



**WP3: Case Studies**

*Spanish Insurance firm*

**Final report**

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## 1. INTRODUCTION

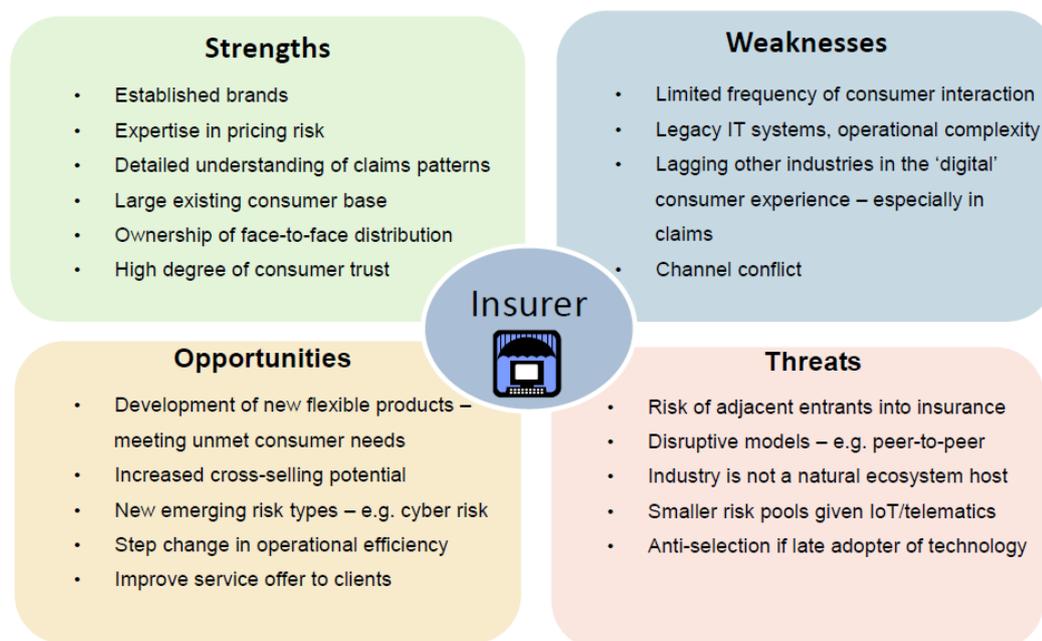
There is a widespread consensus on the potential social impacts of the technological changes linked to digitalisation in the insurance industry, following the trends registered in other economic sectors (Morgan Stanley & BCG, 2014; McKinsey, 2017; Capgemini & Efma 2018; KMPG, 2019).

At the same time, it would appear that the reaction of the traditional insurance companies to this phenomenon has been in general terms less “proactive” compared with other firms operating in the financial services such as the banks. For example, an article on the topic published in 2016 remarked that “people are getting a taste of the digital experience in each and every corner of the world except insurance” (Acharya and Hebbar, 2016, p.1).

This is a relevant issue, particularly taking into account the emergence of new players challenging the traditional firms operating in this sector, such as the big technological companies or new business models based in digital platforms (Insurtech). Thus, it has been noted that “the insurance has reached an evolutionary crossroads” (Capgemini, 2018, p.1).

In this regard, a SWOT matrix may give us a quick and general grasp of the main challenges faced by the industry regarding the restructuring processes linked to digitalisation (figure 1). Nevertheless, this general trend may vary from some companies to others, regarding various characteristics of the company (size, position in the value chain,) or strategies adopted by the corporate management.

**Figure 1: How well positioned are insurers to deal with the changing technology environment?**



Source: Morgan Stanley (2014, p. 18)

Focusing the attention in Spain, the situation of the financial services shows similar trends to that registered at a global level. As noted in the Diresoc country-report: “the

financial services are one of the sectors where the process of digital transformation in Spain has taken place earlier and more profoundly, with significant investment of resources in the process, anticipating trends later observed in other sectors. Also, as one of the services most related to the daily activity of society, it can be considered a digitalization tractor in other areas” (Rocha and De la Fuente, 2018, p.20).

Broadly speaking, it can be said that the insurance companies in Spain are also lagging the banks regarding to the digital transformation, although there can be noted increasing steps in this field for the last years. Nevertheless, the pace of digitalisation is uneven taking into account the characteristics of the firms, being higher among the bigger companies linked to transnational groups, such as the case of Spanish insurance firm.

### **1.1. Methodology**

This case study is focused on a “*Spanish insurance firm*”<sup>1</sup>: a subsidiary of a insurance group, which is a worldwide leader in insurance and Asset Management.

The selection of the Spanish insurance firm has been motivated by two main reasons:

First, the company is facing an ongoing restructuring process driven by the technological changes linked to digitalisation (although it is no the only factor).

Second, the social dialogue is playing an important role in the governance of this process, with two major outcomes so far:

- The “*Collective Agreement of the Spanish insurance firm (2017-2020)*”, which includes a specific chapter on “Work organisation and new technologies” with different provisions regarding to this topic. Among them, one devoted to the topic of the “right to digital disconnection” that has been pioneer, not only in Spain but in the European context.
- The “*Framework Agreement of Transformation and Employment (2018-2020)*”, which includes a set of measures aimed to foster the adaptation of the workers to the digital transformation and mitigate the social impacts of the restructuring.

The analysis carried out is based on three main sources of information:

- The literature on technological changes linked to digitalisation in the insurance industry.
- The corporate documents of the insurance group, both at a headquarters and at Spanish level
- Three in-depth interviews with key informants (table 1), based on a common questionnaire designed for this Working package of the Diresoc project

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<sup>1</sup> Fictional name.

**Table 1. Key informants interviewed**

1	Head of Industrial Relations at Spanish insurance firm
2	Union representative of CCOO at Spanish insurance firm
3	Member of the European Works Council of Insurance Group

The content of the report is as follows:

Section 2 gives a brief overview of the insurance group and Spanish insurance firm, as general background for the study.

Section 3 addresses the restructuring processes developed in the last years.

Section 4 analyzes the main social impacts of these processes

Section 5, which is the core part of this report, studies the role of industrial relations to deal with these processes

Section 6 summarizes the main conclusions.

The report is completed with a brief section of the references quoted in the report, and an annex with complementary information.

## **2. GENERAL BACKGROUND**

The **Insurance Group**<sup>2</sup> -"The Group" from now on- is a worldwide leader in Insurance and Asset Management originated from several French regional mutual insurance companies.

The group has five *operating activities*: Life & Savings; Property & Casualty; Health; Asset Management and Banking. In addition, various holding companies within the Group conduct certain non-operating activities. It operates primarily in six *geographies*: France, Europe, Asia, XL, the US and International (including the Middle East, Latin America and Africa). Combining both items, the group was structured in 2018 in seven major segments<sup>3</sup>.

In 2018, the Group remained the first global insurance brand for the 10th consecutive year and it was one of the world's largest insurance groups with total assets of €931 billion and the world's 11th largest asset manager with total assets under management of €1,424 billion for the year ended December 31, 2018 (Group, 2019.a).

The total headcount of the group in 2018 was of nearly 126 thousand workers. 52% of the total workforce located in France, UK, Germany, US and Japan. France itself counts on almost 24.000 employees (Group, 2019.b)<sup>4</sup>.

**The Spanish insurance company** is a subsidiary of this group, composed by a set of firms specialized in different business lines related to the insurance activities. More

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<sup>2</sup> Fictional name.

<sup>3</sup> See annex 1, box 1.

<sup>4</sup> An overview of the profile of the employees of the total headcount can be found in annex 1 (table 1).

specifically, the current collective agreement of the Spanish firm (2017-2020) includes 22 entities in its scope of application (box 1)

**Box 1. Collective agreement of Spanish insurance firm 2017-2020: Scope**

<p>Mediterranean Holding, S.A.U.  Seguros Generales, S.A. de Seguros y Reaseguros.  Vida, S.A. de Seguros y Reaseguros.  Aurora Vida, S.A. de Seguros y Reaseguros.  Exclusiva Seguros e Inversiones, Agencia de Seguros, S.A.U.  Global Direct Seguros y Reaseguros, S.A.U.  Pensiones, S.A. E.G.F.P. (Unipersonal).  Fundación.  Technology Services Mediterranean Region A.E.I.E.  Medla It&amp; Local Support Services S.A.U.  Regional Services, S.A.U.  Real Estate Investment Managers Ibérica, S.A.U.  Investment Managers GS Limited, Sucursal en España.  Corporate Solutions Assurance, Sucursal en España, S.A.  Group Solutions Spain, S.L.  Technology Regional Services Mediterranean and Latin America S.A.  Mediterranean Services A.E.I.E.  Mediterranean Systems A.E.I.E.  Sucursal en España.  Alpha Scale S.A.S. Sucursal en España.  Auxiliar de Servicios S.A.  Matrix Risk Consultants, S.A., Sucursal en España</p>
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Source: Collective agreement of Spanish insurance firm (Spain). 2017-2020

Additionally, there are a small number of employees working for the *International Platform New Markets*. It is a business line focused in emerging new markets. These employees are professional who are constantly travelling to third countries, but their labour contracts are placed in Spain.

The total headcount in Spain has registered a slight decline in the last three years, up to a volume of 4.379 employees in 2018. As a result, there has been also a small decrease of the weight of the workforce in Spain over the total headcount of the group, till 3,5% at the end of the period (table 2).

**Table 2. Total headcount of the Insurance Group and in Spain: 2016-2018 (number)**

	2016	2017	2018
<b>Spain</b>	4.620	4.489	4.379
<b>Insurance Group</b>	118.366	16.514	125.934

Source: Insurance Group (2019.b and 2018)

Other issues related to the workforce of the Spanish firm worth noting are<sup>5</sup>:

- There is a significant presence of women among the employees, concentrating in 2018 around 58% of the total headcount.
- The average gross wage is of 50.620 Euros, higher than the national average for the whole economy in Spain (23.156 Euros in 2016<sup>6</sup>)

Regarding to the industrial relations framework, there are six trade unions with representatives elected in Spanish insurance firm. The main organisation is *Workers Commissions (Comisiones Obreras-CCOO)*, which won the last union elections held in 2015 concentrating half of the workers' representatives (table 3)<sup>7</sup>.

**Table 3. Spanish insurance firm. Workers representatives elected in 2015, by trade union**

Trade union	Nº	%
CCOO	76	50,3
UGT	62	41,1
LAB	5	3,3
CGT	3	2,0
ELA	3	2,0
CIG	2	1,3
<b>Total</b>	151	100,0

Source: Information provided by the representation of CCOO at insurance firm.

The current dynamic of industrial relations in the Spanish insurance firm is structured around the so called “Table of Social Dialogue”, composed by representatives of the management of the company and of all the trade unions.

Also, there is a European Works Council with representatives of the different European countries where the group is present.

The industrial relations climate in the company is good broadly speaking, according to the union officers interviewed, with fluid social dialogue and information between the management and trade unions. In this regard, “*traditionally there has been always social dialogue through the different instances, both at national and European level*” (from an interview with union officer of CCOO).

Nevertheless, there are sometimes differences among the two major trade unions (CCOO and UGT), than can be reflected in the outcomes of the social dialogue. For example, the current company collective agreement (2017-2020) was signed only by CCOO<sup>8</sup>.

The others three trade unions, with a representation pretty lower, play a minor role in the social dialogue with the company.

<sup>5</sup> Data provided by the workers' representatives, to be updated and completed.

<sup>6</sup> Data from the *Wage Structure Survey 2016* (data published in 2018).

<sup>7</sup> This table will be updated with the data of the new elections, to be held in 2019.

<sup>8</sup> This issue is addressed in section 4.

### 3. PROCESS OF RESTRUCTURING LINKED TO DIGITALISATION

The Spanish insurance firm is facing an ongoing restructuring, aimed to transform different dimensions of the firm. Technological changes linked to digitalisation are a key driver of this process, although it is not the only one. Other relevant factor, interconnected with the previous, is the goal of simplify and reduce the structure of the company, “*in order to have a more agile, and dynamic organisation*” (interview with the head of the Industrial Relations Department).

It is worth highlighting that this process is framed in the context of the so-called “*Ambition 2020*” plan, launched in 2016 by the headquarters of the Insurance Group at worldwide level. This plan was defined as “the strategic roadmap that will guide the Group’s future growth while accelerating its transformation for the benefit of its customers” (The insurance Group, 2016, p. 8).

In short, the “*Ambition 2020*” plan is structured around two strategic pillars: “Focus” and “Transform”.

- The pillar “*Focus*” is aimed to “sets out the conditions required for the Group’s future growth and robustness (...). First, by continuing to expand selectively in areas where customer demand is strong. Asia, health, commercial P&C lines and long-term, capital-light savings products are the key markets and segments that will drive the Group’s growth out to 2020. Second, by keeping up our efforts to improve competitiveness, costs control and to optimize technical margins” (The insurance Group, 2016, p. 17).
- The second pillar, “*Transform*”, aims to “transform the company in preparation for the future growth” (op.cit. p.18). Here, the emphasis is placed in the various impacts of the digital transformation in the traditional business environment of the insurance companies, namely: (a) the changing consumer practices and preferences; (b) the multiplication of channels of communication and interaction between consumers and the providers of services; (c) the own relationship between consumers and information; (d) the emergence of new fields for the insurance business linked to new types of risks (for example, cyber risks); (e) the potential possibilities provided by technological innovation such as Big Data and IoT for new ways of assessing and managing risk and claims; and (f) the emergence as competitors of new platform based companies, not submitted to the legal regulations affecting the sector.

The consequences for the traditional insurance companies, according to the top CEO of the group, are profound: “Day after day, we are seeing how digital tools have profoundly changed our customers’ expectations. Being highly informed, they ask more questions, make more comparisons and request more information, simplicity and transparency from us. They are less captive, seeking the most attractive products, services and advice. And they are now used to immediacy. All these transformations are tangible and already changing the way we approach our business, but I think it is just the beginning. With advances in artificial intelligence and data, as well as blockchain, we will be able to reach unprecedented standards of precision and performance in the future” (The insurance Group, 2018, p. 8).

The plan established a group of general financial goals by 2020, to be reached at a national level for each subsidiary.

In the case of Spanish insurance firm, according to one of the Spanish corporate managers the transformation of the company was unavoidable, given the changing business environment of the sector at a global level: *“We live in an environment of permanent change that must be faced: Transformation is a reality. We cannot look the other way; the worst thing we can do is look the other way and think that this will not affect us. That is why we have taken <<the bull by the horns>> and face this change”* (interview with the head of the Industrial Relations Department of the Spanish insurance firm).

In order to achieve the goals, the corporate management in Spain adopted a plan of action structured around three intertwined axis, which are obviously pretty much in line with the strategic guidelines established by the group at a global level.

The first is focused in the strengthening the “digital transformation” of the company, with three strategic objectives:

- To improve the interactions with consumers, which is the “key productive process” of an insurance company, by combining the traditional channels of communication with the adoption of new channels based on the digital technologies (mainly, through the implementation of various innovative mobile applications related to the different types of products and services offered by the company).
- The implementation of new products and services linked to digital technologies, in fields such as “cyber risks” and “cyber-SMES”.
- The progressive adoption of data analytics based in innovations such as IoT, Big Data, in order to foster new ways of assessing and managing risk and claims.

The second axis is associated to the impacts of the digital change in the operative model of the group in Spain, with special emphasis in the transformation of work and human capital. In this regard, *“The transformation process impacts on all areas, affecting the whole group. In the firm, for example, this has had an effect on the evolution of the territorial, distribution and sales model. The implementation of all the automations, applications,... all this makes that certain tasks (those more administrative and repetitive, with less added value) are increasingly removed, so that the profiles are focused on other things that the client demands and that gives a greater value added”* (interview with the head of the Industrial Relations Department of the Spanish insurance firm).

Finally, there is the axis of simplification of the structure. This implies the integration of the different internal services for the various companies integrating the firm in Spain, the removal of the duplicate departments, and the externalisation of those services that are not considered as core by the company. In short, *“we aimed to become a more agile group, less rigid and bureaucratic than before”* (interview with the head of the Industrial Relations Department of the Spanish insurance firm).

## 4. IMPACTS

The social effects of the process of restructuring in the Spanish insurance firm are going to be analyzed attending to the four types of labour impacts addressed in the DIRESOC project, namely: (a) job destruction; (b) job creation; (c) job change; and (d) job shift.

### 4.1. Job destruction

It is difficult to isolate and measure the specific impact of digitalisation on job losses. The reason, as noted above, is that the restructuring linked to technological changes is overlapping with the process of reorganisation of the company, via simplification and reduction of areas, as well as of externalisation of certain services. Nevertheless, the information provided by the interviews may give at least a qualitative picture of the effects of technological change.

Thus, according to an analysis carried out by the own company, in the short run the impact of digitalisation is mainly focused on those tasks and professional profiles more routine, and therefore with higher risk of automation. For example:

- In the area of *Product development, marketing and sales support*, the strong decrease is expected in those tasks related to standard product reporting and sales monitoring.
- In the area of *Operations* (insurance survey, policy service, claims management), the higher impact is expected in the most regular operations, such as processing standard applications, and handling simple policy or claims processes. Nevertheless, it is worth noting that the automation of these claim processes has implied some correlated risks, because “*new technologies also imply new forms of fraud, and we have had problems with this*” (interview with union representative of the Spanish insurance firm).
- In the area of *IT support*, the strong decrease is related to tasks such as designing and building solutions for core systems or infrastructure operations. In this case, however, the increasing of more specialized task implies more specialized skills, which are sometimes difficult to find easily within the company, that is the reason argued to the externalisation of these operations to third companies.
- In the area of *Support*, it is expected a higher effect in tasks such as transactional Human Resources processes, postage handling, or standard reporting in activities such as finance.

In short, according to company, “*our aim is that those tasks that provide less value and that can be automated, the process is executed, so that the companies and the whole organization focus on all the issues of consulting to the clients, to the insurance mediators, to give that differential point and provide that value added within the organization*” (interview with the head of the Industrial Relations Department).

## 4.2. Job creation

The other side of the impacts on employment dynamics is the potential creation of new jobs. According to the representative of the company, *“along with this part of suppression of tasks and profiles that can be automated, there is a powerful part of creating new critical positions, of the future, of evolving roles within each organization”* (interview with the head of the Industrial Relations Department).

Thus, the prevision in the firm is of an increase of emerging professional profiles in the sectors –particularly, in the field of Big Data– but also of new tasks in the different areas. For example:

- In the area of *Product development, marketing and sales support*: Digital products and pricing; Digital marketing; Channel management.
- In the area of *IT support*: Advanced data analytics.
- In the area of *Support*: digital recruitment.

Here there are two issues worth highlighting. First, the pace of job creation is expected to be lower than that of job cuts. Thus, *“older people are giving way to those who are younger, and that implies that the workforce is regenerating. Nevertheless, it is true that the process is not being 1 to 1”* (interview with union officer of CCOO).

Second, the company is developing new positions in highly specialised profiles such as Big Data analysts, as noted above. In this regard, these new profiles cannot be matched within the firm through a process of internal mobility due to the lack of the required skills, so they are being covered via external recruitment.

## 4.3. Job change

There is a strong commitment on the part of the company to promote the transformation of existing jobs. With a special emphasis in the field of distribution and sales, because it is the core of the business, and affecting all the departments. Thus, it is noted that *“the message was: the whole company is affected by the transformation: it is true that there are some areas directly impacted, but whoever thinks that the transformation does not go with each one of us is very wrong”* (interview with the head of the Industrial Relations Department).

This view is also shared by the union representative interviewed, who remarks that *“we all have to be prepared for those changes. It is the message that has been transmitted by the company for some time, so that tomorrow you stop doing your function, but there is another different function waiting for you”* (interview with union officer of CCOO).

Here the key point is the training policy, which has been strengthening in the whole group, as well as in the Spanish branch.

It is worth remarking that the adaptation of the workforce to this requirements of permanent evolution linked to digital transformation has not been homogeneous. But it seems that nowadays it is clear for the workers the need of facing this process: *“the*

*adaptation is mainly to the use of new digital applications. In general, all people adapt. It takes more or less time, but you adapt or perish. At the beginning, 10 years ago, we were more afraid of what was going to happen, but nowadays we do not. The youngest staffs are obviously more prepared for these changes, because it is their way of life, it seems that they have been born with it. But for older people, it cost us more, but in the end, you adapt because you have to do it, there is no other choice"* (interview with union officer of CCOO).

Other dimension is related to the impact of digital transformation on working conditions. Here, the most relevant issue concerns to working time because the digital technologies have led to an increased pressure on the workers due to a twofold reason.

On the one hand, the multiplication of the channels of communication with the customers and the company has fostered an increased demand of “full-time connectivity” for the workers. On the other hand, this “multi-channel” relationship has also reinforced the trend of the culture of “client-centricity” in the Spanish insurance firm. In this regard, *“the client at the end is the one who is at the centre of everything, the client is increasingly demanding; each time he asks for greater immediacy and agility when giving solutions. Our organization then revolves around the client”* (interview with the head of the Industrial Relations Department).

The consequence for workers is a higher level of stress linked to the request of being permanently connected: *“at a commercial level there is a situation of hyper-connectivity of workers. In fact, article 14 (of the current collective agreement) was born from this, from a need to regulate the permanent availability”* (interview with union officer of CCOO).

#### **4.4. Job shift**

The development of new business models based on digital platforms in the insurance industry –the so called Insurtech–is so far relatively low in Spain compared with other countries, although they are expected to increase in the coming years (Rocha and De la Fuente, 2018).

In spite of this situation, the big traditional insurance companies like the Spanish insurance firm are taking into account this phenomenon as a serious challenge that they must face right now. Thus, *“in the insurance sector, there are new actors that operate differently; they make proposals to what is the world of insurance. And although the firm is a mediated company, which continues to operate largely with traditional agents, it is always looking at new ways of dealing with insurance and the customer”* (interview with the head of the Industrial Relations Department).

In this regard, the strategy of the firm points to reinforce and expand the line of products and services linked to the digital devices, strengthening the various channels of relationship with customers (as apps, web page, social networks,).

## 5. ROLE OF INDUSTRIAL RELATIONS

One distinguished feature of this case study is the relevant role played by industrial relations in the ongoing restructuring process developed in the firm. This can be explained by two elements: (a) the existence of a European framework agreement on anticipating changes signed in 2011 in the insurance group, which has been successfully applied in Spanish insurance firm; and (b) the tradition of good climate of industrial relations existing in general terms within the firm in Spain, together with a pro-active approach on both employers and workers representatives, although with some differences from the trade union side (see below).

### 5.1. The European Agreement on Anticipating Changes

In November 2011, it was signed the “*European Agreement on Anticipating Changes*” by the Group, UNI Europe Finance and the French representative trade unions (CFDT, CF/CGC, CGT and UDPA/UNSA).

This European framework agreement defines the principles for anticipating changes in the European companies within the Group, paying particular attention to managing properly the necessary changes and their possible impact on its employees.

The agreement rest on a set of principles of social dialogue established by the Group, aimed to guide to its European entities in the way they manage the process locally<sup>9</sup>.

Drawing on these principles, the purpose of the agreement is “to define the approach and the tools that will enable employees to prepare for future changes and allow them to build up their employability and envisage solutions that are adapted to their specific situation”. In this regard, the content of the agreement addresses the following issues:

- It defines the framework for providing the EWC with regular information about the changes taking place in the industry in which the Group operates and how it intends to position itself and develop its activities at the global, European and local level.
- It institutes a skills and employment observatory to map the main jobs in the company and undertake some forward thinking about how they are likely to evolve.
- It draws up a catalogue of Human Resources measures to be considered when transformation is necessary, in order to support changes in job profiles and preserve the employability of the Group’s employees.

In 2013, the direction of the Group communicated to the European Works Council (EWC) the strategic decision of launching an ambitious plan for the digitalisation of the group. This goal was supported by the workers representatives: “*As representatives of the workers in the European Works Council we formally endorsed this digitalization strategy. We understood that it was the best way to face the challenges of a very changing environment, and thus be able to ensure the follow up of the process, each one with his point of view: the company from the point of view of the business and we from the social point of view*” (interview with a member of the EWC).

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<sup>9</sup> See annex 2.

One key reference for the workers' side in order to face this 2013 new process was the European Framework Agreement of 2011, although it must be applied and developed at a local level. In this regard, "*we from the EWC always tell local social representations to enforce that Agreement, and so far The Group - with its fringes and local problems - has always applied it*" (interview with a member of the EWC).

## **5.2. Negotiating the digital transformation in the Spanish insurance firm**

The starting point in the case of Spanish insurance firm is the good climate of industrial relations existing in general terms between the corporate management and the workers' representatives, although with different shades among the two more important unions (CCOO and UGT).

This has led to a process of negotiation of the ongoing restructuring linked to digitalisation in the firm, with two major outcomes so far: (a) the current collective agreement (2017-2020); and (b) the "Framework Agreement of Transformation and Employment" (2018-2020), which is implementing at the time the report is being written.

### ***5.2.1. Collective agreement of the Spanish insurance firm (2017-2020)***

This collective agreement was signed in 2017 by the direction of the Spanish insurance firm and the most representative trade union at a company level (CCOO). As this trade union has the majority of the workers' representation, this agreement affects to all the staff integrated in the firm in Spain (see all the companies affected in box 1 above).

It is worth noting that this agreement was not signed by the other relevant union (UGT). The reason, according to this union, was that it meant a worsening of some of the provisions of working conditions established by the former company level agreement. This statement is refused however by the representatives of CCOO, who defend the improvements in the new agreement.

Focusing the attention on the topic of digitalisation, the agreement includes a chapter on "Work organisation and new technologies", with four provisions worth highlighting.

First the agreement establishes that, although it is the responsibility of the management of each of the companies signing this agreement to organize the work, "it is the express will of the negotiating parties that any process of reorganization of the staff is carried out exhausting all the possibilities of dialogue that makes the current legislation possible" (article 12).

Second, following the guidelines of the "*Joint declaration on telework by the European social partners in the insurance sector*" (2015), the agreement recognizes the telework as a way to favour a good work-life balance in the Spanish insurance firm under the following principles and criteria (article 13):

- Voluntary principle, both for workers and for the company.
- Principle of reversibility, both for workers and for the company.
- Principle of equality with respect to workers who perform their duties in the company's facilities.

- Criterion of adaptation to the function, that is, that it can be done through teleworking.
- Criterion of suitability that implies the fulfilment on the part of the workers of the necessary requirements to perform the teleworking

Third, there is a provision with guidelines for the good use of the technological tools, establishing that “*the workers must make an appropriate and responsible use of the tools put at their disposal. The exceptional use of the company electronic devices for personal purposes of a necessary and preemptory nature will not imply labour breach*” (article 15). In other words, it is expected that the electronic devices provisioned for the staff will be used only for professional purposes, but personal purposes will not be penalized if they are rarely.

Finally, the most prominent provision is that one regulating the “right to the digital disconnection” (box 2). This agreement was the first to regulate this topic in Spain, joining to other emerging initiatives in different European countries aimed to address in the collective bargaining those new issues related to work-life balance, increased flexibility around working time arrangement, or regulation of the use of new technological tools (European Commission, 2018; OECD, 2019).

### **Box 2. Collective agreement of the Spanish insurance firm (2017-2020)**

#### *Article 14. Right to digital disconnection*

The technological changes produced in the last decades have caused structural modifications in the field of labour relations. It is undeniable that nowadays the phenomenon of «digital interconnectivity» is affecting the forms of work execution, changing the scenarios of the development of labour occupations towards external environments to the classic productive units: companies, centres and jobs.

In this context, the place of job provision and working time, as typical elements that shape the framework in which the work activity is carried out, are being diluted in favour of a more complex reality in which permanent connectivity prevails, affecting, without doubt, to the personal and family environment of the workers.

That is why the signing parties of this Agreement agree on the need to promote the right to digital disconnection once the working day has ended. Consequently, except in cases of force majeure or exceptional circumstances, the company recognizes the right of workers not to respond to emails or professional messages outside of their working hours.

Source: Collective agreement of the Spanish insurance firm (2017-2020)

The topic of the digital disconnection was a demand posed by trade unions. The reason, as noted above, is that the implementation of digital technologies has led to an increasing pressure on the workers, forced to be in a situation of “hyper-connectivity”. In this regard, “*the issue of the disconnection was essential to put it on top of the negotiation table of the agreement, because we already had a problem generated by the hyper connectivity of the workers with all the emails, wasaps ... in the commercial part that were being received outside of working hours. That is why we were permanently asking the company to take action on this. A person who is not working does not have to*

receive an email at 9pm from his boss, especially since not answering that email seems like you were doing something wrong” (interview with a union officer of CCOO).

### **5.2.2. Framework Agreement of Transformation and Employment” (2018-2020)**

The development of the ongoing restructuring process in the Spanish insurance firm, aimed to reach the goals of the strategic roadmap “Ambition 2020”, has been conducted under the umbrella of the social dialogue between the company and the workers representatives.

There are two initial issues worth highlighting with regard to this process. First, it was an initiative of the own Department of Industrial Relations of the company, following the guidelines for social dialogue of the Group regulated in the European Framework agreement, and with a key issue in mind: the anticipation and management of changes: Thus, according to one representative of the company, “*our approach to social dialogue is: the transformation is coming, this is already here, but we are in a moment where we can anticipate and we can do it in an anticipated and orderly manner*” (interview with the head of the Industrial Relations Department).

Second, although the social dialogue was led by the Department of Industrial Relations, there was also an involvement of the other main Departments of the company: “*the first meeting we had to open this collective bargaining process, not only the HR department participated. The main areas affected by this transformation were also at the highest level of company: there was the director of the Distribution and Sales area; there was the Operations Director; Organization; Strategy. This is obviously not understood from an isolated part, HR raising the flag of transformation, is something that affects all levels of the organization*” (interview with the head of the Industrial Relations Department).

The negotiation process began in October 2017, within the frame of the Table of social dialogue and culminated in May 2018 with the *Framework Agreement of Transformation and Employment” (2018-2020)*, signed by the **two most important** trade unions.

The content of the agreement is structured around seven main issues.

The first point is related to the topic of ***training and development for transformation***. The key idea here is that the this process of change driven by technological changes implies not only the destruction of tasks/jobs and the creation of new jobs, but also the evolution of the existing jobs: “*The company is committed to an evolution of the profiles towards those positions that are going to be required in the future. That is why we say that transformation affects everyone: not only affects people who may be directly impacted by the automation of a process; the very roles of human resources, of finance, any role within the company is affected by this transformation*” (interview with the head of the Industrial Relations Department).

In this regard, the Agreement establishes that annually, with respect to training, 50% of the total annual budget will be specifically allocated to the training of workers on critical skills and knowledge for the evolution of future products and services.

The second point concerns to the *improvement of the commercial function*, which is highly relevant for the company: “The commercial function is core within the company and we need to enhance this profile, but understood more as business advisors, as more business consultants and as more partners of our mediators” (interview with the head of the Industrial Relations Department).

The third and four points address measures such as *early retirements and voluntary redundancies schemes*, linked to the process of reorganisation and simplification of the group.

The fifth point is aimed to promote the *voluntary geographical mobility*, in order to promote internal changes within the Spanish insurance firm.

Also, there is an *outplacement scheme* to support former employee’s transition to new jobs and help them re-orient themselves in the job market.

Finally it is established a *follow up commission*, with the participation of representatives of both employers and employees.

The agreement is valued positively by both trade unions, who remark in the first place the participation of the workers’ representatives through social dialogue in the process of restructuring.

With regard to the contents, there are two main issues worth noting for trade unions. On the one hand, the inclusion of measures aimed to support the adaptation of workers to the digital transformation. On the other hand, the enforcement of measures aimed to mitigate the social impacts of the process of reorganisation and simplification of the company. In this regard, “*this agreement was going to allow that in all this process of unification and simplification, the surplus of staff could leave in a dignified, voluntary and agreed way, through early retirement and voluntary redundancies schemes*” (interview with a union officer of CCOO)

As for the company, the representative interviewed emphasizes in the evaluation of the agreement two main elements: anticipation and social dialogue. Thus, “*At the Spanish insurance firm we have been able to anticipate these changes and, based on a constructive social dialogue, we have been able to manage this transformation in an orderly and non-traumatic way*” (interview with the head of the Industrial Relations Department).

## 6. CONCLUSIONS

The analysis of the case of this Spanish insurance firm allows us to conclude remarking some key points.

1. The decision of restructuring in the firm was not taken by the local corporate management but by the headquarters of the Group, who launched in 2015 the so-called “Ambition 2020 plan”: a strategic roadmap to foster the transformation of the group, with specific goals and guidelines to be developed at a local level.

2. The process of restructuring has been driven by two major factors: the challenges posed by a changing technological environment; and the strategy of reorganization and simplification of the structure of the group.

This confirms one of the conclusions of the compared analysis of the country-reports carried out under the Diresoc project: “even if digitalisation is always clearly identified as one of the main drivers for restructuring and change (already in operation or as a potential development), what is surprising is the fact that it is always considered in parallel with other processes (cost-cutting strategies, increasing international and national competition, changing nature of regulations, austerity policies, and so on) and is never considered as a paramount new issue to be discussed as such” (Beuker, Franssen, Kirov and Naedenoen, 2019).

3. The evaluation of the social impacts of the restructuring linked to digitalisation in the Spanish firm faces two methodological restrictions. On the one hand it is still a process in progress, with the horizon of 2020. On the other hand, it is difficult to distinguish and measure the effects of digitalisation from influence of other restructuring factors (such as the reorganisation and simplification of the corporate structure).

Nevertheless, it is worth remarking the following aspects related to the four dimensions addressed in the Diresoc project:

- a. *Job destruction.* In the short run, the impact of digitalisation is mainly focused on those tasks and professional profiles more routine, and therefore with higher risk of automation.
- b. *Job creation.* It is expected an increase of emerging professional profiles linked to the digital transformation, as for example in the field of Big Data analytics. Nevertheless, the pace of job creation is expected to be lower than that of job cuts.
- c. *Job change.* There is a strong commitment on the part of the company to promote the transformation of the existing jobs, and the adaption of workers via training. Other different issue is related to the impact of digital transformation on working conditions. Here, the most relevant aspect concerns to working time, because the increasing use of digital technologies has led to a situation of “hyper connection” for workers, with serious effects in terms of workload and stress.
- d. *Job shift.* The development of new business models based on digital platforms in the insurance industry –the so called Insurtech–is so far relatively low in Spain compared with other countries, although they are expected to increase in the coming years. In this regard, the strategy of the firm points to reinforce and expand the line of products and services linked to the digital devices, strengthening the various channels of relationship with customers

4. One distinguished feature of this case study is the relevant role played by industrial relations in the ongoing restructuring process developed in the firm. In the words of a corporate representative,

In this regard, there are some issues worth highlighting:

- a. The relevance of the *European Framework on Anticipating Changes* signed by the Group in 2011, which pays particular attention to managing properly the changes in the group and their potential impacts on its employees. This agreement has been successfully implemented in Spain, being a reference for both employers and trade unions.
- b. In general terms, the presence of a good climate of industrial relations in the Spanish insurance firm and the proactive approach of some of the social partners, have favoured a process of negotiation of the ongoing restructuring linked to digitalisation in the firm, with greater or less degree of acceptance, of two general agreements in the company: (a) the “*Framework agreement of Transformation and Employment*” (2018-2020), signed by the company and the two more representative Trade Unions; and (b) the current *Collective Agreement* (2017-2020) signed separately by company with the most representative Trade Union.
- c. The collective agreement includes a chapter on “Work organisation and new technologies”, which addresses different relevant topics related to digitalisation: (a) the role of the social dialogue in the governance of any process of reorganisation of the workforce; (b) the regulation of telework as a way to favour the work-life balance with good consequences for both the workers and the company; (c) guidelines for the good use of the technological tools; and (d) the regulation of the right of disconnection. This last provision has become widely known, as it is the first collective agreement in Spain addressing this hot topic in the debate on the social effects of digitalisation.
- d. The aim of the framework agreement is to anticipate and manage the restructuring process in this Spanish insurance firm in an orderly and non-traumatic way. For this purpose, the agreement includes a set of measures targeted to twofold goals: to support the adaptation of workers to the digital transformation, via basically continuous training; and the enforcement of measures aimed to mitigate the social impacts of the process of reorganisation and simplification of the company, such as: early retirements and voluntary redundancies schemes; voluntary geographical mobility within the company; and an outplacement scheme to support employees’ transition to new jobs.

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## 8. ANNEXES

### 8.1. Annex 1. Complementary information of the Group

#### Box 1. The Group: Main segments

**France:** (insurance and banking activities, and holdings)

**Europe,** consisting of:

- Switzerland (insurance activities)
- Germany (insurance activities excluding Art, banking activities and holdings)
- Belgium (insurance activities and holding)
- United Kingdom & Ireland (insurance activities and holdings)
- Spain (insurance activities),
- Italy (insurance activities and holding)

**Asia,** consisting of:

- Japan (insurance activities)
- Hong Kong (insurance activities)
- Asia High Potentials, consisting of:
  - Thailand (insurance activities)
  - Indonesia (insurance activities)
  - China (insurance activities)
  - The Philippines (insurance activities),
- Asia – Direct, consisting of:
  - Global Direct Japan
  - Global Direct South Korea
  - Asia Holding;

**XL,** consisting of:

- XL Group (insurance activities and holdings), as acquired on September 12, 2018,
  - Corporate Solutions Assurance (insurance activities),
  - Art (insurance activities);

**United States** (insurance activities, AB and holdings)

**International,** consisting of:

- 14 countries\* within Europe, Middle East, Africa & Latin America, mainly including Turkey, Mexico, Morocco, Czech Republic & Slovak Republic and Luxembourg (insurance activities and holdings),
- Singapore (insurance activities and holding),
- Malaysia (insurance activities),
- India (insurance activities and holding),
- Bank Belgium (banking activities);

**Transversal & Central Holdings,** consisting of:

- Investment Managers,
- Assistance,

- Liabilities Managers,
- Global Re,
- Life Europe,
- other Central Holdings.

Source: The Group (2018).

**Table 1. The Group. Headcount and profile of the employees**

<b>Headcount (number of persons) as of December 31</b>	<b>2018</b>
<b>Total headcount of salaried workforce</b> (open-ended and fixed-term contract)	<b>125,934</b>
<b>Headcount of salaried workforce</b> (a)	<b>119,780</b>
Proportion of men	46.6%
Proportion of women	53.4%
<b>Headcount of salaried non-sales force</b>	<b>102,843</b>
<b>All Executives</b>	<b>3,583</b>
Proportion of men	71.0%
Proportion of women	29.0%
<b>All Professionals</b>	<b>48,504</b>
Proportion of men	54.9%
Proportion of women	45.1%
<b>All Associates</b>	<b>50,756</b>
Proportion of men	36.0%
Proportion of women	64.0%
<b>Headcount of salaried sales force</b>	<b>16,937</b>
Proportion of men	49.4%
Proportion of women	50.6%
<b>Profile of AXA employees</b>	<b>2018</b>
<b>Average age of salaried workforce</b>	<b>40.8</b>
Non-sales force	40.7
Sales force	41.4
<b>Average length of service of salaried workforce</b>	<b>10.4</b>
Non-sales force	10.7
Sales force	8.2
<b>Disability</b> (open-ended and fixed-term contract)	
Number of employees with disabilities - concerns entities operating in France only	743

(a) Salaried workforce refers to non-sales and sales force employees with open-ended contracts, unless stated otherwise.

Source: Group (2018.b).

## **8.2. ANNEX 2. PRINCIPLES OF SOCIAL DIALOGUE IN THE GROUP**

### **Principle 1**

The Group is committed to providing relevant information when the time comes for organisational changes that have consequences for employment, and to consulting employees and their representatives in accordance with local obligations and culture.

### **Principle 2**

Within the framework of a process of information and consultation, the data and information supplied by The Group shall, as the case may be, include information about possible alternative solutions.

### **Principle 3**

Taking into account the interests of its employees, customers and shareholders, The Group is committed to resorting as much as possible to internal redeployment measures but, if necessary, also to external measures for all employees concerned by possible employment issues.

### **Principle 4**

The Group will in particular do everything possible to avoid resorting to redundancies and collective transfers, and to look as much as possible for other approaches, in particular:

- Seizing the opportunities given by natural movements in headcount reduction, in order to facilitate employment issues.
- Undertaking clear efforts to provide support for employees as they analyse their skills and career development opportunities and to provide training and reallocation opportunities when needed and possible.
- Resorting preferably to solutions built on voluntary departures and redeployment rather than to redundancies and collective transfers.
- Dealing with decisions to transfer activities internationally (e.g. offshoring) by applying the principles of social dialogue enshrined in this text to the European countries concerned.

These alternative social measures give to the company the desired margins for transformation and to employees the choice of their future, even in difficult reorganisation situations.

By enacting these principles, The Group undertakes to take into account the need to keep its inhouse skills and to operate with due concern for its profitability, in order to ensure the continuity of the business. To this end, it encourages its employees to be flexible and envisage the possibility of accepting new developments in employment.

### **Principle 5**

The Group is committed to recognising the representatives of its employees (that is to say the social partners as recognised by the regulations in force in each country or, failing that, by the customs and practices of each local entity in respect of employee representation), and to respect their freedom, rights and roles deriving from national legislation and, as the case may be, the agreements in force in the local entities.

### **Principle 6**

Considering that every employee is entitled to work conditions that ensure their safety and health within the framework of local legislation, The Group considers preventive actions that provide for health and safety at work to be a priority, together with such measures as will allow employees to adapt to changes in the best conditions.

### **Principle 7**

When measures requiring geographical mobility are seen to be necessary, the priority should be to offer them to employees who volunteer and to manage such mobility in a way that facilitates their integration in their new environment in the best possible conditions.

### **Principle 8**

Acknowledging that training is a major investment for both the Group and its employees, The Group is committed to pursuing the implementation of a culture of continuous learning and training that allows its employees to develop their skills and, as much as possible, satisfy their professional aspirations as well as the needs of the company. To this end, each company in The Group shall offer, as much as its resources shall allow, access to appropriate training and development programmes.

### **Principle 9**

The Group refuses any discrimination based on gender, race, colour, ethnic origins, genetic features, disabilities, sexual orientation, language, religion or convictions, membership of trade unions and related activities, and political opinions. The Group is committed to doing all it can to ensure that each employee is treated fairly in matters of employment, work and pay.