

**CDI Omnibus Bill
Additional Amendments 2.26.14**

- 1. Clean-up to the Insurer Diversity Statute.** AB 53 (Solorio) of 2012 required major California insurers to submit a biennial report to the Insurance Commissioner regarding the implementation of their efforts to increase procurement from women, minority, and disabled veteran business enterprises and to update their reports every two years. In its first year of implementation (2013), many insurance companies and stakeholders were unable to determine if a supplier was a "California business" because insurance companies and organizations that certify diverse suppliers do not track the location of vendor employees. Insurers that tried to comply were forced to survey each vendor to determine whether a majority of employees were in California or elsewhere. This proposal would include a more clear definition ("headquarters address") that was brainstormed between CDI and stakeholders. The proposed "headquarters address" should allow insurance companies to more accurately determine if a vendor is a "California business," and should also allow companies to automate the process of tracking and reporting its California diverse vendors based on data they already have.

This proposal would also extend CDI's deadline for posting the reports to CDI's website. Many insurance companies utilized the 30 day extension to submit a report during this first year of implementation. Extending the posting period one month would give CDI staff the additional needed time to process the approved late submissions.

Proposed Amendments to CIC 927.2

- (a) (1) By July 1, 2013, each admitted insurer, with California premiums written of one hundred million dollars (\$100,000,000) or more, shall submit a report to the commissioner on its minority, women, and disabled veteran-owned business procurement efforts during the reporting period.
- (2) The report shall include all of the following:
- (A) The insurer's supplier diversity policy statement.
- (B) The insurer's outreach and communications to minority, women, and disabled veteran business enterprises, including:
- (i) How the insurer encourages and seeks out minority, women, and disabled veteran owned business enterprises to become potential suppliers.
- (ii) How the insurer encourages its employees involved in procurement to seek out minority, women, and disabled veteran-owned business enterprises to become potential suppliers.
- (iii) How the insurer conducts outreach and communication to minority, women, and disabled veteran business enterprises.
- (iv) How the insurer supports organizations that promote or certify minority, women, and disabled veteran-owned business enterprises.
- (v) Information regarding appropriate contacts at the insurer for interested business enterprises.
- (C) The report shall include information about which procurements are made from minority, women, and disabled veteran business enterprises with **at least a majority of the enterprise's workforce a headquarters address** in California, with each category aggregated separately, to the extent that information is readily accessible. An insurer may also include other relevant information in the report.
- (3) An insurer that does not enter into contracts to procure goods or services in California satisfies the requirements of paragraph (2) by filing a statement with the commissioner attesting that it does not enter into procurement contracts in California.

(b) Nothing in this section shall be construed to require quotas, set-asides, or preferences in an admitted insurer's procurement of goods or services, nor does this section apply to insurer producer or licensee contracts. Admitted insurers retain the authority to use business judgment to select the supplier for a particular contract.

(c) Nothing in this section shall preclude an admitted insurer that is a member of an insurance holding company system, as defined in Article 4.7 (commencing with Section 1215) of Chapter 2, from complying with paragraphs (1) and (2) of subdivision (a) through a single filing on behalf of the entire group of affiliated companies.

(d) Failure to file the report required by subdivision (a), by July 1, 2013, shall subject the admitted insurer to a civil penalty to be fixed by the commissioner, not to exceed five thousand dollars (\$5,000), or if the act or practice was willful, a civil penalty not to exceed ten thousand dollars (\$10,000). An insurer may request, and the commissioner may grant, a 30-day extension to file the report if needed due to unintended or unforeseen delays. If the insurer has failed to file the report within 30 days of a written notice by the commissioner that the insurer has failed to file the report, the commissioner may find that the failure to file the report was willful and increase the civil penalty to an amount not to exceed ten thousand dollars (\$10,000). The penalty imposed by this section shall be enforced by the commissioner and is appealable by means of any remedy provided by Section 12940, or by Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code. This subdivision is the sole means for enforcement of this section.

(e) Commencing July 1, 2015, each admitted insurer specified in subdivision (a) shall biennially update its supplier diversity report and submit the new report to the commissioner no later than July 1.

(f) By ~~July 31, 2013~~ **September 30 of the reporting year**, the commissioner shall establish and maintain a link on the department's Internet Web site that provides public access to the contents of each admitted insurer's report on minority, women, and disabled veteran-owned business procurement efforts. The commissioner shall include a statement on the department's Internet Web site that the information contained in the insurer's report on minority, women, and disabled veteran-owned businesses is provided for informational purposes only.