

DEPARTMENT OF INSURANCE

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**CDI INSURANCE DIVERSITY TASK FORCE (IDTF)
 1st QUARTERLY MEETING MINUTES**

**Wednesday, March 11, 2020
 10:00 a.m. – 12:30 p.m. PDT
 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, Amy Ives
 - i. Quorum Met. Task Force Members Present:
 - (Located in Sacramento) Imelda Alejandrino (IDTF Member), Chandara Phanachone (CDI Staff)
 - (Located in Los Angeles) Mark Morales (IDTF Member), Rebecca Aguilera-Gardiner (IDTF Member), Linda Akutagawa (IDTF Member), Amy Ives (CDI Staff)
 - (Located in Oakland) No Task Force Members present
 - (Via Phone) Sal Peinado, Jr. (IDTF Chair), Annalisa Barrett (IDTF Member), Cecil Plummer (IDTF Member), Dawn Marchand (IDTF Member)
 - Absent: Jay Greene, Beverly Cole, Phyllis Marshall, Maria Salinas
- B. 2019 4th Quarterly Meeting Minutes – Mark Morales moved to approve the minutes. Rebecca Aguilera-Gardiner seconded the motion.
- C. Guest Introductions – (In-Person) Beate Chelette (Public Attendee), Anthony Belcher, President – Westech Environmental LLC (Public Attendee), (Phone) Monica Macaluso (CDI Staff)

II. Insurance Diversity Initiative Updates

- A. **Senate Bill 534 (Bradford) Update –**
 - i. Amy Ives, CDI – We launched the SB 534 Education campaign, which included a webinar to serve as a resource to inform and prepare California admitted insurers on substantive changes to upcoming 2020 California Insurance Diversity Survey (CAIDS). Insurers had many great questions about changes from previous years, and we were able to answer them and provide the SB 534 FAQ document which will support them until the official launch of the CAIDS later this spring.
- B. **2020 California Insurance Diversity Survey (CAIDS) –**
 - i. Chandara Phanachone, CDI – We are working diligently to finalize the CAIDS with our CDI Information Technology (IT) team. We will be finalizing our respondents list of insurance companies along with preparing a robust library of online resource documents to accompany the survey. We are currently in the final testing phase with IT and will plan on launching the survey during the first couple of weeks in April to provide ample time for insurers to submit their reports. Key substantive changes to CAIDS include the inclusion of nonbinary as a gender category, veteran as a demographic selection category, and the option for board members to decline to state in the governing board diversity narrative section. Additionally, SB 534 requires mandatory disclosures to be provided to all board members to advise that participation in regards to disclosure of their board demographics is voluntary, and that data will all be reported in the aggregate. For the supplier diversity section, the diverse business categories have expanded to include veteran business enterprises and LGBT business enterprises, and both categories are now codified in statute.
 - ii. Annalisa Barrett, IDTF – Inquired as to number of potential respondents for 2020 CAIDS.
 - Chandara (CDI Staff) responded that based on a preliminary analysis of historical 2017 data, CDI can expect to see approximately 250-300 insurance companies that will be

subject to reporting. Insurers will be required to report for financial year 2018, 2019 or both based on the year(s) they met the \$100 million California premium threshold.

- iii. Imelda Alejandrino, IDTF – Inquired as to what is done with the compiled data.
 - Chandara (CDI advised that CDI conducts an analysis of the data which is later utilized to help inform future programming and resource areas of opportunity. Additionally, data from the diversity survey has historically been shared publicly as part of the opening plenary at the annual Diversity Summit as well as posted online via the Insurance Diversity website at www.insurance.ca.gov/diversity.

C. 2020 California Insurance Diversity Summit –

- i. Chandara Phanachone, CDI – Summit proposals have been created. We want to be valuable and mindful of the content that we put forward. Our goal is to be intentional about the content we create and not just another repetitive session. From the GBD standpoint, our goal is to recognize those companies that have taken action to diversify their boards.
- ii. Rebecca Aguilera-Gardiner, IDTF – Asked if there has been any discussion about dates. With the postponement of events due to COVID-19, it would be ideal to get something slated sooner than later since many groups will try to be moving into later this year.
 - Chandara responded that a date has not been finalized, but we will be mindful of this evolving public health concern.
- iii. Linda Akutagawa, IDTF – Asked if a Summit Task Force Planning Group been established. Chandara advised that with the enactment of SB 534, the Task Force is subject to the Bagley-Keene Open Meeting Act and will definitely discuss this later in the meeting.
- iv. Mark Morales, IDTF – Proposed that CDI hold its Diversity Summit in Sacramento in October to coincide with the Veterans in Business (VIB) Conference. Chandara said that was something we can potentially consider, but would need to follow up.
- v. Beate Chelette, Public Attendee – So many organizations have canceled their events that it would be advisable to schedule as soon as possible in order to attain attendees.

D. Task Force Travel Reimbursement Policy –

- i. Chandara Phanachone, CDI – following the enactment of SB 534 and the codification of the Insurance Diversity Task Force, we have developed a travel policy and Task Force members can now be reimbursed for travels related to Task Force activities. We are still finalizing all of the details, but the main points are that if your employers have allocated funds for the travel, you should utilize them first. There is no charge to the Task Force member to arrange flights, but all flight reservations will need to be handled by CalTravelStore. We will be sending out additional forms that require your review and signatures prior to commencement of travel reimbursement program.

III. Diversity Task Force Updates

A. Strategic Recommendations –

- i. Chandara Phanachone, CDI – The 2020-21 Strategic Plan is intended to outline the goals of the Initiative and the steps and actions that will need to be taken in order to reach our goals. This plan was a year-long collaborative effort between the Task Force, CDI, and Commissioner Lara. It is intended to be a dynamic document that will continue to evolve based on the needs of the Task Force and CDI, and in order to remain relevant to current situations that may arise.
- ii. Sal Peinado, Jr., IDTF Chair –
 - Governing Board Diversity: Generate Awareness of Governing Board Diversity Through Education and Advocacy
 - Create digital communications campaign for GBD Case Studies
 - Created case studies for NORCAL Group and Prudential
 - Provided them to IDTF to share with networks
 - Highlighted in monthly IDI newsletter
 - Digital GBD Resource Toolkit
 - Toolkit will include sample diversity policy statements, additional resources for insurers
 - Diversity guidelines are difficult to find on insurers' websites, but listed some examples
 - Insurance Diversity GBD Champion Event
 - Create an event that recognizes insurance companies that are embracing and having success in governing board diversity
 - Publicize achievements to Incentivize Change Among Insurers

- Create industry standards in the form of diversity designation for insurance companies to be recognized for their achievements
 - We will continue to work on developing criteria for insurers and determine how insurers will be scored and steps to designation
 - Chandara advised that no specific criteria has been created yet but as we are the pioneers of diversity movement, what we do can impact the country
 - What other criteria might we look towards other than just numbers? Perhaps we can have more of a narrative, supplemental section where insurers can highlight a success story
- Recognize the progress of insurers who have successfully achieved board diversity by sending them congratulatory letter
 - We are still analyzing data from the 2019 Engagement campaign. Based on the results from that, we will work with Commissioner to get letters sent to those companies that embraced change and added diverse board members.
- Highlight Impact of the Diversity Initiative and Task Force
 - Increase medial engagement/exposure of achievements and impact
 - Share leading practices of the Diversity Initiative as part of the 2020 Zone Meeting
 - Details regarding Western Zone Meeting still being finalized
 - Opportunity might exist for IDTF to present
 - Develop tangible metrics to quantify impact of Insurance Diversity Summit
 - Always looking at ways to determine if what our Summit brings is useful, beneficial and impactful.
 - Continuing to work on ways to measure success (matchmaking success, change in board composition, etc.)
- Advancing Supplier Diversity: Compile Online Resource Directory
 - Educate insurers and diverse suppliers by providing access to resources
 - Continuing to work on directories for certification and insurance companies
 - We are in the midst of revamping our website and can't make any new changes during this time
 - Once changes are made, we can get more momentum creating the directories
 - Educate and/or connect Diverse Suppliers with Procurement Opportunities by Partnering with Key Industry Allies
 - Meet the Buyers event scheduled for August 19th at City National Bank. Mark Morales has done quite a few of these and Diversity Initiative can partner this time
 - Create value and impact through a series of more focused insurance industry events
 - Will need to continue to look at this – with the COVID 19 activities, it is very likely that events will need to be held virtually this year.
 - Rebecca has looked into this type of event and will be happy to share information.
 - Rebecca had a demo with [Communique Conferencing, Inc.](#) and it was very impressive

B. Bagley-Keene Open Meeting Act –

- i. Chandara Phanachone, CDI – Again following the enactment of SB 534, IDTF meetings are now subject to Bagley-Keene Open Meeting Act. We have sought legal guidance from CDI's legal experts) and they have given us guidance on how to proceed with respect to this Task Force. You will notice updates that reflect compliance under Bagley-Keene in the way that meetings will be conducted, locations and methods to join the meeting, and more urgency surrounding Task Force members' RSVPs to the meetings. We have made great progress in the last few months and continue to learn more to ensure that we are in compliance with the Act. Some significant highlights –

- If a Task Force member wishes to call in for the meeting, they must make the location in which they are calling in from available to the public, and it shall also be listed on the Public Notice and available for the public to join from there.
- In the case of subcommittees, if there are more than 3 members of the Task Force present, it will be considered a regular meeting and will need to be publicly noticed.
- In order for a location to be made available to the public (i.e. CDI Headquarter offices located in Oakland, Los Angeles, and Sacramento) at least one member of the Task Force must be present at that location. Moving forward, we will need to know at least 14 days prior to the meeting if Task Force member will be attending and from which location. If a single Task Force member will not be able to attend attending from one of our CDI HQ locations, then we cannot disclose that specific location on the agenda.
- The Public Notice and Agenda is required to be published no less than 10 days prior to the meeting date.
- In the event of extenuating circumstances (i.e., the recent coronavirus COVID-19 public health emergency) teleconferencing may be made available for everyone. We will keep everyone informed of updates as they are communicated to us.

Thank you for your patience and understanding as we all work together to understand how to best function under the Bagley-Keene Open Meeting Act.

C. Board Diversity Update –

- Annalisa Barrett, IDTF – SB 826 (Jackson) was passed in September 2018. The provisions required that publicly-held companies headquartered in California had at least one woman on their board by 2019. Further, beginning July 2021, the law requires a minimum of two women directors on boards with five directors and at least three women on boards with six or more directors. In 2019, KPMG Board Leadership Center conducted a survey to determine compliance under SB 826 within the first year of its implementation which culminated in a report entitled [The Women Changing California Boardroom](#).
 - This survey specifically looked at those public companies headquartered in California that did not have a woman on their board in 2018 and then added one woman in 2019.
 - The survey confirmed that the vast majority of those companies now have at least one woman and less than 5% of companies have zero.
 - One concern was that there would not be enough women who were qualified to be board members. The study determined that was not the case at all and there are plenty of board qualified women.
 - 94% of women joined the board as outside directors
 - More than three-quarters (76%) of women on boards have advanced degrees including MBAs and PhDs.
 - Another concern when the bill was being deliberated as if a woman was already serving on a board, would they be overcommitted. Research supports that this is not a problem.
 - Overall, the findings indicate that expectations for increasing board diversity under SB 826 were achieved and very applicable to board service.
- Cecil Plummer, IDTF – Has there ever been any research captured on the ethnic diversity of board members? Annalisa advised that the Securities & Exchange Commissioner (SEC) does not require disclosure of racial or ethnic backgrounds, so she can not report on that data as it is not readily available. She is considering conducting a subsequent voluntary survey in the future and may look to the CAIDS for guidance.

D. Election - Call for Nominations –

- Chandara Phanachone, CDI – Another component of the Bagley-Keene Open Meeting Act is that elections must follow an established process and be open to the public. Previously elections were held electronically, where members would elect and vote via email. Now we will take nominations during this meeting and if there are multiple nominees, will need to hold speeches and elections in the next meeting, scheduled for June 3, 2020.
- Nominations for Chair –
 - Mark Morales nominated Sal Peinado, Jr. as IDTF Chair
 - Sal Peinado, Jr. accepted Mark Morales' nomination
- Nominations for Vice Chair
 - Rebecca Aguilera-Gardiner nominated Mark Morales as Vice Chair
 - Mark Morales accepted Rebecca Aguilera-Gardiner's nomination
- There were no other nominations

- v. Chandara advised that this is our slate and formal voting will be held at the next Task Force Meeting on June 3, 2020. At that time, candidates will be asked to give their candidacy speeches before the Task Force.

E. Past and Upcoming Events

i. Amy Ives, CDI –

- On February 20, Western Regional Minority Supplier Development Council (WRMSDC) held their second annual Primetime event. The event was held at the Federal Reserve Bank in San Francisco. Private matchmaking was conducted and business leaders provided insight in finance, marketing, technology, growth and sustainability.
- Golden Gate Business Association (GGBA) held their annual Power Lunch event in San Francisco.
- State Compensation Insurance Fund has elected to postpone their event for the year due to the coronavirus. Imelda Alejandrino advised that she is going to propose the virtual conference platform idea to them.
- At this time, WBENC Summer Salute in Nashville is still a go, but very possible that it could be postponed/canceled.
- VIB Network will be holding their annual conference in October 12 and 13 in Sacramento.

IV. Public Comment

- i. Anthony Belcher, Wes-Tech Environmental - Mr. Belcher has been working with the Task Force since 2014. Mr. Belcher shared his idea is to create a scoring matrix for insurance companies, and seeks to share his ideas with the Task Force. Mr. Belcher will plan to attend the next Task Force meeting in June to share more as the Task Force is open to ideas

V. Next Steps and Adjourn

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

B. Reminder for remaining 2020 Task Force Meetings

- I. 2nd Quarterly Task Force Meeting: June 3, 2020, 10:00 a.m. – 12:00 p.m. (PDT)
- II. 3rd Quarterly Task Force Meeting: September 16, 2020, 10:00 a.m. – 12: 00 p.m. (PST)
- III. 4th Quarterly Task Force Meeting: December 2, 2020, 10:00 a.m. – 12:00 p.m. (PST)

C. Adjournment

Mark Morales moved to adjourn meeting

Rebecca Aguilera-Gardiner seconded