



## Informing Progress - Shaping the Future

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## How UK Insurers are Closing the Gender Pay Gap and Parallels with the Legal Sector

Steady progress in workplace equality has been made across several UK industries in recent decades, but the gender pay gap remains a persistent challenge. Despite the national average gap for full-time employees falling by more than 25% over the last 10 years to 6.9% in April 2025, certain sectors have historically reported higher disparities. Among these is insurance, with its struggles primarily rooted in the under-representation of women in senior roles.

In response, a range of strategic initiatives led by the government, industry associations and individual firms is contributing to narrowing these disparities within insurance. Together, these measures are supporting greater gender equity and helping reshape the industry's culture, leadership pipeline and pay outcomes.

### The Gender Pay Gap in Insurance

The gender pay gap and equal pay are not the same; while equal pay refers to men and women receiving the same pay for the same or equivalent work, the gender pay gap reflects average differences in earnings across the workforce and is influenced by the distribution of men and women across roles, job levels and bonus eligibility.

A recent industry review reported a dramatic reduction in the board-level pay gap in insurance from 28% in 2020 to just 3% in 2024, but the gender pay gap in the sector has historically been wider than the national average. At mid-career and senior leadership levels,

women remain under-represented, particularly in roles with higher remuneration and performance-linked bonuses. In turn, these drive headline disparities across all employees, where the median gender pay gap in 2024 was reported at up to 25% in insurance compared to the national average of 13%.

### **Transparency as a Catalyst for Change**

Where progress has been made, the introduction of statutory gender pay gap reporting in the UK has been among the main contributors. Since the launch of the Equality Act in 2017, organisations with 250 or more employees have had to publish annual gender pay gap data, including mean and median pay and bonus differentials. This transparency has introduced public scrutiny of firms' performance, helping promote action to close gaps and encouraging firms to revisit their recruitment, promotion and reward policies.

Mandatory reporting has highlighted the link between senior representation and reported pay gaps, as firms with greater female representation in senior, higher-paid roles consistently show narrower gaps. This underscores that closing the gap is aligned with career progression opportunities and not purely about pay adjustments.

### **Sector-Wide Commitment**

The HM Treasury Women in Finance Charter is perhaps the most influential collaborative initiative in the financial services ecosystem, including in insurance. Launched in 2016, the charter is a government-backed voluntary commitment for financial services employers to create more inclusive environments through measurable actions that improve gender diversity, especially in senior roles.

The core commitments under the charter include:

- Appointing a senior executive accountable for gender diversity and inclusivity, ensuring ownership of progress at the highest level.
- Setting and publishing internal targets for female representation in senior management.
- Linking executive pay and performance incentives to delivery against these internal gender diversity and inclusion objectives.

The Association of British Insurers (ABI) was one of the first industry bodies to sign the Charter, and it has actively encouraged member firms to adopt its principles as part of its commitment to achieving long-term gender parity within insurance. The industry was an early adopter, with up to 15 firms among the initial cohort. To date, over 40 UK insurance organisations are signatories, with many publishing their progress against internal targets each year and among those consistently meeting these targets.

The evidence available suggests that the charter has contributed to increasing female representation on boards and executive committees among ABI member firms, with the number of women holding positions on boards increasing from around 19% in 2017 to 32% by 2023, demonstrating a sustained shift at the top of many insurance organisations.

### **Flexible Working Policies**

Another important driver of gender pay gap reduction has been the widespread adoption of flexible working and family-friendly benefits. Recognising that career progression can often be constrained by caring responsibilities, which disproportionately affect women, insurers have introduced flexible practices extending beyond traditional part-time options to offer a range of supportive policies to enhance employee attraction, retention and progression, such as:

- Equal or enhanced parental leave provisions, allowing both parents to share caring responsibilities without negatively impacting career opportunities.
- Initiatives designed to support employees re-enter the workforce after extended leave, with 46% of firms offering returnship programmes to help firms access experienced female talent.
- Availability of hybrid and flexible work models, with all ABI member firms offering flexible arrangements and over 40% of firms offering compressed hours. Such plans enable employees to balance career and personal commitments more effectively.
- The provision of holistic policies that support the wellness of employees through various life stages reinforces the sector's commitment to diverse family pathways, with a significant number of firms providing surrogacy and IVF support.

These initiatives help retain women in the workforce and also ensure that career progression opportunities are accessible, in so doing reducing the career interruptions that significantly contribute to pay gaps.

### **Pipeline Development**

A robust talent pipeline that supports women from entry level through to senior management is key to closing the gender pay gap. Many UK insurers have therefore invested in formal programmes aimed at developing female talent and addressing unconscious bias that influences recruitment and promotion decisions.

Several initiatives are in place that help address the pipeline challenge and ensure that women are prepared and visible for leadership roles, including:

- Mentoring and sponsorship schemes connecting high-potential female employees with senior leaders.
- Gender-balanced shortlists and inclusive job adverts to attract diverse applicants.

- Leadership development programmes that prioritise gender balance, such as the ABI's Future Leaders Programme and similar initiatives at individual firms.
- Internships, apprenticeships and early careers schemes designed to attract women into traditionally male-dominated fields like underwriting, actuarial science and technology.

### **Individual Firm Progress**

While sector-wide initiatives help set the framework, many insurers in the UK are implementing tailored strategies aligned to their organisational culture and specific needs. These demonstrate how organisations are translating sector commitments into practical policies that benefit women at all stages of their careers.

- **QBE** has reported a reduction in both mean and median gender pay gaps for the fourth consecutive year to their lowest levels since reporting began in 2017, with women representing 50% of senior hires and 47% of promotions in 2024. Policies include extended paid parental leave for all parents, hybrid working arrangements and inclusive hiring values.
- **AXA** has made year-on-year improvements in its gender pay gap and reported in its 2025 Gender Pay Gap Report that the mean gender pay gap has reduced to 9.5%. Employee networks focused on gender equality have contributed to mentoring and fostered improved health-related support.
- **Zurich** has made significant progress and has reduced its median pay gap to 13% in 2025, down from 27% in 2017. Its *FlexWork* initiative offers all job roles on a full or part-time basis, supporting broader access to career opportunities for employees seeking flexible working patterns.

### **What Lies Ahead**

The latest EY Global Financial Service Boardroom Monitor highlights that great strides have been made in narrowing the board-level gender pay gap in the UK insurance sector. These improvements broadly exceed the results seen in other major markets and show insurance as the key driver within the wider UK financial services sector.

Despite this positive result, recent industry data suggests that the average representation of women in all insurance roles still lacks parity, and at the current pace of progress of around 1% a year, the sector may not achieve full gender balance for some time. While transparency and reporting bring accountability, some argue that extending mandatory reporting to smaller firms or linking executive pay more directly to progress on diversity goals could accelerate change.

The industry's efforts to close the pay gap illustrate how collaboration between government, industry bodies and individual firms can continue to foster meaningful progress, and how

strategic commitments like the Women in Finance Charter contribute to a more equitable industry. However, while gaps remain, further action is needed.

### **Parallels with the UK Legal Sector**

With its deep-rooted traditions and historically male-dominated leadership, the gender pay gap has also presented particular challenges in the legal profession. While progress has been made, with women now forming a majority of solicitors, disparities persist within the sector. Headline pay gap figures at many law firms continue to point to structural imbalances, and, in this respect, the legal profession faces challenges similar to those of insurers, with both sectors facing similar organisational dynamics and workforce patterns.

The gender pay gap among major UK law firms averages 26%, which, like that among insurers, is significantly higher than the national level. As in the insurance sector, the gender pay gap is driven primarily by representation at senior levels, rather than systemic unequal pay practices.

Women are well represented in law, with SRA data showing over 60% of solicitors and 47% of salaried partners are women. However, they remain underrepresented in the highest-paid positions, with just over 30% holding equity partnership or senior leadership roles in law firms. These senior roles not only attract higher base pay but are often accompanied by performance-related bonuses, profit share or long-term incentive plans, so even modest imbalances at the top of organisations can significantly distort average pay outcomes across the workforce.

### **How Law Firms are Making an Impact**

Statutory reporting has been a cornerstone of accountability for law firms and in-house legal teams, compelling firms to disclose differences in mean and median pay between male and female employees to help foster transparency. Firms have increasingly used the published data as a basis for targeted action, including reviewing recruitment and promotion practices and developing leadership pipelines for women. A number of leading firms have expanded reporting to include disability, ethnicity and LGBTQ+ pay gaps, with a broader focus enabling more nuanced analysis of pay structures and where change is needed.

Major legal institutions have also introduced frameworks and guidance to support employers in closing pay gaps, such as The Law Society's Diversity and Inclusion Framework, which encourages firms to adopt a strategic approach to equality by embedding long-term actions rather than reactive measures. This guidance emphasises core steps that encourage firms to articulate purpose, design meaningful interventions and ensure effective delivery and accountability, helping turn aspiration into measurable progress.

The introduction of structured mentoring and leadership programmes designed to support the development of female talent at many firms helps to build networks, visibility and access to opportunities that were traditionally harder to access. Browne Jacobson's reporting from

2023/24 indicated a focus on increasing senior female representation, with 40% of new partner or legal director promotions being female.

In parallel, inclusive recruitment practices have sought to ensure that women are not disadvantaged in selection for high-impact roles. CMS UK, for example, publicly committed to publishing detailed gender pay gap data and analysing pay by role and function, a granular approach that helps illuminate where disparities are most acute and informs targeted action.

Women are statistically more likely than men to take career breaks or adjust working patterns for caring responsibilities, which can disadvantage them in environments historically associated with long hours. Flexible working has therefore emerged as a critical factor in supporting career progression and, indirectly, in closing the pay gap, and many firms have expanded their working policies in this area. In doing so, they are helping retain experienced female lawyers and support their progression to senior roles, where the pay differential has historically been greatest.

### **Legal Sector Culture and Initiatives**

Beyond the actions of individual firms, external campaigns and advocacy play an important role in shaping expectations. Organisations such as Everywoman work nationally to support gender inclusion through leadership training, recognition awards and business support, helping ensure that the legal sector's efforts sit within a wider societal push towards equality. In addition, initiatives like the *First 100 Years* campaign, which celebrates a century since women were first permitted to practise law, raise awareness of the profession's history while reinforcing the importance of continuing progress.

In 2022, the organisation Next 100 Years suggested it would take 86 years to close the mean gender pay gap in the UK legal sector. However, while disparities remain, particularly at the highest echelons of legal practice, the direction of travel is clear. The combination of regulatory compliance, sector leadership and cultural transformation is moving the sector steadily towards greater gender pay equity, and the SRA's 2025 report shows the gender pay gap is narrowing.

### **Long-term Outlook**

As in insurance, progress in the legal sector ultimately depends on sustained cultural change. Rather than being independent, initiatives aimed at closing the gender pay gap are increasingly framed as integral to business performance, talent sustainability and risk management.

While neither sector has fully closed its gender pay gap, the parallels between law and insurance demonstrate that progress is achievable. The legal sector's adoption of initiatives well-established in insurance, particularly around flexible working and leadership pipelines, suggests a convergence of best practices across professional services.

Understanding the shared characteristics across sectors and the challenges these bring is critical to appreciating why progress can appear incremental and how targeted initiatives are beginning to deliver measurable change. In both sectors, ensuring career progression opportunities for women in senior and highly compensated roles will continue to narrow the gap and strengthen long-term resilience and inclusivity.

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