

DEPARTMENT OF INSURANCE

300 CAPITOL MALL
SACRAMENTO, CA 95814
(916) 492-3623
(916) 445-5280 (FAX)
www.insurance.ca.gov



**CDI INSURANCE DIVERSITY TASK FORCE (IDTF)
4th QUARTERLY MEETING MINUTES**

**Wednesday, December 4, 2019
10:00 a.m. – 12:00 p.m. PST
California Department of Insurance
300 Capitol Mall, Sacramento, CA 95814**

I. Housekeeping– Task Force Chair Sal Peinado, Jr

- A. Task Force Roll Call - California Department of Insurance (CDI) staff, Rebecca Ball**
 - i. Quorum Met. Task Force Members Present:**
 - (Located in San Francisco) Salvador (Sal) Peinado, Jr., Jay Greene
 - (Located in Los Angeles) Mark Morales
 - (Located in Sacramento) No Task Force members present
 - (Via Phone) Imelda Alejandrino, Annalisa Barrett, Linda Akutagawa, Cecil Plummer, Dawn Marchand, Milton Dellossier, Beverly Cole, Maria Salinas
 - Absent: Rebecca Aguilera-Gardiner, Scott Diener
- B. 2019 IDTF 3rd Quarterly Meeting Minutes - Mark Morales moved to approve the minutes. Milton Dellossier seconded the motion.**
- C. Guest Introductions - (In-Person) Cathy Johnson-Gent (OZI Company), Anthony Belcher (Wes-Tech Environmental), Bezawit Dilgassa (CPUC), John William Templeton, Matthew Shenouda (Pacific Coast Insurance); (Via Phone) Yronica Danielles (Globe Life), Bill Gausewitz (Greenberg Traurig, LLP), Trisha Melton (CPUC), Anabel Nevarez (Globe Life), Wayne Shanks (USAA), Alissa Thuotte (Pacific Life), David Weber (Farmers Insurance), Joy Wong (New York Life)**

II. Insurance Diversity Initiative Updates

- A. Senate Bill 534 (Bradford) Update**
 - i. Chandara Phanachone, CDI -** With the signing of SB 534(Bradford) and the effective date of January 1, 2020, Diversity staff are working on an education campaign to answer questions and provide resources to insurers. There will be a FAQ Fact sheet and webinars that will take place in the first part of the year. This will provide insurers with time prior to the opening of the survey to have their questions answered. We recognize that there are new CEOs, procurement officers, etc. since the last survey and we want everyone to be prepared and educated on the new law. Historically, notification has been sent to insurers required to report in late spring. Insurers who have written premium in California equal or more than \$100 million are required to report in the survey. More details are forthcoming.
 - ii. Mark Morales, IDTF -** Are there going to be updates made to the existing facts sheets so IDTF members can provide at events and Mark can provide to the LAGLCC (Los Angeles LGBT Chamber of Commerce) to update their directory?
 - iii. Chandara Phanachone, CDI -** Mark is referring to facts sheets that Diversity created for different segments (broken down by ethnic group, certification type, etc.) We are having it looked over and approved internally now, and after that, we can get to everyone to share. The documents currently utilize data from the 2018 survey, so will then be updated next year, following the 2020 diversity survey.
 - iv. Mark Morales, IDTF -** This is information we should provide to all certifying bodies and chambers. This is a great way to share our successes. With no marketing budget, this is a good way to get ourselves out there and not have to spend any money. Knows specifically that bringing

awareness of the Initiative brought attention from the LGBT community. LGBT procurement numbers went up as a result of this. This should be celebrated.

- v. Sal Peinado, Jr, IDTF Chair - Will these facts sheets include the steps to certification for diverse suppliers?
- vi. Chandara Phanachone, CDI - No, this is unique to SB534. We have other documents and resources we are working on for the supplier diversity, steps to certification component. We can share those documents once they are approved for distribution.

B. Task Force Open Application Period-

- i. Chandara Phanachone, CDI - We are accepting applications for the Insurance Diversity Task Force. The deadline is January 22, 2020. If you know of people that are willing to commit to the Task Force, have them submit application. Qualified applicants that reflect the diversity of the State of California, including women, LGBT, disabled veterans, veterans, and other minorities, are strongly encouraged to apply.
- ii. Cathy Johnson-Gent, Public - Does being on the Task Force impact ability to conduct business/ as a vendor with insurance companies?
- iii. Rebecca Ball, CDI - That is still being worked through right now. With the passing of SB534 and codification of the Task Force, we are subject to Bagley-Keene laws. We will work on this and let you know.

III. Diversity Task Force Updates

A. Task Force Advisory Groups-

- i. Chandara Phanachone, CDI - Following our meeting with the Commissioner, both advisory groups have refined their recommendations to act on for the upcoming year. Annalisa Barrett will outline the Governing Board Diversity recommendations first.
- ii. Annalisa Barrett, IDTF - Governing Board Diversity (GBD) Recommendation #1: Generate Awareness of GBD via education & advocacy with a goal of creating awareness of value & impact associated with governing board diversity among insurers.
 - Key objective 1: Create a digital communications campaign for GBD Case Studies
 - The case studies will be highlighted in our monthly newsletter tomorrow. We would also like to utilize the Task Force networks to get them out into the world.
 - Key objective 2: Create a governing board diversity resource toolkit
 - Include pathways to become board directors and successful board members via education. Our website has a number of articles on governing board diversity via the resource portal. We will continue to add more content to this area of the site.
 - Key objective 3: Hold an insurance industry governing board diversity champion event
 - It was proposed in previous meetings that we would hold a separate session/section for CEOs/Directors about board diversity. Another option would be to hold a separate governing board diversity summit.

GBD Recommendation #2: Publicize achievements to incentivize change with a goal of fostering change and competition via increased publicity.

- Key objective 1: Follow up on engagement campaign progress update and offer congratulatory letter to companies meeting goals
 - Chandara will be meeting with executives to determine how to proceed with progress and congratulations. For companies meeting their goals, the Department will acknowledge their accomplishments.
- Key objective 2: Increased media engagement and/or exposure on achievements by using networks and connections in organizations such as National Association of Corporate Directors, Corporate Directors Forum, etc. to highlight achievements.

GBD Recommendation # 3: Create an insurance diversity designation or certification with a spotlight on board diversity.

- Cecil Plummer, IDTF - Agrees that this is an important distinction, but recommends moving away from the term "certification" as that already is designated for businesses/enterprises who have met different criteria.
- Linda Akutagawa, IDTF - It would be a good idea to reach out to NACD (National Association of Corporate Directors) to see if they have anything developed in this area.

GBD Recommendation #4 - Develop tangible metrics to quantify impact of Insurance Diversity Summit.

- Annalisa Barrett, IDTF - We need to quantify impacts on the insurance companies that have good diversity on their boards. We want to make sure that our event and opportunities correspond with our goals of the Summit.
- iii. Mark Morales, IDTF- There are two primary goals with supplier diversity. For diverse suppliers, it's "how do I get access to insurance companies to obtain contracts?" For insurers, it's "who are the diverse suppliers and how do we find the right ones?" The advisory group has come up with a few recommendations. SD Recommendation #1: Compile online resource directory with a goal of educating insurers and diverse suppliers and providing access to resources.
 - Key Objective 1: Create online CDI Resource Directory that provides links to diverse certification agencies and procurement portals for insurance companies. Work is being done to create these documents and get them on our website.

SD Recommendation #2: Expand insurer procurement opportunity outreach with a goal of educating and/or connecting diverse suppliers with procurement opportunities by partnering with key industry allies to co-host an event.

- Key objective 1: Co-host a "Meet the Primes" industry event. Mark has extensive experience with hosting these at City National Bank. He has hosted 4 now. The last one was entertainment industry specific. Every event he does continues to improve and he would be happy to host one for insurance companies. He would need CDI to provide the resources from the insurance companies.

SD Recommendation #3: Co-host industry day for diverse suppliers

- Key objective 1: CDI/IDTF to co-host industry day on a focused topic of interest.
- iv. Sal Peinado, IDTF- We need to find a way to bring more procurement opportunities for diverse suppliers. In insurance, the biggest spends are on facilities, claims, professional services, and IT. We need to work to locate opportunities and bring suppliers together.
- v. Cathy Johnson-Gent, Public - Are there are other services/spends that are going to be identified or only the top?
- vi. Mark Morales, IDTF- We are tracking 14 categories currently. Companies look at their 3-5 year plans and those may have been the biggest in 2018. We have two challenges: 1, we need to reach companies that have zeroes across the board and get them to utilize diverse suppliers; and 2, we need to bring up the spend in the 9 other areas. Kaiser is an anomaly because it is both an insurance company and a hospital. There is money spent on construction and other areas that other insurance companies would not have spend in.
- vii. Cathy Johnson-Gent, Public - Is there any collaboration with COIN and the IDTF or are they mutually exclusive?
- viii. Mark Morales, IDTF - Our target is diverse suppliers, not investments. Working in the banking industry, familiar with the Community Reinvestment Act and CDFI (Community Development Financial Institutions Fund) but this is separate.
- ix. Chandara Phanachone, CDI - We have always kept our programs separate and held separate events since our stakeholders differ. We do not rule out a collaboration in the future, but that is not currently our focus.
- x. Beverly Cole, IDTF - Has been working with COIN to provide a diverse list of money managers, pension managers, etc.
- xi. Cathy Johnson-Gent, Public - Requested to be included on Beverly's list. Beverly agreed and CDI staff will provide contact information for Cathy to Beverly.

B. Insurance Diversity Summit-

- i. Sal Peinado, IDTF - As we know, we did not have a Diversity Summit this year. It provides us the opportunity to go back and reinvent the Summit to what we want it to be. We have become a jack of all trades, but a master of none. It is important for us to identify what we want to accomplish and our target audience. Once we know that, we can develop our metrics accordingly.
- ii. Mark Morales - The goal of the Summit is to make sure that insurance companies are putting their money into diverse suppliers. If our goal is to get more dollars in the hands of diverse suppliers, we need to work backwards, getting contracts established. The main reason that suppliers come is to leave with a contract. This year, at the VIB (Veterans in Business) event in San Diego, Mark participated in tactical networking. The session was not the traditional 1:1 format, but rather a table of 8 suppliers and 2 buyers. Buyers talked about their business, who

they were, what they were buying and how to get in contact with them. Diverse suppliers provided capability statements and elevator pitches.

- iii. Sal Peinado, IDTF - Playing the devil's advocate, if we have a series of "meet the buyers" or targeted events next year, what is the reason for the Summit at all?
- iv. Mark Morales, IDTF- For the Meet the Buyers event, the suppliers are coming for the opportunity to make the connections. However, Mark and his team also provide capacity and capital at the same time. Provides an educational component along with the connections that the suppliers are looking for. The suggestion to do this event would be as an option for the other part of California that is not having the Summit. Typically, every other year it's in northern or southern California. In the part of the state where the Summit is not happening, we hold this type of event.
- v. John William Templeton, Public - The reason for him to come to meeting today was to stress importance of getting companies to consider funding infrastructure. Recently, a \$100 million equity fund was established for new businesses. The lack of capital is such a burden for businesses. Going to a conference is not always worth the effort with the little amount they make in contracts. Thinks that the biggest impact that CDI can make is with DGS (Department of General Services) and CalTrans.
- vi. Beverly Cole, IDTF - The program that Mr. Templeton is speaking about is Founders First. Beverly sits on its Board. They are starting out in 5 cities, then moving onto other states. The challenge is that the insurance company model is different. They don't always think of it like a three party contract. If insurers would be more intentional, they might make more progress.
- vii. Sal Peinado, IDTF - This is a good point. Let's try to get some ideas together and make recommendations to the Commissioner by end of first quarter 2020.
- viii. Cecil Plummer, IDTF - The idea of partnering with other state agencies is a good one. If we have a robust Summit, it could be a great value and benefit to business owners and then for the Summit as a whole.
- ix. Chandara Phanachone, CDI - Does anyone currently attend or know of DGS or CalTrans events?
- x. Cecil Plummer, IDTF- Has seen some out there, has not personally attended. This might be a good avenue to research.
- xi. Mark Morales, IDTF - Even if we are not co-hosting, we should be trying to have a table set up at every event we can. We should have our facts sheets out and either an IDTF member or CDI staff at every one of these events. Since we have budget to put towards it, but we are all working to increase money into diverse businesses, we have to think of creative ways to get out there.
- xii. Bezawit Dilgassa, Public - Works for the CPUC in supplier diversity. She can help us inroads to those events.
- xiii. Sal Peinado, IDTF - What are we really trying to solve? It's a great idea to partner with other agencies, but if we don't change the mindset of insurance companies, how will we move the needle?
- xiv. Mark Morales, IDTF - What if we hold a breakout session? "How to establish a supplier diversity program" We can target those insurance companies that are reporting zeroes and give them access to people who are doing a good job. Give them ability to learn from people who are successful. Sees there being 3 goals/objectives of the Summit:
 - Provide diverse suppliers with valuable connections;
 - Bring insurance company representatives up to the champion-level of diverse spend; and
 - Address the value and importance of governing board diversity
- xv. Chandara Phanachone, CDI - Perhaps CDI can hold smaller session designed for insurance company executives to extol the benefits and advantages of a diverse board. Then on the second day, have more of an educational component and roundtable.
- xvi. Beverly Cole, IDTF- Maybe the first day can be hosted by a third party.
- xvii. Chandara Phanachone, CDI - The department is not able to sponsor any food or drinks.
- xviii. Annalisa Barrett, IDTF - Agrees with the idea of holding a separate governing board diversity component. Maybe including the nominating governing board chairs.
- xix. Jay Greene, IDTF - If you want to share your message, you have to find people that don't currently believe in the same thing as you, or are not currently involved.
- xx. Sal Peinado, IDTF - There has been a decreased number of insurers in the Summit every year since 2013. What needs to be changed in order to attract them?
- xxi. John Templeton, Public - What are consequences for insurance companies that don't meet any numbers?
- xxii. Sal Peinado, IDTF - Everyone is required to report, however, they are able to report zeroes with no consequences.
- xxiii. Rebecca Ball, CDI- There are fines if they willfully decline to report, that can be up to \$10,000.

- xxiv.** Cathy Johnson-Gent, Public - Insurers need to know how they will be measured. If there is no repercussion for reporting zeroes or not providing a report at all, much less likely to report. Also, if you are only looking for large companies to come (like Kaiser), small businesses feel that and will not be inclined to come back. It is a good idea for CDI to identify the audience for the Summit to get the right people.
- xxv.** Mark Morales, IDTF - In the 5 years of reporting, the diverse spend has increased by 96%. It will be interesting to see how much it increases now that insurers are required to report. A couple of suggestions:
 - Ask insurance companies what we can do to help. "We see you are reporting zeroes; is there anything you need from us?"
 - Advising insurers that we will be creating a scoring system, if you want to join the conversation, you should come to the Summit.

If you were high performing company, you would want to highlight that and bring attention to consumers to see that. As an example, Mark recently changed his health insurance provider to one that reports on diversity.
- xxvi.** John Templeton, Public- Maybe if there was an executive order, a Governor requirement or some other way that insurers are forced to report.
- xxvii.** Mark Morales, IDTF - Are there any other states that have the ranking system in place? We can follow in their footsteps.
- xxviii.** Chandara Phanachone, CDI - We are the leaders in this space. California was the first to conduct a diversity survey within the insurance industry and would be the first to come up with a scoring system. It is likely that other states may be interested in learning from our model.
- xxix.** Anthony Belcher, Public - Recommended the idea of a scoring system two years ago, but nothing ever happened with it.
- xxx.** Mark Morales, IDTF - Suppliers don't need to be present on first day. Insurance companies should be present for whole event.
- xxxi.** Cecil Plummer, IDTF - We have a number of ideas. We need to take all of these ideas and form a subcommittee. From there, establish some recommendations and bring back to the group. Subcommittee will be Cecil, Mark, Jay, Beverly, Sal and Chandara. Please check your calendars to confirm.
- xxxii.** Jay Greene, IDTF - Likes the idea of just getting into a room and hammering things out.
- xxxiii.** Sal Peinado, IDTF - Should be able to book a room at CSAA in Walnut Creek.
- xxxiv.** Cecil Plummer, IDTF- Will get assistant to send out a poll and find the day that works.
- xxxv.** Sal Peinado, IDTF- Just one more thing, let's be sure to keep insurers in mind. Supplier diversity professionals are told no more often than any others. When there is a leadership change, have to establish importance of supplier diversity programs again. Unless we can give insurance companies ROI info on supplier diversity, we can't get them on board.

C. Announcements-

- i.** Chandara Phanachone, CDI - With the passage of SB534 and law going into effect on January 1, 2020, the Task Force will soon be subject to the Bagley-Keene Open Meeting Act (Act). Some of the requirements include: meetings to be held in Public, giving the Public opportunity to be involved in the decision making process, addressing accessibility concerns, among others. The Task Force may need to rethink how it proceeds with advisory groups given this law. I will be working with our CDI legal team to help guide us through the compliance as part of this process. If anyone has questions that we should requires a response, please contact me so I can relay it to our legal team.
- ii.** Sal Peinado, IDTF - Meeting is usually a broad definition, if four people are at the same place and talk about something Task Force related, we would possibly have to publish meeting minutes.
- iii.** Chandara Phanachone, CDI - Yes, that is possible. There is much to still figure out. But we will let everyone know as soon as we learn more about this Act.

D. Past and Upcoming Events-

- i.** Amy Ives, CDI - Beverly Cole spoke to technology professionals about serving on corporate boards at the "She Leads Tech" event in Los Angeles in October. FBI Agent Caitlin Gremminger provided the keynote.
- ii.** Amy Ives, CDI - Cecil Plummer, Mark Morales, Sal Peinado and Chandara Phanachone all attended the NMSDC (National Minority Supplier Diversity Council) annual conference in Atlanta in October. Cecil and WRMSDC (Western Regional Minority Supplier Diversity Council) were honored as Council of the Year.
- iii.** Cecil Plummer, IDTF - This was a great honor for the group. This is the first in WRMSDC's 45-year history to have been honored.

- iv. Amy Ives, CDI - Chandara Phanachone attended IDTF member Rebecca Aguilera-Gardiner's organization, VIB Network (Veterans in Business) Conference in San Diego in October. This is the 3rd annual event. Attendees participated in tactical networking and attended the Above and Beyond Awards at the Air and Space Museum.
- v. Amy Ives, CDI - Mark Morales and City National Bank hosted the "Meet the Buyers – Entertainment Edition" in early November. Over 90 people attended. Suppliers were able to meet with buyers from ViaCom, WarnerMedia and CBS. Suppliers gave their elevator pitches and capability statements and were given immediate feedback. City National also provided an overview on Access to Capital, the Small Business Development Center (SBDC) and other certification opportunities.
- vi. Amy Ives, CDI - National Conversation on Board Diversity event was held nationwide on November 21. Chandara attended the event in San Diego that Annalisa Barrett (IDTF member) was co-hosting and Rebecca and Amy attended the Sacramento event. Both events shared statistics that the goal was 20% of board seats held by women by 2020 and as of 2019, the number is 20.4%. California is leading the pack with 21.4% of board seats held by women. The San Diego event also awarded a number of companies for their commitment to board diversity.
- vii. Amy Ives, CDI - 2019 GGBA (Golden Gate Business Association) Holiday Make Contact – Holidays in the Haight is happening on December 10, 2019. Jay Greene (IDTF member) spoke on this. This event is open to members and non-members. There will be food and Gabriel, the King of Haight, will be honored.
- viii. Amy Ives, CDI - Directors Forum 2020 will be held January 15-17, 2020 in San Diego. This is the annual conference featuring perspectives from investors, directors and management on key governance issues.
- ix. Mark Morales, IDTF- Do we know how many of the attendees are from the insurance industry? Does it make sense for us to try to attend?
- x. Annalisa Barrett, IDTF- Will look into the numbers of registered and previous attendees. Not usually a large number of insurance companies.

IV. Public Comment

A. Public Attendee open-forum

- i. There were no Public comment topics.

V. Next Steps and Adjourn

A. Contact us: diversity@insurance.ca.gov

B. Tentative 2020 Meeting Dates:

- i. March 11, 2020 – 10 am - 12:00 pm (PST)
- ii. June 3, 2020 – 10 am – 12:00 pm (PST)
- iii. September 16, 2020 – 10 am – 12:00 pm (PST)
- iv. December 2, 2020 – 10 am – 12:00 pm (PST)

C. Motion to adjourn:

- i. Motion to adjourn: Sal Peinado, IDTF Chair
- ii. 1st the motion: Jay Greene
- iii. 2nd the motion: Mark Morales