's talents and contributions are celebrated.