

California Department of Insurance

Insurance Protection for All Californians



Insurance Diversity Initiative

Office of Insurance Commissioner Dave Jones



7th Annual Insurance Diversity Summit || October 1, 2018 || Los Angeles, CA

INSURANCE DIVERSITY INITIATIVE

INSURANCE INDUSTRY LANDSCAPE IN CALIFORNIA



FACTS AT A GLANCE:

- California is home to a **\$310 Billion** insurance industry
- California is the **LARGEST** insurance market in the United States
- California is the **4th LARGEST** insurance market in the world

INSURANCE DIVERSITY INITIATIVE

MISSION & KEY COMPONENTS

MISSION Ensure economic opportunities and equal access through transparency efforts

Goal (1) – Increase Insurer Procurement from Diverse Suppliers

- Open doors of economic opportunity for diverse business enterprises

Goal (2) – Increase Diversity on Insurer Governing Boards

- Encourage commitment from the highest level of governance



INSURANCE DIVERSITY INITIATIVE TIMELINE

KEY MILESTONES



2011

- Commissioner Dave Jones Elected
 - Lack of Data, No Transparency
 - What gets measured, gets done
 - Insurance Diversity Initiative established



Insurance Diversity Task Force Established

2014

- 1st GBD Survey
 - Board Diversity



2015

1st Multistate Insurance Diversity Survey (MIDS)

- Supplier Diversity
- Board Diversity
- CA, OR, NY, MN, WA, D.C.



2016



2017

2nd MIDS

- Supplier Diversity
- CA, OR, WA, DC



2018

3rd MIDS

- Supplier Diversity
- Board Diversity
- CA, OR, NY, WA, D.C.

2011

2012

2013

2014

2015

2nd Supplier Diversity Survey

- Supplier Diversity

1st Supplier Diversity Survey

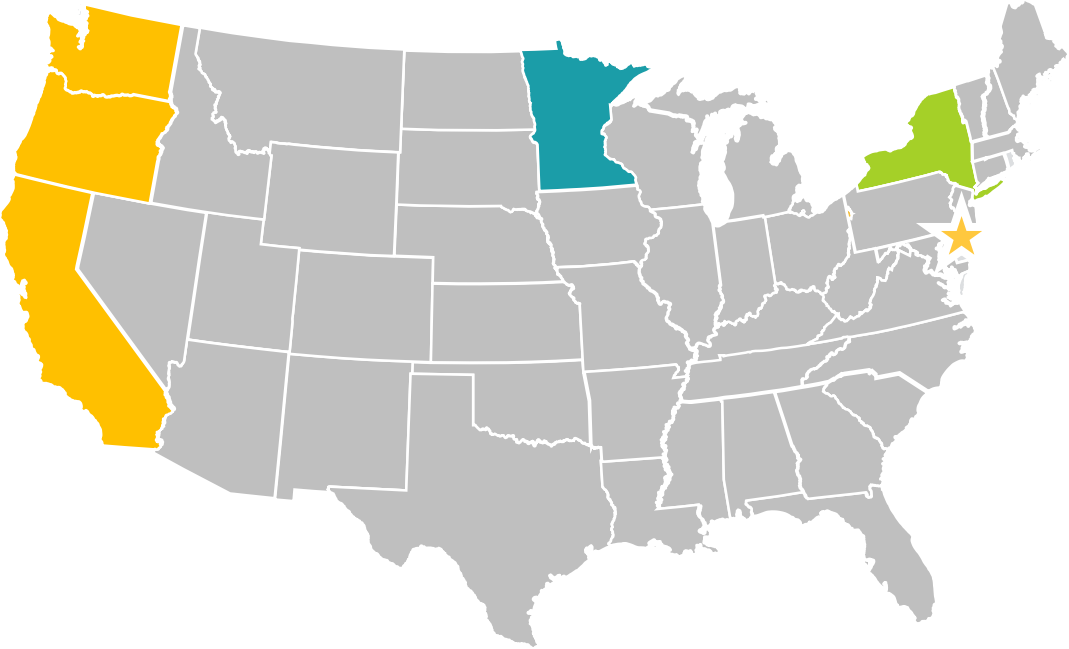
- Supplier Diversity

Inception of Baseline Supplier Diversity Survey

- Only CA
- Out of 203, only 58 Companies Responded (29%)

MULTISTATE INSURANCE DIVERSITY SURVEY (MIDS)

PARTNER STATES



Partner States

CA, D.C., MN, NY, OR, WA

■ 2016 ■ 2016, 2018 ■ 2016, 2017, 2018

REPORTING THRESHOLDS for INSURERS

- Collects \$100M in premiums (per annum) in CA
- Collects \$300M in premiums (per annum) nationally
- MIDS National Market Share represents 70% of the insurance market

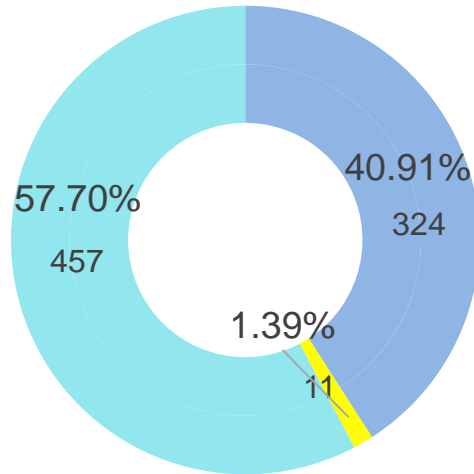


+ Supplier Diversity

Source: Multistate Insurance Diversity Survey (MIDS)

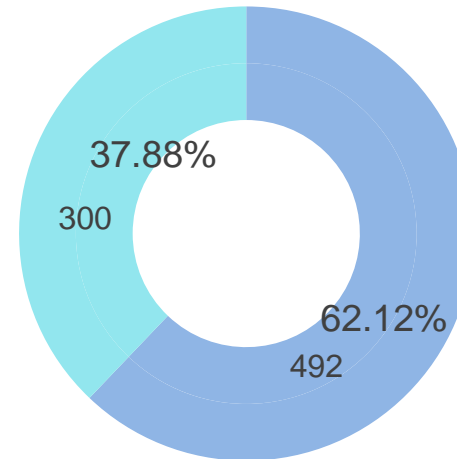
SUPPLIER DIVERSITY 2018

MIDS CALIFORNIA RESPONDENT COMPANIES – 792 TOTAL



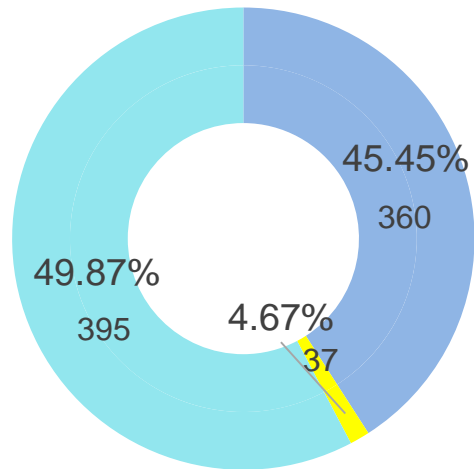
■ No
■ No - Creating
■ Yes

Supplier Diversity Policy Statement



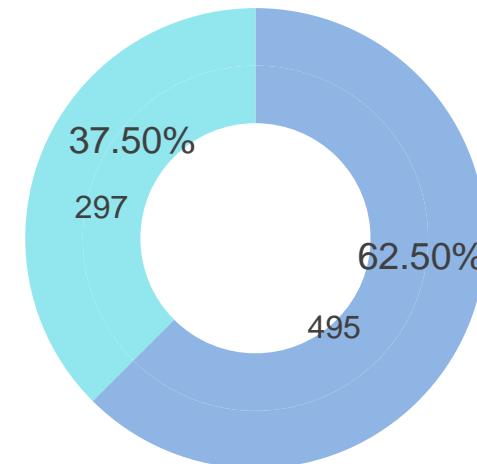
■ No ■ Yes

Set Internal Target Goals



■ No
■ No - Creating
■ Yes

Supplier Diversity Program



■ No ■ Yes

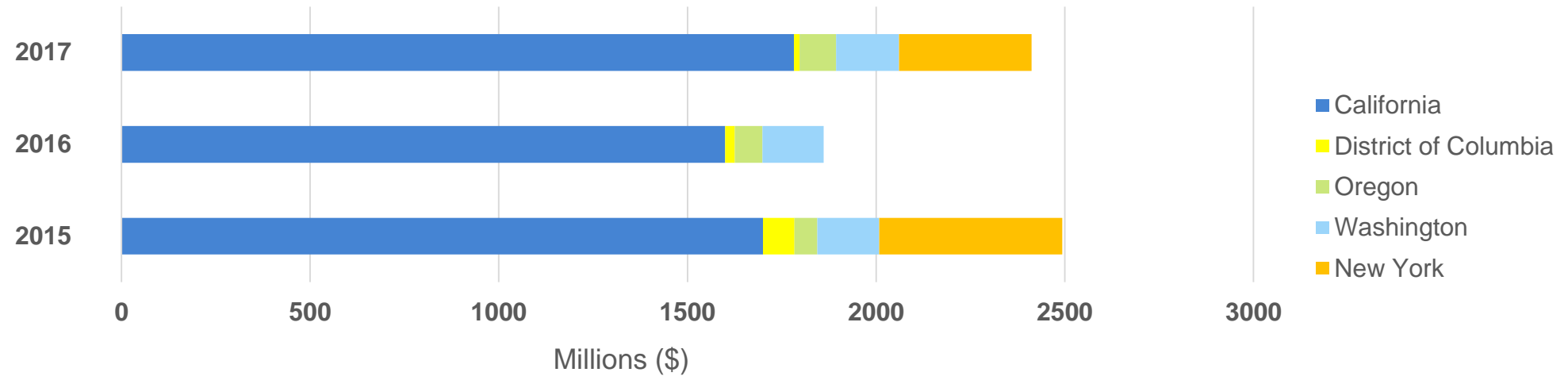
Track Tier 2 Procurement with Diverse Suppliers

SUPPLIER DIVERSITY 2018

TOTAL DIVERSE SPEND BY JURISDICTION



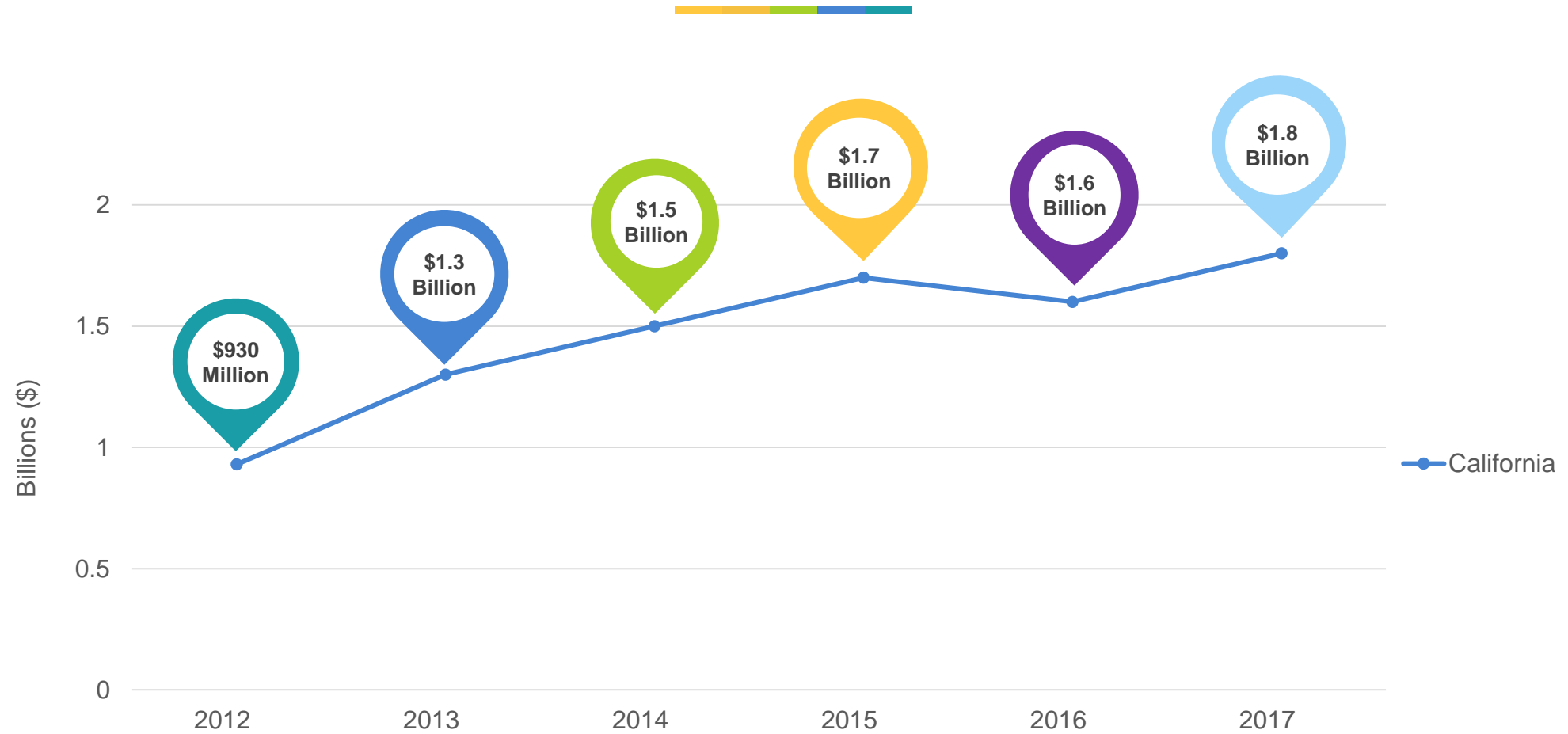
- In 2017, Oregon's spend with diverse suppliers increased by 33% from 2016



	2015 DIVERSE SPEND	2016 DIVERSE SPEND	2017 DIVERSE SPEND
National	\$7.7 Billion	\$7.9 Billion	\$8.9 Billion

SUPPLIER DIVERSITY 2018

CA DIVERSE SPEND YEAR-OVER-YEAR



From 2012 – 2017, California diverse spend has increased 93%

SUPPLIER DIVERSITY 2018

DIVERSE SPEND PERCENTAGE OUT OF TOTAL PROCUREMENT



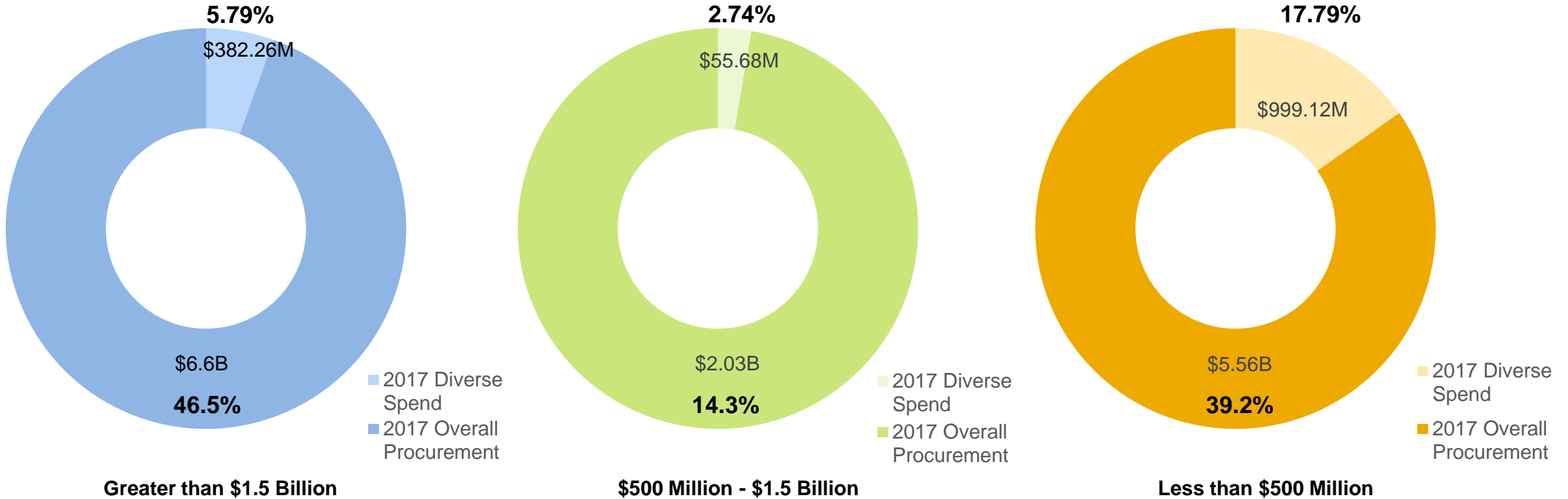
Based on the insurers who reported complete data, the proportion of diverse spend has increased in the majority of partnering states, including CA

State	2017 Diverse Spend	2017 Overall Procurement	2017 DIV Spend % of Overall	2016 DIV Spend % of Overall
California	\$1.7 Billion	\$16.8 Billion	10.3%	8.5%
District of Columbia	\$13.9 Million	\$1.7 Billion	0.81%	5.5%
Oregon	\$96.7 Million	\$667.5 Million	14.5%	4.0%
Washington	\$160.1 Million	\$2.8 Billion	5.8%	5.6%
New York	238.1 Million	9.0 Billion	2.7%	No Data Reported

	2017 Diverse Spend	2017 Overall Procurement	2017 DIV Spend % of Overall	2016 DIV Spend % of Overall
National	\$8.0 Billion	\$110.5 Billion	7.2%	6.1%

SUPPLIER DIVERSITY 2018

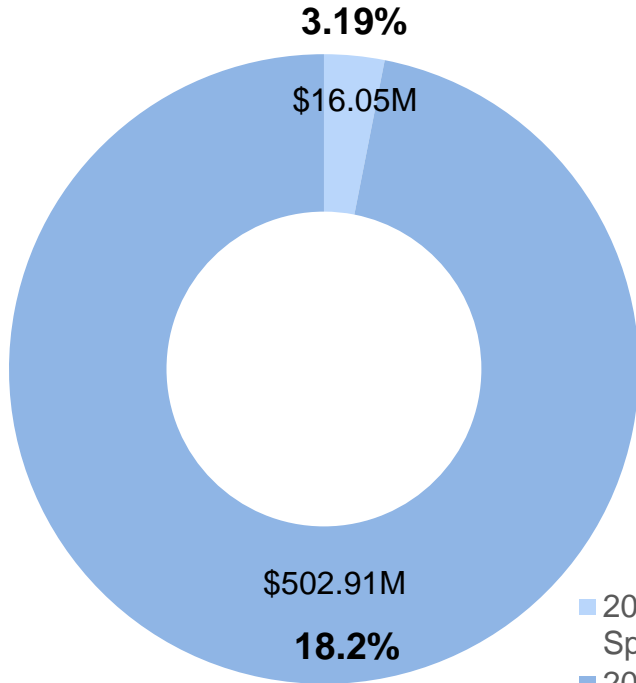
DIVERSE SPEND TRENDS BY COMPANY SIZE – GROUP REPORTS



In California, among groups of companies that reported both diverse spend and total procurement, smaller sized groups show higher proportions of diverse spend than larger companies

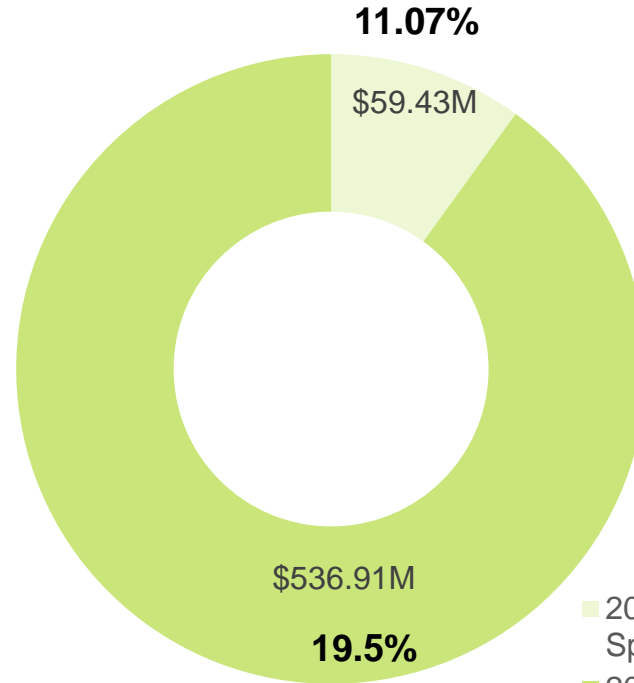
SUPPLIER DIVERSITY 2018

DIVERSE SPEND TRENDS BY COMPANY SIZE – INDIVIDUAL REPORTS



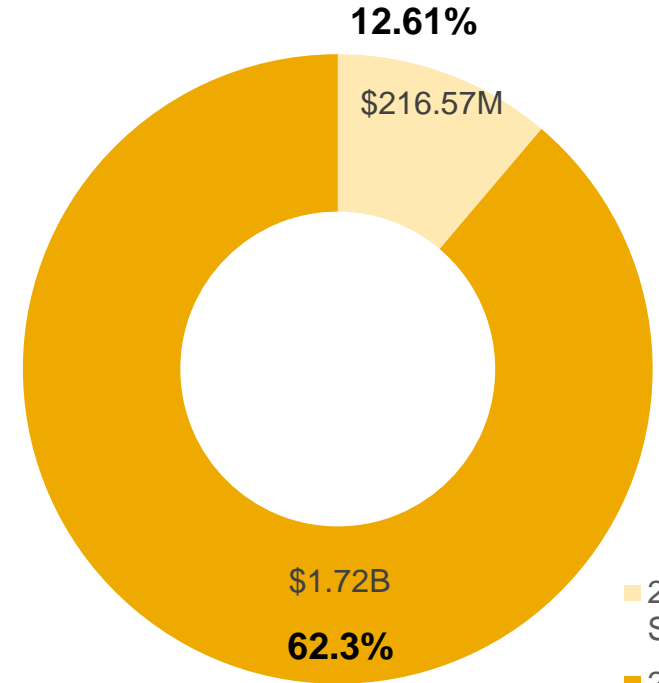
Greater than \$1.5 Billion

■ 2017 Diverse Spend
■ 2017 Overall Procurement



\$500 Million - \$1.5 Billion

■ 2017 Diverse Spend
■ 2017 Overall Procurement



Less than \$500 Million

■ 2017 Diverse Spend
■ 2017 Overall Procurement

In California, among individual companies that reported both diverse spend and total procurement, smaller sized companies show higher proportions of diverse spend than larger companies

SUPPLIER DIVERSITY 2018

MINORITY BUSINESS ENTERPRISES SPEND



- Minority Business Enterprises (MBE) spend saw an increase in reported spend from 2016 except in D.C., which showed a 68% decrease in MBE spend from 2016.
- National Spend slightly increased to \$4.7 Billion in 2017.

State	2015 MBE Spend	2016 MBE Spend	2017 MBE Spend
California	\$963.5 Million	\$806.2 Million	\$919.4 Million
District of Columbia	\$44.2 Million	\$20.0 Million	\$6.5 Million
Oregon	\$36.7 Million	\$54.3 Million	\$58.2 Million
Washington	\$120.9 Million	\$75.0 Million	\$76.0 Million
New York	206.7 Million	No Reported Data	164.6 Million

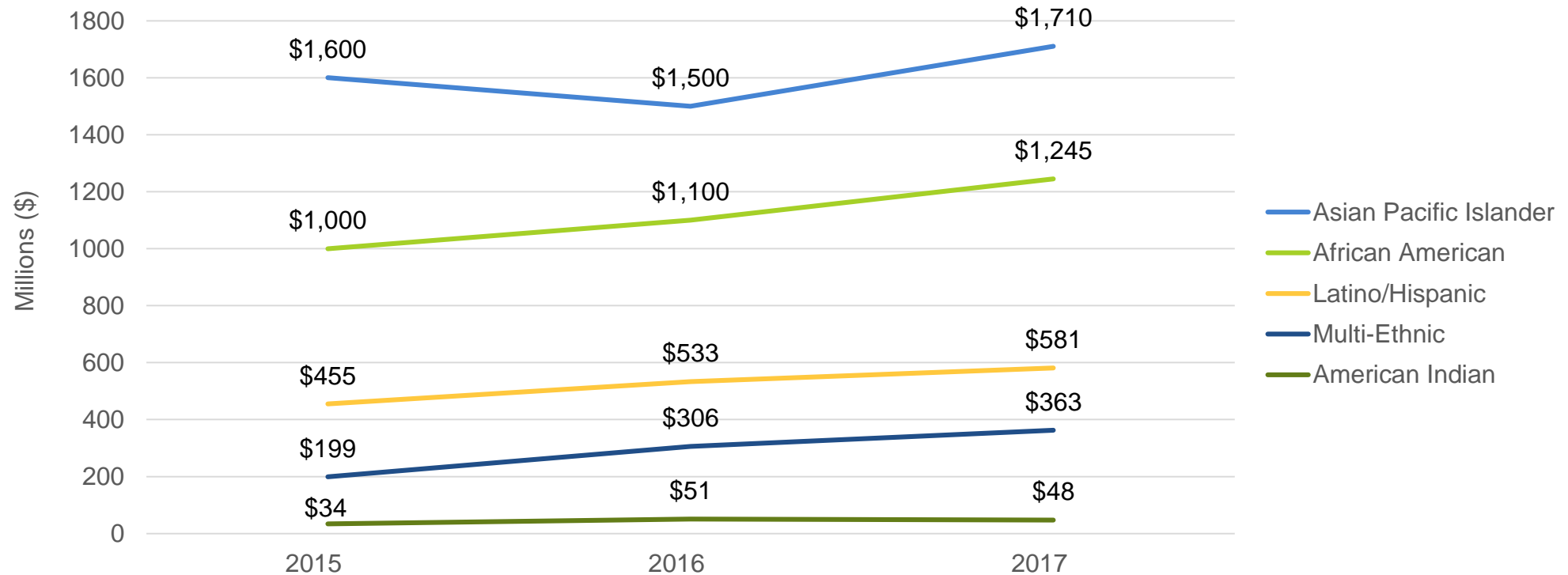
	2015 MBE Spend	2016 MBE Spend	2017 MBE Spend
National	\$4.0 Billion	\$4.1 Billion	\$4.7 Billion

SUPPLIER DIVERSITY 2018

NATIONAL MINORITY BUSINESS ENTERPRISES (MBE) SPEND, BY ETHNICITY



- Nationally, among companies that reported specific ethnic spend with MBEs, the majority of ethnic group spend increased year over year from 2016

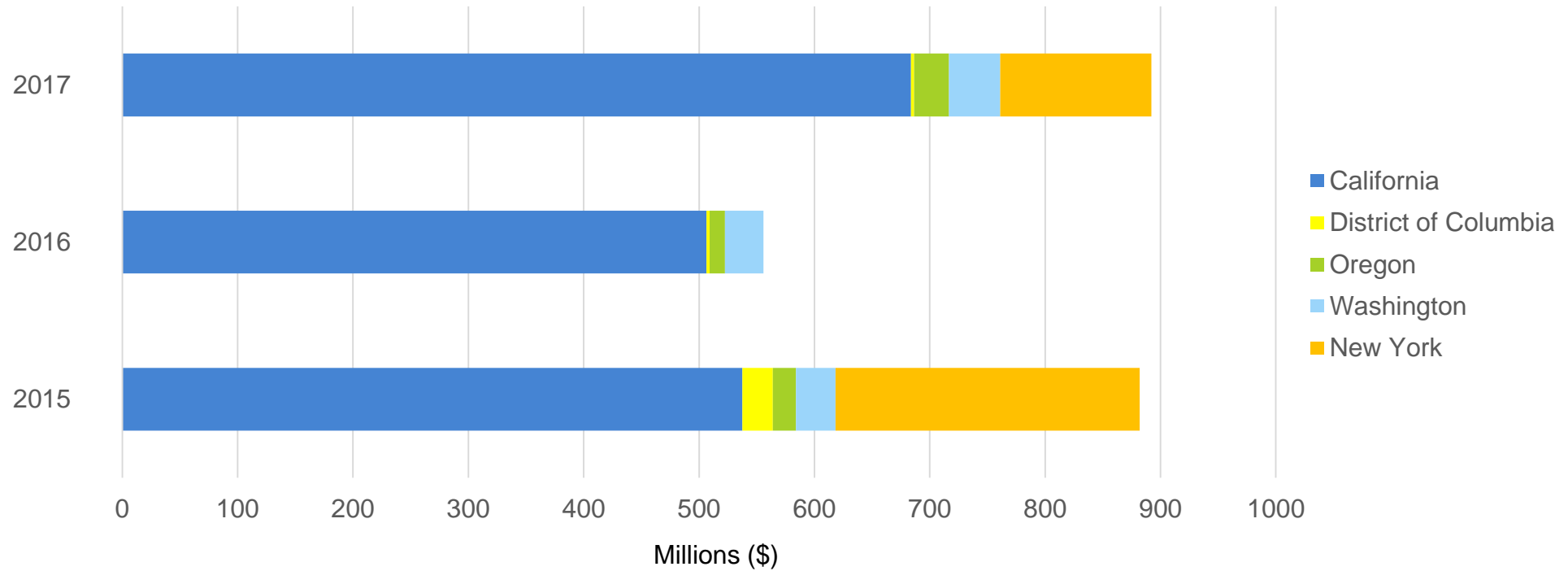


SUPPLIER DIVERSITY 2018

NATIONAL WOMEN BUSINESS ENTERPRISES (WBE) SPEND



- CA and WA increased WBE spend by over 30% from 2016 to 2017
- CA and WA spend with WBE increased to \$683.6M and \$44.3M, respectively



SUPPLIER DIVERSITY 2018

NATIONAL WOMEN BUSINESS ENTERPRISES (WBE) SPEND



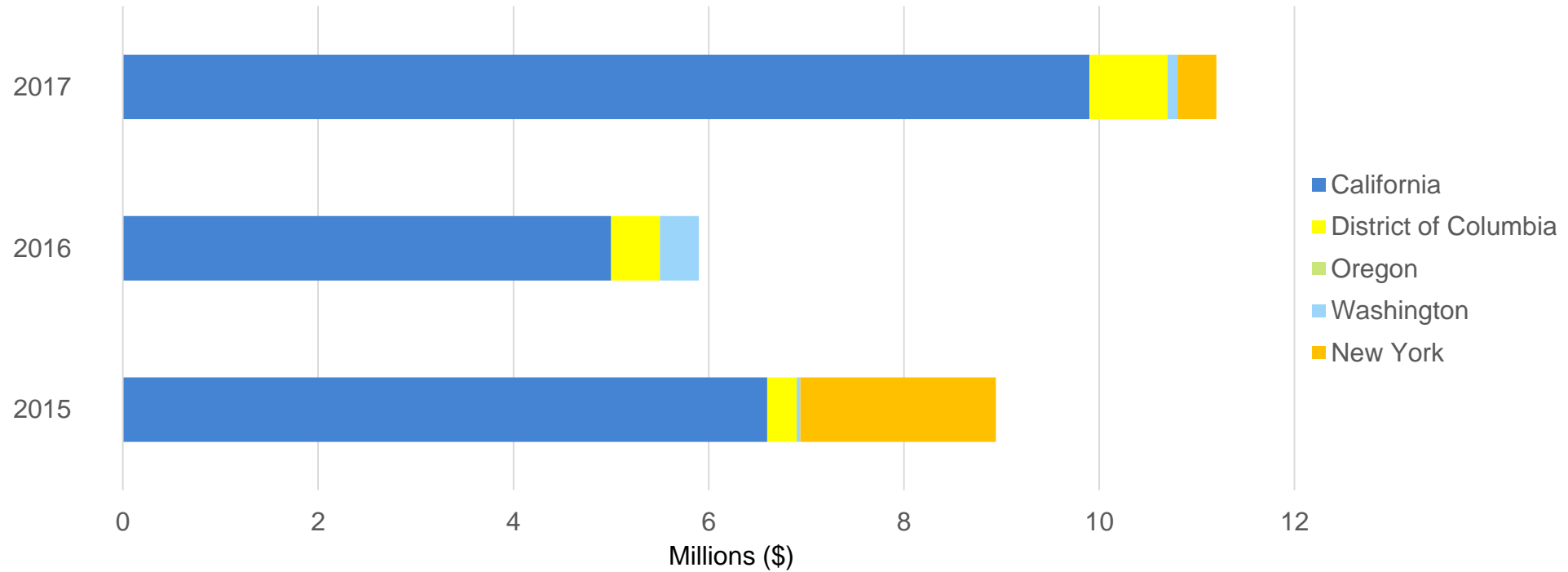
State	2015 WBE Spend	2016 WBE Spend	2017 WBE Spend
California	\$537.5 Million	\$506.4 Million	\$683.6 Million
District of Columbia	\$26.4 Million	\$2.7 Million	\$2.7 Million
Oregon	\$20.0 Million	\$13.3 Million	\$30.4 Million
Washington	\$34.4 Million	\$33.4 Million	\$44.3 Million
New York	263.6 Million	No Reported Data	131.1 Million

SUPPLIER DIVERSITY 2018

NATIONAL LESBIAN, GAY, BISEXUAL, TRANSGENDER BUSINESS ENTERPRISES (LGBTBE) SPEND



- CA and D.C. saw major increases in LGBTBE spend
- D.C. saw greatest 68% increase in LGBTBE spend, topping \$800K



SUPPLIER DIVERSITY 2018

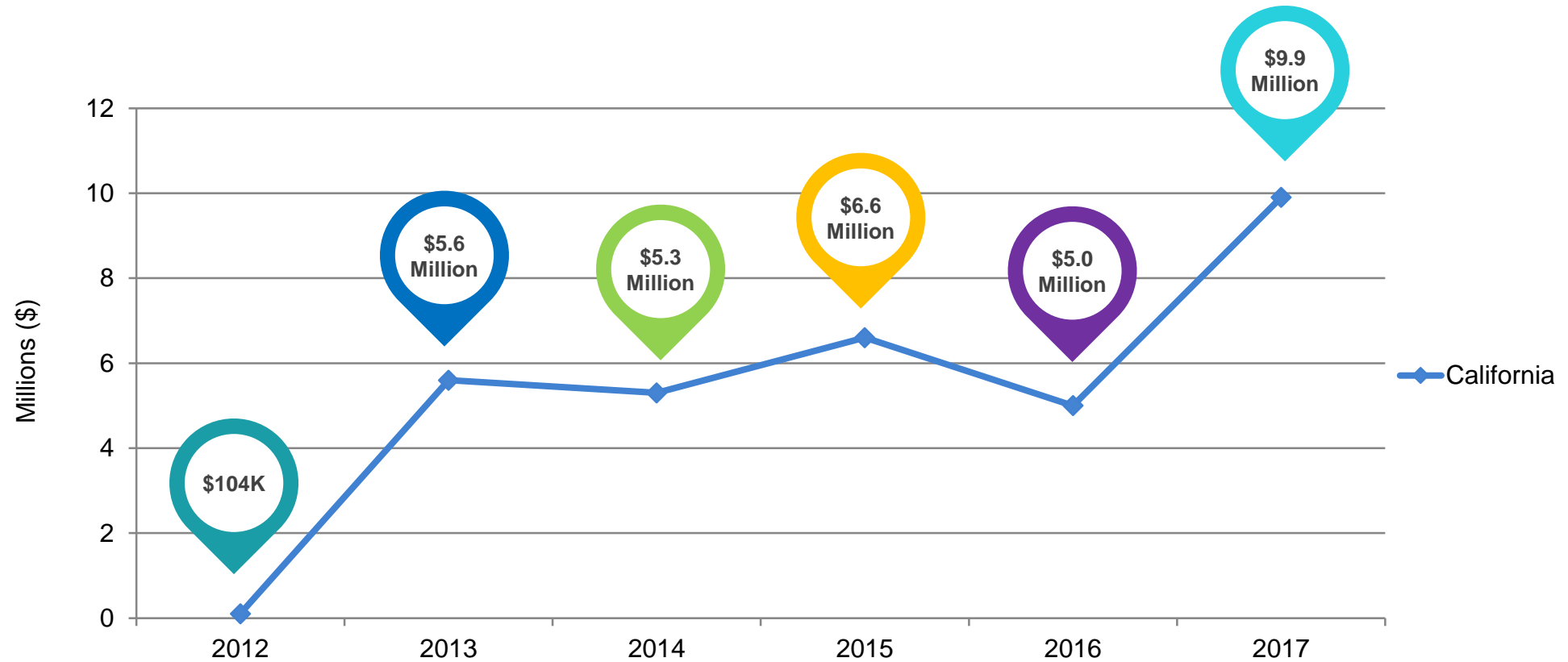
NATIONAL LESBIAN, GAY, BISEXUAL, TRANSGENDER BUSINESS ENTERPRISES (LGBTBE) SPEND



State	2015 LGBTBE Spend	2016 LGBTBE Spend	2017 LGBTBE Spend
California	\$6.6 Million	\$5.0 Million	\$9.9 Million
District of Columbia	\$341,425	\$488,300	\$822,400
Oregon	No Reported Data	No Reported Data	No Reported Data
Washington	\$36,600	\$412,000	\$109,400
New York	\$2.0 Million	No Reported Data	\$367,300

SUPPLIER DIVERSITY 2018

CALIFORNIA LESBIAN, GAY, BISEXUAL, TRANSGENDER BUSINESS ENTERPRISES (LGBTBE)
SPEND



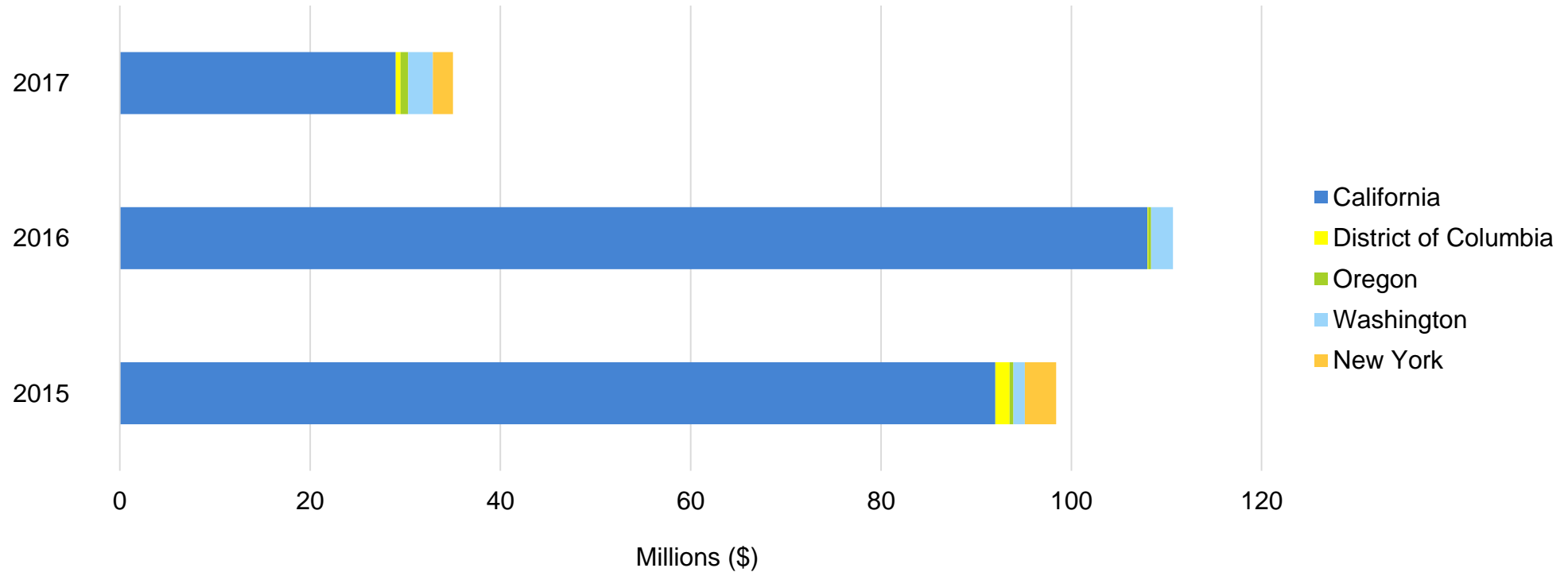
From 2012 – 2017, California LGBTBE spend has increased over 9000%

SUPPLIER DIVERSITY 2018

DISABLELED VETERAN OWNED BUSINESS ENTERPRISES (DVBE) SPEND



Disabled Veteran Business Enterprises (DVBE) spend increased nationally and in partnering states except California. California reported DVBE spend in 2017 decreased by 73 percent.



SUPPLIER DIVERSITY 2018

DISABLED VETERAN OWNED BUSINESS ENTERPRISES (DVBE) SPEND



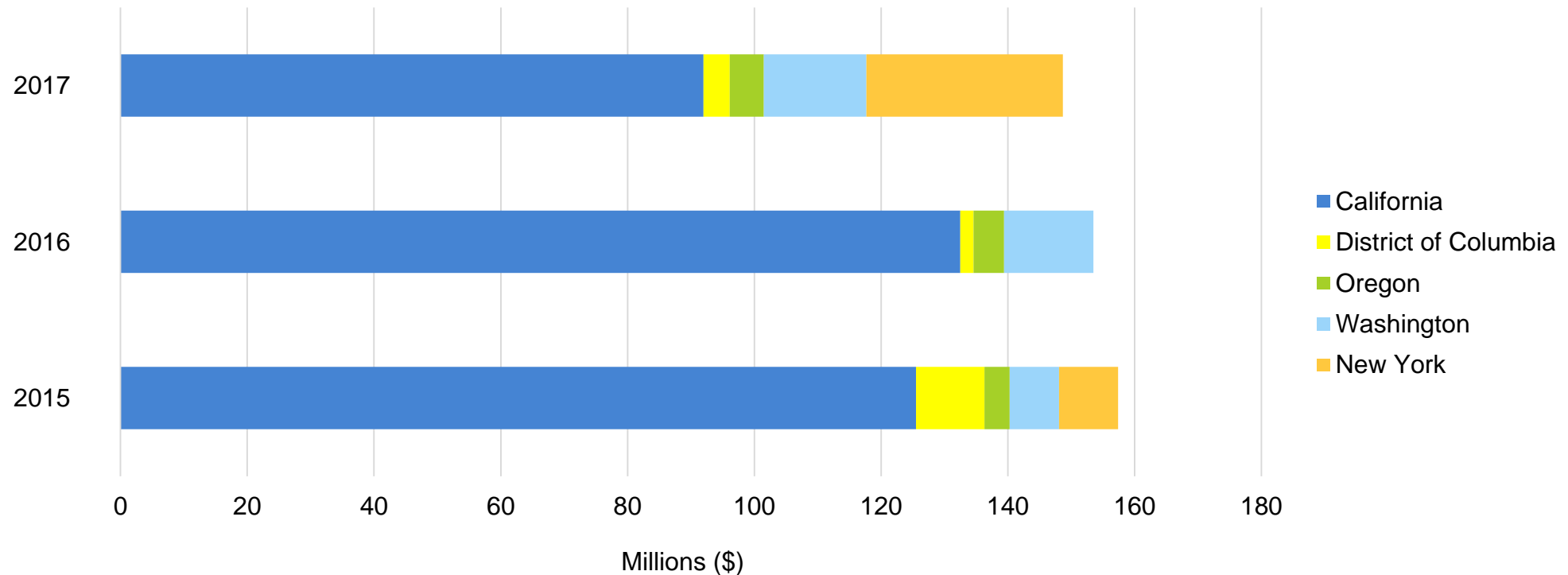
State	2015 DVBE Spend	2016 DVBE Spend	2017 DVBE Spend
California	\$92.0 Million	\$108.0 Million	\$29.0 Million
District of Columbia	\$1.5 Million	\$90,900	\$548,200
Oregon	\$350,400	\$318,200	\$805,300
Washington	\$1.2 Million	\$2.3 Million	\$2.6 Million
New York	\$3.3 Million	No Reported Data	\$2.1 Million

SUPPLIER DIVERSITY 2018

MULTI-CERTIFIED BUSINESS ENTERPRISES (MCBE) SPEND

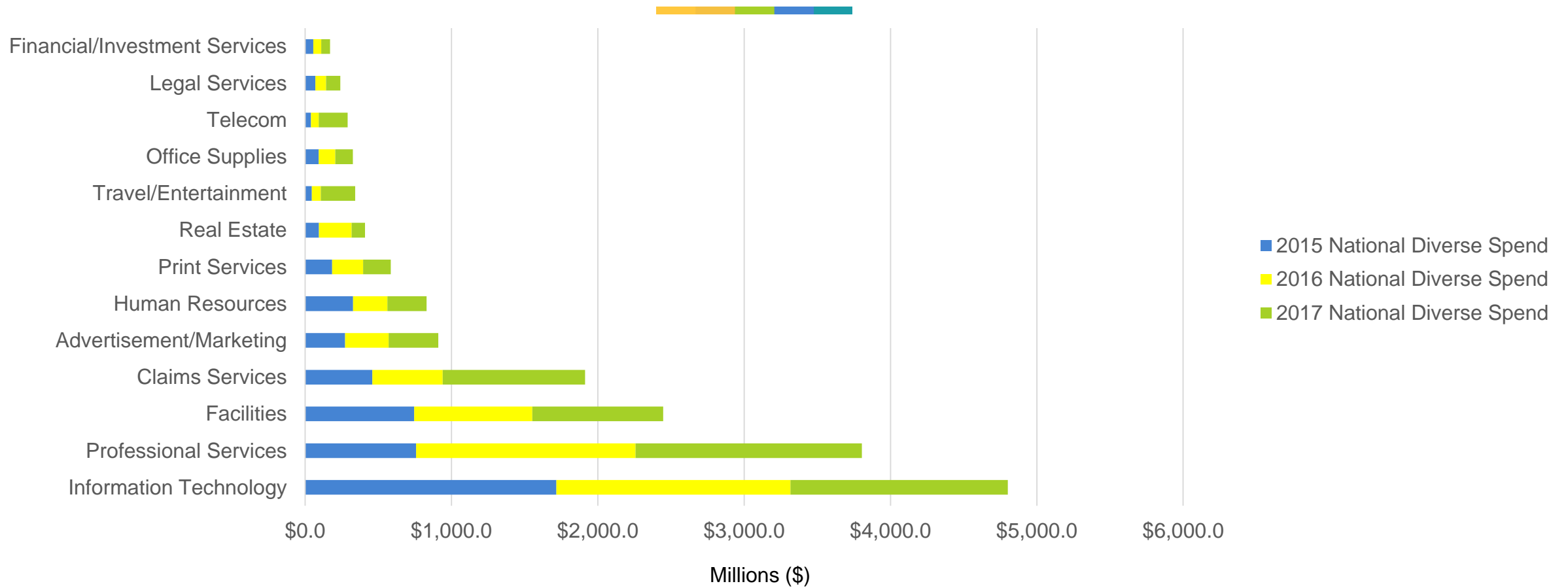


- Multi-Certified Business Enterprises (MCBEs) include any combination of WBEs, MBEs, DVBEs, and LGBTBEs. MCBE spend from 2016 increased in 2017 except in California, which demonstrated a 31% decrease in reported MCBE spend.
- New York spend with MCBEs increased substantially with a 231% increase from 2015.



SUPPLIER DIVERSITY 2018

NATIONAL DIVERSE SPEND BY INDUSTRY 2015-2017



	2015 National Diverse Spend	2016 National Diverse Spend	2017 National Diverse Spend
Other Industries	\$2.5B	\$2.3B	\$2.4B

SUPPLIER DIVERSITY 2018

DIVERSE SPEND BY INDUSTRY – NATIONAL & CALIFORNIA DATA

Professional Services, Information Technology, Claims Services, Facilities, and Advertisement/Marketing are the top 5 industries for diverse spend

Rank by National Spend	Industry	2017 National Spend	2017 California Spend
1	Professional Services	\$1.6 Billion	\$121 Million
2	Information Technology	\$1.5 Billion	\$213 Million
3	Claims Services	\$973 Million	\$350 Million
4	Facilities	\$894 Million	\$519 Million
5	Advertisement/Marketing	\$340 Million	\$41 Million
6	Human Resources	\$268 Million	\$24 Million
7	Travel/Entertainment	\$235 Million	\$6 Million

SUPPLIER DIVERSITY 2018

DIVERSE SPEND BY INDUSTRY – NATIONAL & CALIFORNIA DATA



Rank by National Spend	Industry	2017 National Spend	2017 California Spend
8	Telecom	\$197 Million	\$62 Million
9	Print Services	\$189 Million	\$21 Million
10	Office Supplies	\$120 Million	\$18 Million
11	Legal Services	\$97 Million	\$29 Million
12	Real Estate	\$91 Million	\$9 Million
13	Financial/Investment Services	\$60 Million	\$2 Million
14	Other Industries	\$2.4 Billion	\$367 Million



+ Governing Board Diversity

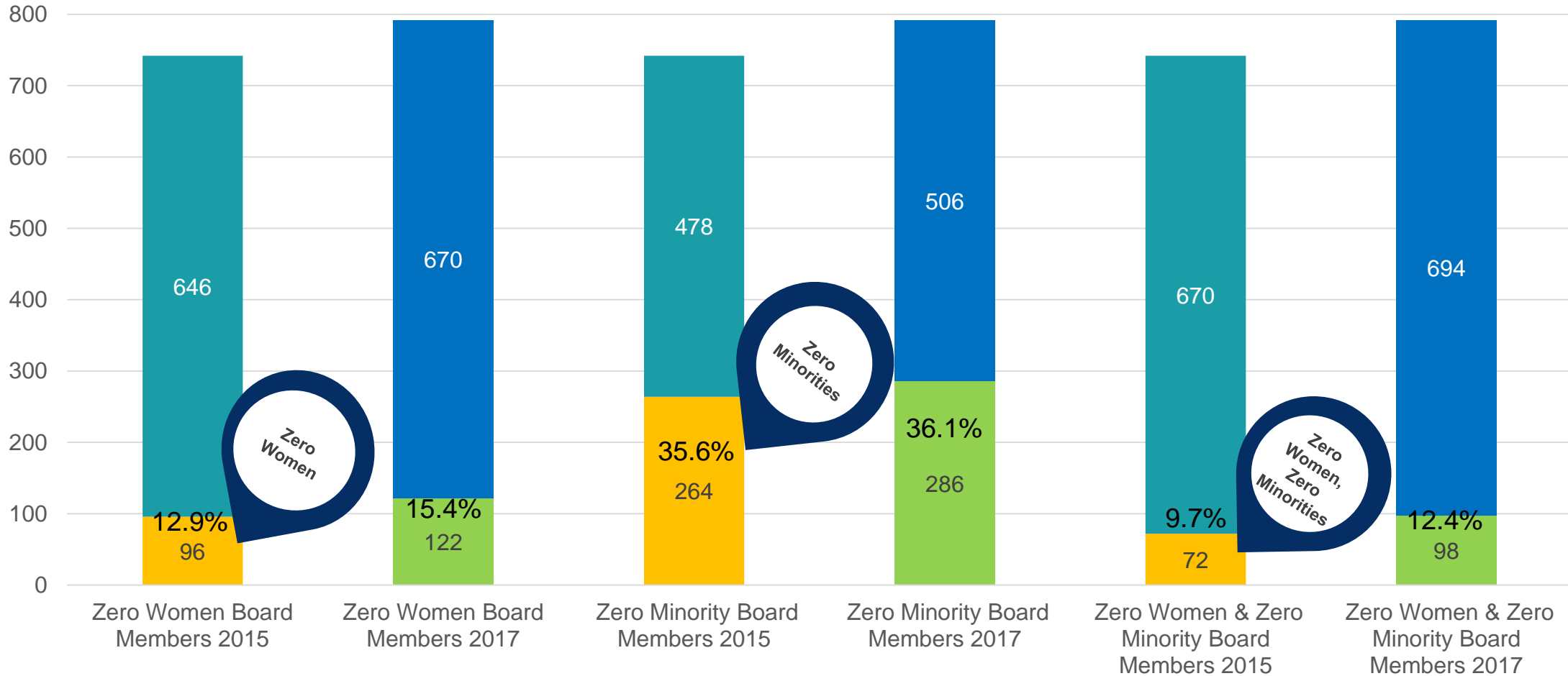
Source: Multistate Insurance Diversity Survey (MIDS)

GOVERNING BOARD DIVERSITY

REPRESENTATION BY GENDER AND ETHNICITY



Companies that Reported ZERO Governing Board Diversity



GOVERNING BOARD DIVERSITY

REPRESENTATION BY GENDER AND ETHNICITY



Companies that Reported ZERO Governing Board Diversity



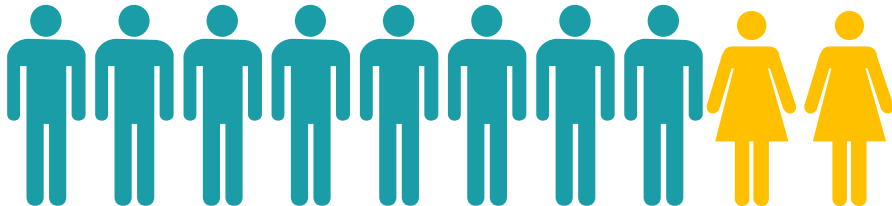
122 Or 15% of 792 COMPANIES REPORTED ZERO WOMEN

286 Or 36% of 792 COMPANIES REPORTED ZERO MINORITIES

PROPORTION OF GENDER DIVERSITY on BOARDS

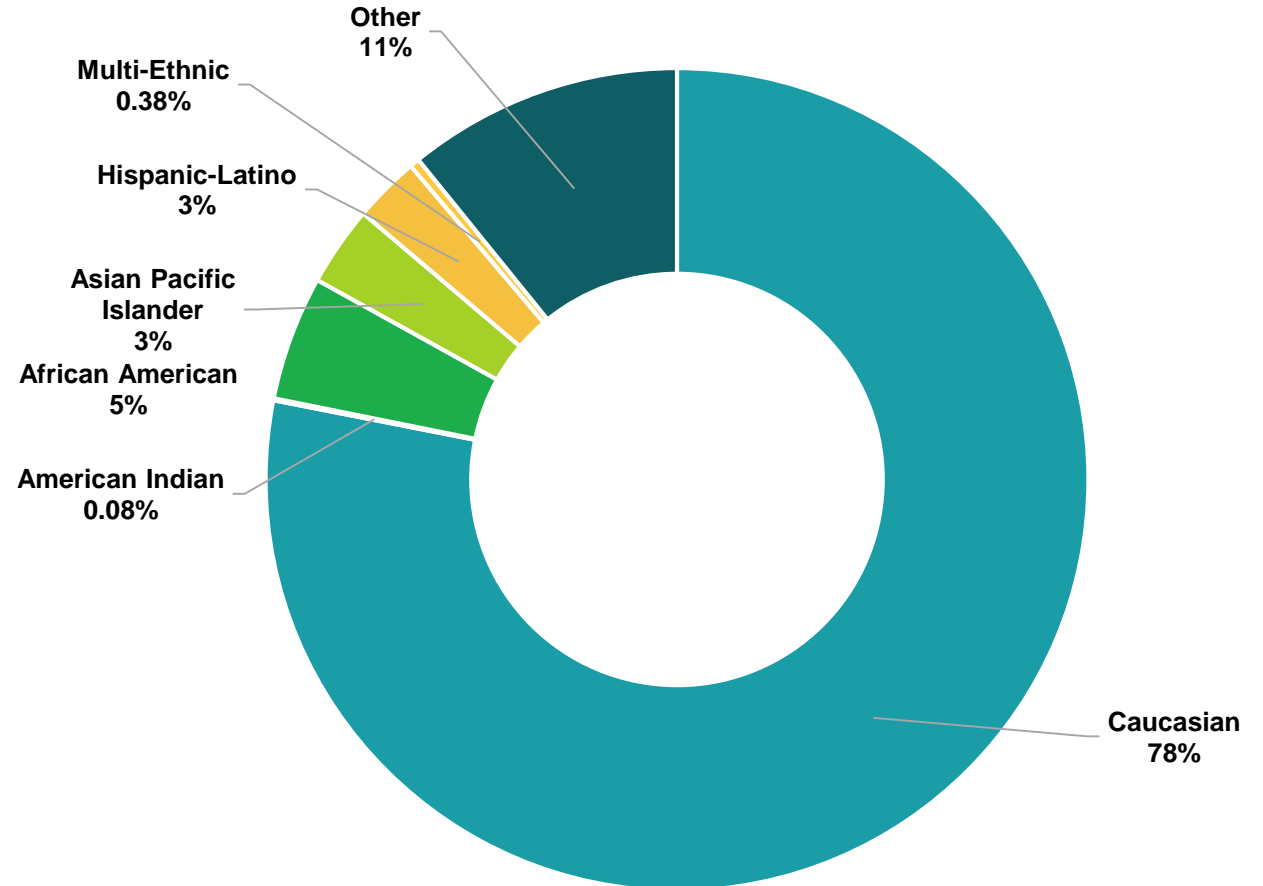
MEN
79%

WOMEN
21%



2,615 Total Number of Board Seats

Ethnic Representation on Boards

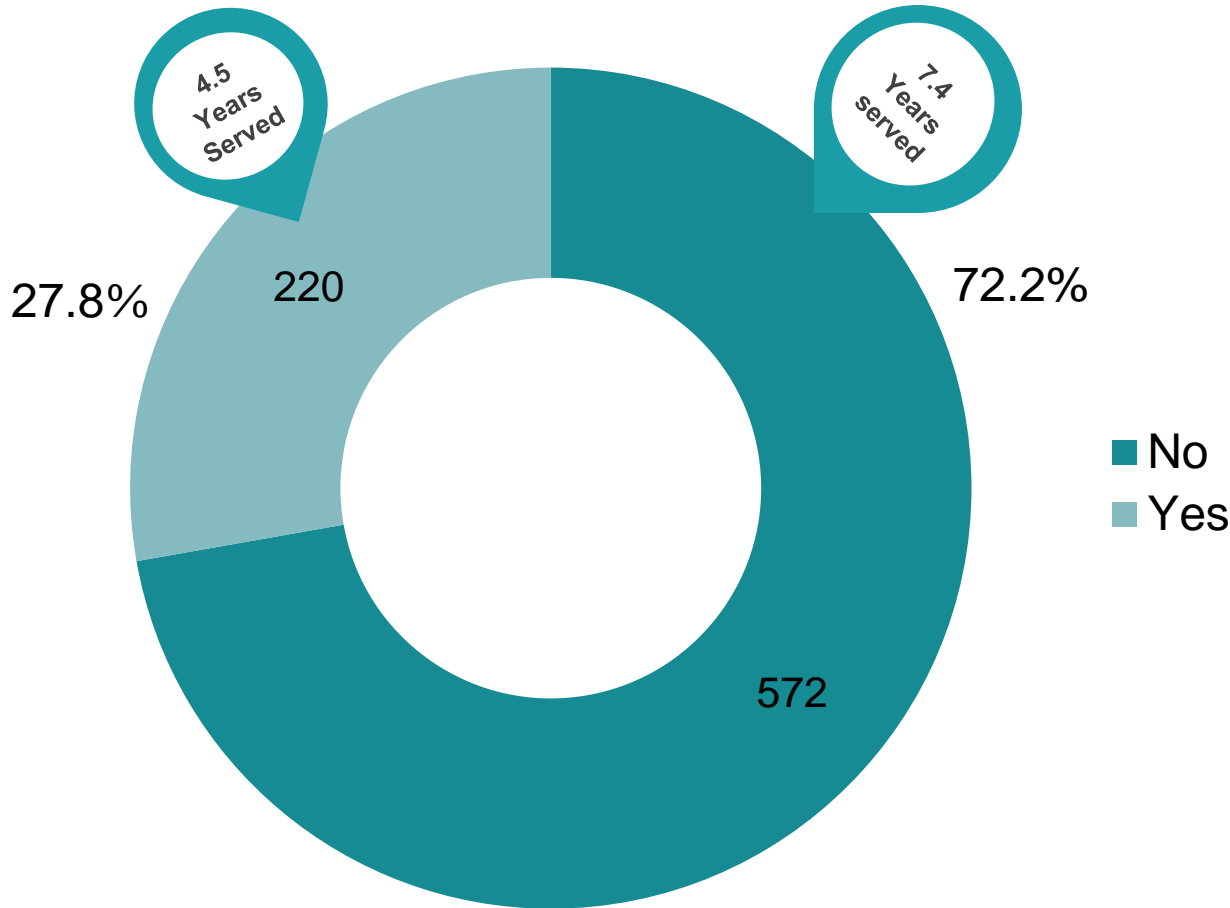


GOVERNING BOARD DIVERSITY

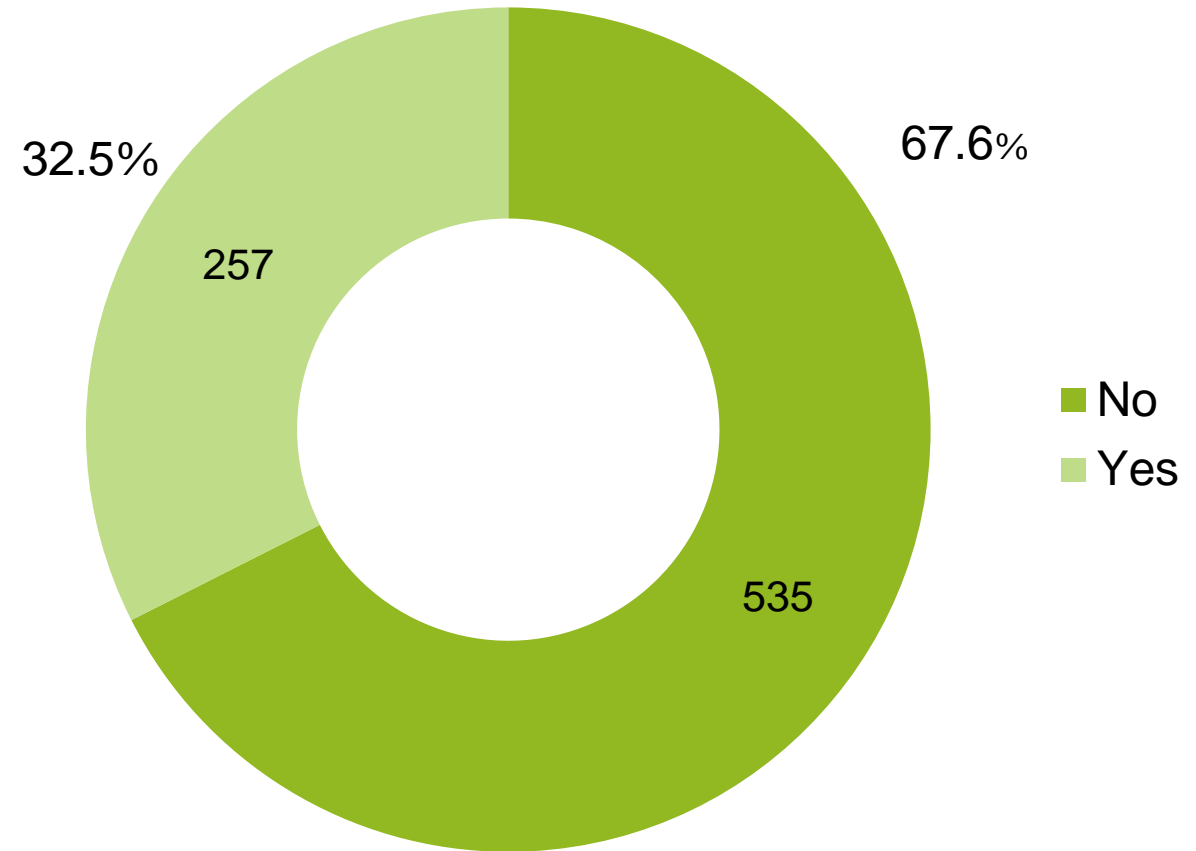
MIDS RESPONDENT COMPANIES



Governing Board Term Limits



Board Diversity Policy Statement



CONTACT US

PLEASE LET US KNOW IF YOU HAVE ANY QUESTIONS



ADDRESS

Insurance Diversity Initiative
300 Capitol Mall
Sacramento, CA 95814



WEBSITE

www.insurance.ca.gov/diversity



E-MAIL

diversity@insurance.ca.gov



**California
Department of Insurance**