

DEPARTMENT OF INSURANCE

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

**Thursday, March 2, 2017
11:00 a.m. – 1:00 p.m. PST
California State Capitol
10th & L Streets
Assembly Committee Room 126
Sacramento, CA 95814**

- I. Welcome – Insurance Commissioner Dave Jones**
 - A. Reappointments of Task Force Members**
 - i. Present for a Reappointment to another 2-year term – Pat Fong Kushida, Michael Keeley, Mark Morales, and Melanie Shelby
 - ii. Not Present and Reappointed to another 2-year term – Melinda Guzman, Janice Brown, and Randolph Sinnott
- II. Task Force Chair Melanie Shelby**
 - A. Task Force Roll Call** – CDI staff, Rebecca Ball, quorum met.
 - B. 4th Quarterly Minutes** – Approved
- III. Overview of Insurance Diversity Initiative**
 - A. PowerPoint Presentation**
 - i. Rebecca Ball – Presented an overview of supplier diversity.
 - ii. Ben Phillips-Lesenana – Presented an overview of governing board diversity.
 - iii. Questions/Comments
 - Pat Fong Kushida – asked for clarification that this information was based on CA insurance diversity procurement. Staff confirmed this as the case.
 - Michael Keeley – asked for clarification of how many board members within the count served on multiple insurance governance boards, term “recycling”. Staff shared that surveys only reports counts to remain anonymous
 - Vice Chair Linda Akutagawa – asked for clarification on the reasons behind what is causing a decline of annual increases in insurance supplier diversity from a 39.8% annual increase down to a 13.8% annual increase. Staff confirmed data as accurate and may be due to an increase of reporting between voluntary survey year and the first AB 53 survey year.
- IV. Future of the Insurance Diversity Initiative**
 - A. Chair Melanie Shelby Welcomed Senator Steven Bradford**
 - i. Senator Steven Bradford – As the Author, introduced SB 488. The Senator shared his background and participation with prior committee work and proceeding bills to SB 488.
 - ii. Questions/Comments
 - Insurance Commissioner Dave Jones – Thanked Senator Steven Bradford for his extraordinary efforts and having selected this in his first term as Senator.
 - Chair Melanie Shelby – Looks forward to the result driven by SB 488.
 - Senator Steven Bradford – Added, corporate suites do reflect the culture of corporations they lead. Insurance supplier diversity and governance board diversity should be a part of the corporate DNA, not just a check-off on a list.

- Mark Morales – Appreciated Senator Steven Bradford inclusion of the LGBTBE language into SB 488.
- Senator Steven Bradford – Commented the previous utility bill was carried by then Assemblymember Richard Gordon.

V. Invited Testimony

- A. Speaking as a Lesbian, Gay, Bisexual, and Transgendered Business Enterprises Advocate
 - i. Mark Morales – Was 1st and only LGBTBE advocate/rep on the Task Force since appointment in 2015. Since Task Force appointment, attendance by LGBTBEs at the Summit increased by 700%, dollars spent with California LGBTBEs has increased by 32%. Also, duplicating efforts for the Disabled Veteran Business Alliance to help their community as well. Work on the Task Force is one of my proudest achievements.
- B. Speaking on behalf of an Insurer: California State Automobile Association
 - i. Salvador Peinado, Jr. – CSAA benefits with Insurer Supplier Diversity since it reinforces the company's commitment to diversity, enables CSAA to do business with suppliers that share values of community, and it's an effective way to support and create local jobs. Year over year, CSAA increased spend with diverse suppliers from 27 different diverse suppliers in 2012 to 210+ in 2015. CSAA's goal in diverse supplier spend is 20% by 2020.
- C. Speaking as a Subject Matter Expert on Governing Board Diversity
 - i. Vice Chair Linda Akutagawa – "What gets measured, gets done," Governing Board Diversity Survey puts the insurers on notice that California ratepayers are watching. And, the Annual Summit educates Californians on the importance of Governing Board Diversity. 2016 Alliance for Board Diversity report on Fortune 500 governing board representation: women are 20.2% of governing boards and people of color are 14.4% (an area of focus for improved results.) Research by McKinsey & Company indicates companies with diverse executive boards enjoy significantly higher earnings and returns on equity.

VI. Task Force Roundtable

- i. Pat Fong Kushida – With insurers collecting \$288B annually in CA from insurance premiums and Asian/Pacific Islanders representing 15% of that market at \$43B, only \$576M are being spent with API diverse businesses. We see that insurers have long way to go.
- ii. Michael Keeley – Monitoring of the insurance companies is important.
- iii. Mark Morales – United States Small Business Administration (USSBA) and the National Gay Lesbian Chamber of Commerce (NGLCC) has a count of 1.4M LGBTBEs nationwide with 15% in California. The Task Force benefits from engaging those businesses through the regional chambers, NGLCC, and the Western Business Association (WBA).
- iv. Danielle Beavers – Greenlining Institute has continually focused on Diversity as this is critical and it's about economic development and corporate job opportunities which have been historically redlined off of business plans and corporate budgets.
- v. Chair Melanie Shelby – With \$930M to now \$1.7B in insurance diverse supplier spends, light has been shined on an issue and we see what is capable.
- vi. Insurance Commissioner Dave Jones – Insurers should start following the great examples of Kaiser Permanente, Nationwide, and CSAA with greater Insurance Supplier Diversity and Governance Board Diversity to help the broader economy. Thanks to the Task Force efforts.
- vii. Chair Melanie Shelby – Governance Board Diversity equals buying/spending power in Insurance Supplier Diversity. The Task Force should have a primer in Governance Board Diversity.

VII. Public Comment

- A. None

VIII. Next Steps and Adjourn

- A. Chair Melanie Shelby – Motion to Adjourn
 - i. Chair Melanie Shelby requested a motion to approve, Mark Morales 1st motioned to approve, Michael Keely 2nd the motion, and the meeting was adjourned at 12:12 PM.