



American
Insurance
Association

NAMIC[®]
NATIONAL ASSOCIATION OF MUTUAL INSURANCE COMPANIES



Date: August 17, 2017

To: The Honorable Lorena Gonzalez-Fletcher, Chair, Assembly Appropriations Committee
The Honorable Frank Bigelow, Vice-Chair, Assembly Appropriations Committee
Members, Assembly Appropriations Committee

From: American Insurance Association (AIA)
Association of California Insurance Companies (ACIC)
Association of California Life and Health Insurance Companies (ACLHIC)
Pacific Association of Domestic Insurance Companies (PADIC)
Personal Insurance Federation of California (PIFC)
National Association of Mutual Insurance Companies (NAMIC)

RE: SB 488 (Bradford) Procurement and Board Diversity

POSITION: –Support

The above organizations, representing many of the insurers doing business in California, are pleased to support SB 488 (As amended July 13, 2017) based upon the carefully drafted amendments taken in the Assembly Insurance Committee.

As noted in our testimony, existing law, as established by AB 53 (Solorio, Chp. 414, Statutes of 2012) requires certain insurers to provide the Insurance Commissioner with a report on their minority, women, and disabled veteran-owned business procurement efforts. SB 488 would add veteran and lesbian, gay, bisexual, and transgender (LGBT) business enterprises to the entities for which the reporting described above is required. The extension and expansion of new categories is a welcome addition, and many insurers have been tracking these efforts prior to this measure.

Furthermore, the industry supports diversity efforts throughout the business of insurance, including insurer board room diversity. We have worked cooperatively with the author and sponsors to achieve a careful balance struck in the amendments taken in Senate Insurance. These amendments balance protections of insurer board members' personal, legally protected confidential information, but allow information to voluntarily and confidentially be provided to the California Department of Insurance for publication in the aggregate.

This survey will serve as a first-of-its-kind and we commend the author for his efforts and leadership in this area.

Finally, we would like to voice our support and thank the author for taking amendments which clarify the authority and process for which the Department of Insurance issues data calls. These amendments provide the Commissioner with the authority to expeditiously conduct data calls directly connected to the agency's regulatory functions and core insurance issues. However, data calls that fall outside the day-to-day activities of insurance would be subject to, and benefit from, the notice, comment, and independent review offered by the APA rulemaking process. We believe that these amendments promote good governance and will ultimately enhance transparency and public participation.

For these reasons we are pleased to support SB 488 and respectfully ask for your aye vote.

cc: The Honorable Steve Bradford
Lisa Muraswki, Consultant, Assembly Appropriations Committee
Paul Riches, Consultant, Assembly Insurance Committee
Bill Lewis, Consultant, Assembly Republican Caucus
Michael Martinez, Legislative Deputy, Office of Governor Brown