

Supplier Diversity in the California Insurance Industry

Substantive Foci: *comparative policy analysis; diversity; social equity; economic development*

Client Contact: Melanie V. Ramil, Chief, External Affairs, California Department of Insurance

About the Client: California is home to a \$123 billion insurance industry. The California Department of Insurance (CDI) regulates and licenses the 1,800 insurance companies and more than 335,000 insurance agents, brokers, adjusters, and bail agents that operate in the state. The CDI is headed by the Insurance Commissioner, an elected constitutional officer. In January 2012, Commissioner Dave Jones announced the formation of an Insurance Diversity Task Force to make recommendations about diversity in the insurance industry, including corporate governing boards and procurement of suppliers. Assembly Bill 53, signed into law by Governor Brown in 2011, amends California Insurance Code Section 927 to require that insurance companies that collect \$100 million or more in California premiums must report details of its procurement of goods and services from California businesses owned by minorities, women, and disabled veterans. All 207 insurance companies that met the threshold complied in 2013 – the first of three biennial survey deadlines mandated by AB 53.

Proposal: Analyze data on supplier diversity collected by CDI through the 2013 census of insurance companies that met the threshold. Identify potential opportunities for increasing the number and/or value of insurance industry contracts with California's diverse supplier businesses. Provide context for the study findings by referencing similar supplier diversity initiatives such as General Order 156 implemented by the California Public Utilities Commission, or procurement diversity programs overseen by the twenty federal entities that have an Office of Minority and Women Inclusion. Develop recommendations for improving the design and administration of future rounds of the AB 53 survey to be conducted in 2015 and 2017. Present findings before assembled members of CDI staff and the Insurance Diversity Task Force.

Motivation: Commissioner Jones seeks to document a first ever baseline for California's supplier diversity standards within the insurance industry. By understanding and relating the data which has been collected under AB53, the Commissioner and CDI also seek to establish models for best practices and diversity policies which can ultimately help the citizens of California and serve as an exemplar to other states and jurisdictions setting their own diversity agenda.

Study Approach: Review relevant literature to establish a framework for survey data modeling and analysis, including published analyses of supplier diversity initiatives in other industries and from other state and federal agencies. Upon client approval of an analytic approach, analyze and interpret 2013 survey data collected by CDI. Vet preliminary findings with subject matter experts and other stakeholders. Depending upon the ease of completion of these first steps, additional accomplishments would include review of comparative diversity initiatives with policy application to California's insurance industry, procurement diversity programs, recommendations for improving the design and administration of future surveys and related legislation.