



**Senator Steve Bradford, 35th Senate District
State Capitol, Room 2062, 916-651-4035**

SB 488 -- Insurance: Diversity.

SUMMARY

Senate Bill 488 (Bradford) would codify the successful supplier diversity and governing board diversity initiatives of the California Department of Insurance. Only part of this program is in current statute. SB 488 adds LGBT-owned and veteran-owned businesses, a governing board diversity survey, and extend the sunset through 2025.

BACKGROUND

State and Federal law requires Californians to purchase many types of insurance, such as automobile, health, and workers' compensation insurance. But, the more than 200 insurance companies that collect \$100 million or more each year from Californians have only scratched the surface when it comes to procuring goods and services from diverse businesses, or having governing boards that mirror the diversity of California.

The Insurance Diversity Initiative (IDI) has three major components:

- Surveys of insurance company supplier diversity and governing board diversity;
- A first in the nation Annual Diversity Summit which facilitates business matchmaking to increase contracts for California's diverse businesses with the nation's leading insurers and awards insurance industry leaders and stakeholders for achievements in diversity; and
- An Insurance Diversity Task Force comprised of industry leaders.

In 2011, Insurance Commissioner Jones asked insurance companies to participate in a voluntary survey regarding supplier diversity and governing board diversity, but only 29% of companies responded.

In 2012, Assembly Bill 53 (Solorio) was enacted to codify the insurer supplier diversity survey so that future Commissioners would implement it as well. It required each insurance company that collects more than \$100 million annually in premium from Californians to report on the company's supplier diversity efforts in odd-numbered years. Specifically, California Insurance Code Section 927 requires insurance companies and groups to report on procurement efforts (the extent to which insurance companies are buying goods and services)

from minority-, women-, and disabled veteran-owned businesses.

Insurance Commissioner Dave Jones continued to implement the supplier diversity and governing board diversity surveys, and in 2016 California partnered with other states (District of Columbia, Minnesota, New York, Oregon, and Washington) to launch a national insurance supplier and governing board diversity survey called the Multistate Insurance Diversity Survey (MIDS).

The initiative focuses on transparency, as "what gets measured, gets done."

SOLUTION

SB 488 Continues the successful insurance supplier diversity and governing board diversity efforts through 2025 and expands the statute to include LGBT and veterans and businesses and codifies the government broad diversity survey.

SUPPORT

None on file

OPPOSITION

None on file

CONTACT

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