



# CALIFORNIA DEPARTMENT OF INSURANCE 2015 INSURER SUPPLIER DIVERSITY SURVEY

## STATISTICAL PLAN

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### INTRODUCTION

This is a statistical plan for the report of the 2015 Insurer Supplier Diversity Survey (ISD-2015), due no later than July 1, 2015, pursuant to California Insurance Code Section 927 et al. This document provides the reporting requirements, due dates, and related information needed to complete the 2015 Insurer Supplier Diversity Survey. It contains the 9 sections outlined below:

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## I. SCOPE OF THE REPORT

### Background:

Assembly Bill 53 (Solorio, 2012) requires each California admitted insurer with California premiums of \$100 million or more to submit a report to the California Department of Insurance on its business procurement efforts from diverse businesses among other relevant information. This report also includes the insurer's current outreach, promotion, and communication efforts and it will be accessible to the public through the CDI website for informational purposes.

## II. ASSEMBLY BILL 53 (SOLORIO)

**In 2012, Assembly Bill 53 (AB 53) was signed into law and requires insurers to report to the California Insurance Commissioner their procurement efforts with diverse businesses:**

Section 927 was added to the Insurance Code, to read;

IC 927. The Legislature finds and declares all of the following:

(a) It is in the state's interest to encourage competitive business opportunities for all of its people. Insurers are uniquely positioned to build relationships within the communities they serve through the development, inclusion, and utilization of certified minority, women, and disabled veteran-owned business enterprises whenever possible. National companies are able to leverage buying power to save costs to the benefit of policyholders.

(b) By providing that each major insurer submit to the Insurance Commissioner a report explaining the insurer's supplier diversity statement and expressing its goals regarding certified minority, women, and disabled veteran-owned business enterprises, and the commissioner placing that information on the department's Internet Web site, that online resource will help facilitate these supplier relationships.

927.1. For the purposes of this article, the following definitions apply:

(a) "Control" means to exercise the power to make policy decisions.

(b) "Disabled veteran business enterprise" has the same meaning as defined in subparagraph (A) of paragraph (7) of subdivision (b) of Section 999 of the Military and Veterans Code, or any successor provision. Disabled veteran business enterprise certification eligibility requirements shall be consistent with those imposed by the Department of General Services, and

this section applies only to those disabled veteran business enterprises certified by the Department of General Services.

(c) "Minority business enterprise" means a business enterprise, physically located in the United States or its trust territories, that is at least 51 percent owned by a minority group or groups, or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more minority groups, and whose management and daily business operations are controlled by one or more of those individuals. "Minority" includes African Americans, Hispanic Americans, Native Americans, and Asian Pacific

Americans who provide proof of United States citizenship or legal resident alien status.

(d) "Operate" means to be actively involved in the day-to-day management of the enterprise and not to be merely officers or directors.

(e) "Women business enterprise" means a business enterprise physically located in the United States or its trust territories, that is at least 51 percent owned by a woman or women, or, in the case of any publicly owned business at least 51 percent of the stock of which is owned by one or more women, and whose management and daily business operations are controlled by one or more of those individuals, who provide proof of United States citizenship or legal resident alien status.

927.2. (a) (1) By July 1, 2013, each admitted insurer, with California premiums written of one hundred million dollars (\$100,000,000) or more, shall submit a report to the commissioner on its minority, women, and disabled veteran-owned business procurement efforts during the reporting period.

(2) The report shall include all of the following:

(A) The insurer's supplier diversity policy statement.

(B) The insurer's outreach and communications to minority, women, and disabled veteran business enterprises, including:

(i) How the insurer encourages and seeks out minority, women, and disabled veteran owned business enterprises to become potential suppliers.

(ii) How the insurer encourages its employees involved in procurement to seek out minority, women, and disabled veteran-owned business enterprises to become potential suppliers.

(iii) How the insurer conducts outreach and communication to minority, women, and disabled veteran business enterprises.

(iv) How the insurer supports organizations that promote or certify minority, women, and disabled veteran-owned business enterprises.

(v) Information regarding appropriate contacts at the insurer for interested business enterprises.

(C) The report shall include information about which procurements are made from minority, women, and disabled veteran business enterprises with at least a majority of the enterprise's workforce in California, with each category aggregated separately, to the extent that information is readily accessible. An insurer may also include other relevant information in the report.

(3) An insurer that does not enter into contracts to procure goods or services in California satisfies the requirements of paragraph (2) by filing a statement with the commissioner attesting that it does not enter into procurement contracts in California.

(b) Nothing in this section shall be construed to require quotas, set-asides,

or preferences in an admitted insurer's procurement of goods or services, nor does this section apply to insurer producer or licensee contracts. Admitted insurers retain the authority to use business judgment to select the supplier for a particular contract.

(c) Nothing in this section shall preclude an admitted insurer that is a member of an insurance holding company system, as defined in Article 4.7 (commencing with Section 1215) of Chapter 2, from complying with paragraphs (1) and (2) of subdivision (a) through a single filing on behalf of the entire group of affiliated companies.

(d) Failure to file the report required by subdivision (a), by July 1, 2013, shall subject the admitted insurer to a civil penalty to be fixed by the commissioner, not to exceed five thousand dollars (\$5,000), or if the act or practice was willful, a civil penalty not to exceed ten thousand dollars (\$10,000). An insurer may request, and the commissioner may grant, a 30-day extension to file the report if needed due to unintended or unforeseen delays. If the insurer has failed to file the report within 30 days of a written notice by the commissioner that the insurer has failed to file the report, the commissioner may find that the failure to file the report was willful and increase the civil penalty to an amount not to exceed ten thousand dollars (\$10,000). The penalty imposed by this section shall be enforced by the commissioner and is appealable by means of any remedy provided by Section 12940, or by Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code. This subdivision is the sole means for enforcement of this section.

(e) Commencing July 1, 2015, each admitted insurer specified in subdivision (a) shall biennially update its supplier diversity report and submit the new report to the commissioner no later than July 1.

(f) By July 31, 2013, the commissioner shall establish and maintain a link on the department's Internet Web site that provides public access to the contents of each admitted insurer's report on minority, women, and disabled veteran-owned business procurement efforts. The commissioner shall include a statement on the department's Internet Web site that the information contained in the insurer's report on minority, women, and disabled veteran-owned businesses is provided for informational purposes only.

927.3. This article shall remain in effect only until January 1, 2019, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2019, deletes or extends that date.

## A. ASSEMBLY BILL 2734

In 2014, AB 53 was amended by the passage of omnibus bill AB 2734 to reflect the new definition of a California diverse business; highlighted below:

SEC. 3. Section 927.2 of the Insurance Code is amended to read:

927.2. (a) (1) By July 1, 2013, each admitted insurer, with California premiums written of one hundred million dollars (\$100,000,000) or more, shall submit a report to the commissioner on its minority, women, and disabled veteran-owned business procurement efforts during the reporting period.

(2) The report shall include all of the following:

(A) The insurer's supplier diversity policy statement.

(B) The insurer's outreach and communications to minority, women, and disabled veteran business enterprises, including:

(i) How the insurer encourages and seeks out minority, women, and disabled veteran owned business enterprises to become potential suppliers.

(ii) How the insurer encourages its employees involved in procurement to seek out minority, women, and disabled veteran-owned business enterprises to become potential suppliers.

(iii) How the insurer conducts outreach and communication to minority, women, and disabled veteran business enterprises.

(iv) How the insurer supports organizations that promote or certify minority, women, and disabled veteran-owned business enterprises.

(v) Information regarding appropriate contacts at the insurer for interested business enterprises.

(C) The report shall include information about which procurements are made from minority and women business enterprises with a headquarters' address in California, and from disabled veteran business enterprises, as defined in subdivision (b) of Section 927.1, with each category aggregated separately, to the extent that information is readily accessible. An insurer may also include other relevant information in the report.

(3) An insurer that does not enter into contracts to procure goods or services in California satisfies the requirements of paragraph (2) by filing a statement with the commissioner attesting that it does not enter into procurement contracts in California.

(b) Nothing in this section shall be construed to require quotas, set-asides or preferences in an admitted insurer's procurement of goods or services, nor does this section apply to insurer producer or licensee contracts. Admitted insurers retain the authority to use business judgment to select the supplier for a particular contract.

(c) Nothing in this section shall preclude an admitted insurer that is a member

of an insurance holding company system, as defined in Article 4.7 (commencing with Section 1215) of Chapter 2, from complying with paragraphs (1) and (2) of subdivision (a) through a single filing on behalf of the entire group of affiliated companies.

(d) Failure to file the report required by subdivision (a), by July 1, 2013, shall subject the admitted insurer to a civil penalty to be fixed by the commissioner, not to exceed five thousand dollars (\$5,000), or if the act or practice was willful, a civil penalty not to exceed ten thousand dollars (\$10,000). An insurer may request, and the commissioner may grant, a 30-day extension to file the report if needed due to unintended or unforeseen delays. If the insurer has failed to file the report within 30 days of a written notice by the commissioner that the insurer has failed to file the report, the commissioner may find that the failure to file the report was willful and increase the civil penalty to an amount not to exceed ten thousand dollars (\$10,000). The penalty imposed by this section shall be enforced by the commissioner and is appealable by means of any remedy provided by Section 12940, or by Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code. This subdivision is the sole means for enforcement of this section.

(e) Commencing July 1, 2015, each admitted insurer specified in subdivision (a) shall biennially update its supplier diversity report and submit the new report to the commissioner no later than July 1.

(f) By September 30 of the reporting year, the commissioner shall establish and maintain a link on the department's Internet Web site that provides public access to the contents of each admitted insurer's report on minority, women, and disabled veteran-owned business procurement efforts. The commissioner shall include a statement on the department's Internet Web site that the information contained in the insurer's report on minority, women, and disabled veteran-owned businesses is provided for informational purposes only.

## **1. WHAT TO SUBMIT**

All admitted insurers that write \$100 million or more in California premiums in 2013 and/or 2014 are required to complete the following:

- a. ISD-2015 – Acknowledgement of Receipt Form (*via email*)
- b. ISD-2015 – Narrative (*via email*)
- c. ISD-2015 – Charts (*via email*)
- d. ISD-2015 – Affidavit form (*hardcopy by mail*)

## **2. GROUP SUBMISSIONS:**

Insurers who are part of a larger group may file their report narrative as a group. Insurers may submit identical policies for all companies in the same group. Contract amounts for goods and services, industry categories and ethnic breakdown may be submitted as group.

### III. REPORTING DUE DATES & PENALTIES

ISD-2015 Acknowledgement of Receipt Form: **DUE April 22, 2015**

ISD-2015 Narrative, Charts, and Affidavit Form: **DUE July 1, 2015**

The electronic data submission of the **ISD-2015 Narrative** and **Charts** are due no later than **July 1, 2015**. *These forms and workbooks must be submitted via email per the instructions included in this plan.*

Per Section 927.2 (a)(3)(d) of the California Insurance Code, failure to file the report required by subdivision (a), by July 1, 2015, shall subject the admitted insurer to a civil penalty to be fixed by the commissioner, not to exceed five thousand dollars (\$5,000), or if the act or practice was willful, a civil penalty not to exceed ten thousand dollars (\$10,000). An insurer may request, and the commissioner may grant, a 30-day extension to file the report if needed due to unintended or unforeseen delays. If the insurer has failed to file the report within 30 days of a written notice by the commissioner that the insurer has failed to file the report, the commissioner may find that the failure to file the report was willful and increase the civil penalty to an amount not to exceed ten thousand dollars (\$10,000). The penalty imposed by this section shall be enforced by the commissioner and is appealable by means of any remedy provided by Section 12940, or by Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code.

If you have an extension request and/or technical questions regarding the report workbook, please address your inquiries to the contact person indicated below. Requests for an extension are to be sent via email, with your **company's name and NAIC number**.

**Debbie Buenconsejo**  
[Debra.Buenconsejo@insurance.ca.gov](mailto:Debra.Buenconsejo@insurance.ca.gov)

If you have questions regarding the Scope of the Report:

**Insurance Diversity Initiative**  
[Diversity@insurance.ca.gov](mailto:Diversity@insurance.ca.gov)

**NOTE:** *The Department of Insurance reserves the right to audit any information submitted in response to the ISD-2015 Survey. In the event of an audit, if the Department finds that any inaccurate or missing information was submitted with the express intent of falsifying and misrepresenting reported information of a company / group, the company / group may be subject to penalties.*

### IV. METHOD OF REPORTING

The ISD-2015 Narrative and Charts are available on the Internet (see Section V for retrieval instructions).

**The Acknowledgement Form, ISD-2015 Narrative and Charts must be submitted via email.**

**The Affidavit form is the ONLY form that is needed to be submitted via regular mail.**

For your convenience, we have included a macro that will automatically send your completed ISD-2015 Report Form to the California Department of Insurance. Just click the "Click to Submit by Email" button located on the upper right hand corner of the form.

**NOTE:** **A printed "hard copy" of the Report is NOT required by the Department.**

**AFFIDAVIT FORM** – This report must be submitted with an Affidavit completed and signed under oath before a notary public. Mail the executed Affidavit to the Los Angeles address listed in Section F.

## V. RETRIEVING THE ISD-2015 REPORT PACKAGE FROM THE INTERNET

To retrieve the ISD-2015 Report Package (Acknowledgement of Receipt Form, Statistical Plan, ISD-2015 Narrative, Charts, and the Affidavit Form), please follow these instructions:

- Go to the California Department of Insurance Website: <http://www.insurance.ca.gov>
- Click on “**INSURERS**” located in the menu bar
- From the “Insurers Overview,” click on the “**Data & Reports**” short-cut found on the left-hand side
- From the “INSURERS: DATA & REPORTS” screen, click on the “**Statistical Plans**” link in the center section
- From the NEWS: STATISTICAL PLANS” screen, click on the “**Reporting Year 2015 Statistical Plans**” link
- A message will appear requesting a user name and password. Enter the following (case sensitive):  
User Name: STATREPORT  
Password: NEWTON
- Scroll down and under “Insurance Diversity and COIN Related Reports”, select **Insurer Supplier Diversity - (ISD-2015)**.
- From the ISD-2015 site, you can retrieve the following:
  - **ISD-2015 Acknowledgement of Receipt Form –**  
***DUE April 22, 2015: This form must be submitted via email using the email button provided in the form. If filing as a group, only input the group name and number. Enter the companies and their corresponding NAIC numbers included in your group report, on the spaces provided in the form. If filing as an individual company, input your company name and NAIC number only. Do not fill out the Group Number field.***
  - **ISD-2015 Statistical Plan –** ***Contains detailed instructions on how to complete the ISD-2015 Report.***
  - **ISD-2015 Narrative –**  
***DUE July 1, 2015: This form will contain your company / group information and must be submitted via email using the email button provided in the form.***
  - **ISD-2015 Charts -**  
***DUE July 1, 2015: This form must be submitted via email using the email button provided in the form.***
  - **ISD-2015 Affidavit Form -**  
***DUE July 1, 2015: A notarized affidavit confirming the validity of the report, needs to be completed manually and mailed to the Department at the Los Angeles address listed in Section F. Contacts.***

**\*IMPORTANT:** All Companies MUST RETURN the Acknowledgement of Receipt Form **NO LATER THAN April 22, 2015.**



## VI. CDI CONTACT INFORMATION

If you have an **extension request** and/or **technical questions regarding the ISD-2015 Narrative and / or Charts**, please address your inquiries to Debra Buenconsejo as shown below. Requests for an extension should be sent via email with your **company name** and **NAIC number**. **Affidavits** are to be mailed to the physical address below.

**DEBRA BUENCONSEJO**  
Project Manager, Property and Casualty  
**Attention: ISD-2015**  
CALIFORNIA DEPARTMENT OF INSURANCE  
Statistical Analysis Division  
300 South Spring Street, 14<sup>th</sup> Floor  
Los Angeles, CA 90013  
[Debra.Buenconsejo@insurance.ca.gov](mailto:Debra.Buenconsejo@insurance.ca.gov)  
Fax: (213) 897-6571

## VII. INSTRUCTIONS FOR COMPLETING ISD-2015

*The Insurer Supplier Diversity (ISD) Survey is a biennial survey administered per Assembly Bill 53 (2012), chaptered as California Insurance Code Section 927, which requires each insurance company that collects \$100 million or more in California premiums to report on the company's procurement efforts from diverse businesses headquartered in the State of California*

*The 2015 ISD Survey will be administered to all insurance companies that met the threshold to report in 2013 and / or 2014*

*Companies are required to submit data on both years, even in the event that a company met the threshold in only one year (2013 or 2014)*

### COVER PAGE

#### REPORTING AS AN INDIVIDUAL COMPANY OR GROUP

Insurers are allowed to report on the 2015 ISD Survey either as a group or an individual company

If submitting as an INDIVIDUAL COMPANY:

Check the box indicating that the report is an individual company submission, and then enter the **COMPANY NAME** and **COMPANY NAIC NUMBER** in the corresponding lines. Fill out this box only if submitting as an individual company. Otherwise, leave both fields blank.

If submitting as a GROUP:

Check the box indicating that the report is a group submission, and then enter the **GROUP NAME** and **GROUP NAIC NUMBER** in the corresponding lines. In the table directly below, list *all* companies in the group that meet the threshold to report on the 2015 ISD Survey and include each company's NAIC Number. Check to confirm that the company name matches the NAIC number prior to submitting.

#### STATEMENT: PROCUREMENT WITH CALIFORNIA SUPPLIERS

California Insurance Code (CIC) Section 927.2 (a) (3) states that "an insurer that does not enter into contracts to procure goods or services in California satisfies the requirements of paragraph (2) by filing a statement with the commissioner attesting that it does not enter into procurement contracts in California."

- Check Box 'A' if your company/group **enters** into contracts to procure goods or services in California
  - If checked, your company/group must complete the remainder of the survey in its entirety
- Check Box 'B' if your company **does not enter** into contracts to procure goods or services in California
  - If checked, do not fill out the remainder of the survey
  - Checking this box will satisfy the requirement of CIC 927.2 (a) (3), as noted above

## PART 1: NARRATIVE

No questions may be left blank. Remember to check all responses prior to submission. DO NOT submit the survey unless all questions, including corresponding questions (where applicable), have been answered. Definitions for all terms mentioned within the Narrative portion of the survey may be found in the Glossary.

### QUESTION 1

- Check the appropriate box as it applies to your company / group
  - NOTE: The definition for “Supplier Diversity Policy Statement” can be found in the Glossary
  - General company / group diversity statements *are not* considered Supplier Diversity Policy, Statements and therefore will not satisfy the requirements of this question
- Each response option in this question has a corresponding question, remember to respond according to the selection you made

### QUESTION 2

- Check the appropriate box as it applies to your company / group
  - NOTE: The definition for “Supplier Diversity Program” can be found in the Glossary
  - General company / group diversity programs *are not* considered Supplier Diversity Programs, and therefore will not satisfy the requirements of this question
- Each response option in this question has a corresponding question, remember to respond according to the selection you made

### QUESTION 3

- If you checked “Yes” remember to respond to parts A-E as they apply to your company / group
  - NOTE: The definition for “outreach” can be found in the Glossary
- Report on outreach and communications strategies and practices from 2013 and 2014 specifically
- Part B is specifically asking about outreach conducted within the company / group
  - E.g. Company X recently developed a new supplier diversity program and decided to announce the program and the company’s new diversity initiatives by emailing a memo to all company employees and executives
- Part C offers a host a of outreach and communication practices; check *all* that apply
  - For each category of outreach and communication practices, share the name of the best program / organization / event you work with and / or attended
    - E.g. Company X attended a certification group’s annual procurement conference and was able to implement the ideas and strategies shared within their own supplier diversity program; this event contributed substantially to the growth of their supplier diversity program

- If none of the options provided on the form match your company / group's outreach and communication practices, check the box at the bottom of the list labeled "Others, please specify:" and list your practices
- In Part D, explain if any of the outreach and communications strategies and practices have increased and / or established new relationships with diverse businesses
  - E.g. Company X has developed good working relationships with representatives of MBEs because of increased participation in matchmaking events

#### QUESTION 4

- In Part A, specify if your company / group tracks procurement spend with diverse subcontractors.
  - These subcontractors can also be defined as Tier 2 suppliers
  - See Glossary for a definition of Tier 2 suppliers

#### QUESTION 5

- If applicable, provide details or examples of what kinds of targets or goals exist and how your company / group reach these targets or goals; include if they are long-term or short-term goals (i.e. quarterly, annual, 10-year, etc.)

#### QUESTION 6

- Describe any and all accomplishments, awards, updates, progress, and / or best practices achieved / established by your company / group since the 1<sup>st</sup> biennial Insurer Supplier Diversity Survey was administered in 2013
  - Include all highlights from the past two years regarding your company / group's Supplier Diversity work

#### QUESTION 7

- Include any additional information about your company / group that was not shared anywhere else in the survey

#### QUESTION 8

- As stated in Section 927.2 (a)(2)(B)(v) of the California Insurance Code, the report must include the "insurer's outreach and communications to minority, women, and disabled veteran business enterprises, including...Information regarding appropriate contacts at the insurer for interested business enterprises." (*Statistical Plan, Page 3*)
- Provide the most up-to-date and direct information for three main points of contact within your company / group's supplier diversity operations
- This information will be publicly disseminated and available for viewing on the Department's website for interested diverse business enterprises
- Primary Contact is the main contact for all supplier diversity operations in your company / group

- If your company / group does not have a designated supplier diversity program manager, include contact information for the daily operations manager of procurement services
- Secondary Contact is a high-level manager or supervisor who oversees the procurement practices within the company
- General Contact is the general supplier diversity inquiry address or the company's general inquiry address
- Provide three distinct contacts within the company for ease of access to contact information for diverse businesses

## PART 2: CHARTS

There are four identical Charts that your company / group may submit as part of ISD-2015

- Two of these charts are optional as they address NATIONAL SPEND
  - These charts are all **inclusive** of a company / group's California and non-California total diverse spend

Definitions for all industry categories and terms mentioned within the Charts portion of the survey may be found in the Glossary.

### PLEASE NOTE THAT THE DEFINITION OF A CALIFORNIA DIVERSE SUPPLIER HAS CHANGED

- As defined by Section 927.2 (a).(2)(C) of the California Insurance Code, a California Diverse Supplier is any "minority and women business enterprises with a headquarters' address in California, and from disabled veteran business enterprises, as defined in subdivision (b) of Section 927.1"

## REPORTING BY YEAR

- Instead of reporting procurement information for 2013 and 2014 combined, your company / group will provide procurement information *by calendar year*.
  - This means that your company / group will be reporting specifically for calendar year 2013, and then for calendar year 2014
- In sum, there are 4 identical charts; each to report procurement information regarding:
  1. **CHART 1:** 2013 Spend with CA Diverse Suppliers
  2. **CHART 2:** 2014 Spend with CA Diverse Suppliers
  3. **CHART 3:** 2013 Spend with National Diverse Suppliers (*optional*)
  4. **CHART 4:** 2014 Spend with National Diverse Suppliers (*optional*)
- Remember that each chart requires reporting by a different year, carefully check records before entering data to confirm it is for the correct year

## REPORTING BY CERTIFICATION

- There are a total of 20 tables on each chart, broken out by 8 categories:

**1. Women Business Enterprises (WBE)**

- A. Total Diverse Spend (\$) in YEAR
- B. Total Dollars in Contracts Signed (\$) in YEAR
- C. Total Number of Unique Paid Suppliers (#) in YEAR

**2. Minority Business Enterprises (MBE)**

- A. Total Diverse Spend (\$) in YEAR
- B. Total Dollars in Contracts Signed (\$) in YEAR
- C. Total Number of Unique Paid Suppliers (#) in YEAR
- D. Total Diverse Spend (\$) by Ethnicity in YEAR

**3. Disabled Veteran Business Enterprises (DVBE)**

- A. Total Diverse Spend (\$) in YEAR
- B. Total Dollars in Contracts Signed (\$) in YEAR
- C. Total Number of Unique Paid Suppliers (#) in YEAR

**4. Lesbian, Gay, Bisexual, Transgender Business Enterprises (LGBTBE)**

- A. Total Diverse Spend (\$) in YEAR
- B. Total Dollars in Contracts Signed (\$) in YEAR
- C. Total Number of Unique Paid Suppliers (#) in YEAR

**5. Multi-certified Business Enterprises\***

*\*The only combination of certifications that are reportable here are WBEs / MBEs / DVBEs / LGBTBEs; do not report any other type of certification for Table 5*

- A. Total Diverse Spend (\$) in YEAR
- B. Total Dollars in Contracts Signed (\$) in YEAR
- C. Total Number of Unique Paid Suppliers (#) in YEAR
- D. Number of Multi-Certified Business Enterprises by Certification Combination (#)

**6. Summary by Certification**

**7. Summary by Industry Category**

**8. Procurement Spend in YEAR**

## REPORTING: TOTAL DIVERSE SPEND (A Tables) – TABLES 1A, 2A, 3A, 4A, & 5A

- Table A on each chart and table requires your company / group to report on your **total diverse spend** by certification in each industry category
  - TOTAL DIVERSE SPEND is the total dollar (\$) amount of invoices paid out to diverse suppliers for services rendered, reporting specifically by industry category
- This figure includes any payments made to diverse suppliers, including contract payments, purchase orders, etc.
- Examples of what to include in the total figure requested include:
  - Invoice of a \$1,000 payment made of a \$5,000 contract
    - If only \$1,000 total was paid out to a diverse business in the specific calendar year (e.g. 2013), then report \$1,000 only
    - This \$1,000 must be inserted into the correct table and box, based on correlating
      1. The diverse business type (e.g. WBE), and
      2. Industry category (e.g. Advertising / Marketing)
  - Invoice of a \$500 purchase order paid out
    - This figure should be reported, even though the payment was not part of a contract
- Reference this set of instructions for all Tables 1A, 2A, 3A, 4A, and 5A

## REPORTING: TOTAL DOLLARS IN CONTRACTS SIGNED (B Tables) – TABLES 1B, 2B, 3B, 4B, & 5B

- Table B on each chart requires your company / group to report on the total dollar (\$) amount of contracts that were signed between your company / group and diverse businesses
  - TOTAL DOLLARS IN CONTRACTS SIGNED is the total dollar (\$) amount of all contracts signed between your company / group and a diverse business
    - Include the total dollar amount of the signed contract, **regardless** of whether payments were actually made for work performed / goods purchased
  - *Note:* Since reporting is done by year, the contract amount reported should be the average amount for one year only
    - E.g. if a two year contract was signed for \$100,000 and was in effect from 2012-2013, the reported amount should be \$50,000
- Examples of what to include in the total figure requested include:
  - A \$5,000 contract, even if only \$1,000 of it was actually paid to the diverse business
  - A contract signed at *any* amount, even if none of it was actually paid to the diverse business
- Reference this set of instructions for all Tables 1B, 2B, 3B, 4B, and 5B

## REPORTING: TOTAL NUMBER OF UNIQUE PAID SUPPLIERS – TABLES 1C, 2C, 3C, 4C, & 5C

- Table C on each chart requires your company / group to report on the total number (#) of unique paid suppliers by diverse business type in each industry category, and reported within the appropriate dollar range
  - TOTAL NUMBER OF UNIQUE PAID SUPPLIERS is the total number of unique paid suppliers to whom your company / group paid an invoice
- How to accurately report this figure, using Table 1C as an example:
  1. Determine how many unique WBEs to whom your company / group paid an invoice, in that given year
  2. Then, determine under which industry category each WBE falls under
  3. Then, review the total amount paid to each unique WBE in that calendar year
    - a. This will allow you to determine how many WBEs to report in each box
- An example: Company X is filling out Chart #1 – 2013 Spend with California Diverse Suppliers
  1. Company X determines that they sent invoices to 10 unique WBEs in 2013; these businesses are determined to be California diverse suppliers because they have a headquarters address in California
  2. Of these 10 unique WBEs, Company X determines that 5 fall under Advertising / Marketing, 1 falls under Financial/Investment Services, 3 fall under Claims Services, and 1 falls under Facilities
  3. Company X then reviews the total amount paid to all 10 WBEs in that calendar year and finds the following:
    - a. 5 WBEs in Advertising / Marketing:
      - i. WBE #1 – Was paid 2 invoices, totaling \$40,000 in 2013
      - ii. WBE #2 – Was paid 1 invoice, totaling \$40,000 in 2013
      - iii. WBE #3 – Was paid 3 invoices, totaling \$101,000 in 2013
      - iv. WBE #4 – Was paid 1 invoice, totaling \$1 million in 2013
      - v. WBE #5 – Was paid 2 invoices, totaling \$2 million in 2013
    - b. Company X will now report these 5 WBEs in Advertising / Marketing in the following way:
      - i. WBE #1 and #2 were both reported in the <\$50k box under Advertising/Marketing because they were both paid less than \$50,000 total in the calendar year of 2013
      - ii. WBE #3 was reported in the \$100k-\$500k box because it was paid a total of \$101,000 in the calendar year of 2013
      - iii. WBE #4 and #5 were both reported in the \$1M-\$5M box because they were both paid within that range, total, in the calendar year of 2013



	(a) Advertising / Marketing
<\$50k	2
>= \$50k but < \$100k	
>= \$100k but < \$500k	1
>= \$500k but < \$1M	
>= \$1M but < \$5M	2
>= \$5M but < \$10M	
>= 10M	
<b>TOTAL</b>	<b>5</b>

- Reference this set of instructions for all Tables 1C, 2C, 3C, 4C, and 5C

#### REPORTING: TOTAL DIVERSE SPEND BY ETHNICITY – TABLE 2D

- Table 2D requires your company / group to report on the total diverse spend (\$) by ethnicity
  - TOTAL DIVERSE SPEND BY ETHNICITY is the total dollar (\$) amount of invoices paid out to diverse suppliers for services rendered, reported specifically by ethnicity of the minority business enterprise
- Reference this set of instructions for all Table 2D

#### REPORTING: NUMBER OF MULTI-CERTIFIED BUSINESS ENTERPRISES BY CERTIFICATION COMBINATION – TABLE 5D

- Table 5D on each chart requires your company / group to report on the combination of certifications of the multi-certified business enterprises reported in Table 5C
- All combinations for the 4 reportable certifications are listed here, indicate the total number of each permutation of certifications that your company / group worked with
- The final total in this category must match the final total in Table 5C

#### REPORTING SUMMARY BY CERTIFICATION – TABLE 6

- Table 6 on each chart **does not require input** by your company / group
- The values in Table 6 will automatically generate values based on the data reported in Tables 1-5, respectively
  - E.g. WBE – the final total from Table 1A will be populated in the column labeled “Total Diverse Spend (\$)”; the same formula will be repeated for the remaining certifications
- Check through the generated numbers and the data you reported to confirm that all information provided is accurate

## REPORTING SUMMARY BY INDUSTRY CATEGORY – TABLE 7

- The first 3 columns - labeled “Total Diverse Spend (\$),” “Total Dollars in Contracts Signed (\$),” and “Total Number of Unique Paid Suppliers (\$)” – do not require input by your company / group. These columns will automatically generate values based on the data reported in Tables 1-5, respectively
  - E.g. the totals from the first column labeled “Advertising/Marketing” on Tables 1A, 2A, 3A, 4A, and 5A will be populated in the column labeled “Total Diverse Spend (\$)” for Adv / Marketing; the same formula will be repeated for the remaining industry categories
- Column 4 – “Total Procurement Spend Overall (\$)” – is the only section that your company / group must provide.
  - TOTAL PROCUREMENT SPEND OVERALL is the total dollar amount (\$) of all invoices **paid out to all suppliers** – diverse AND non-diverse – reported by industry category
- Check through the generated numbers and the data you reported to confirm that all information provided is accurate

## REPORTING PROCUREMENT SPEND – TABLE 8

- Table 8 does not require any input by your company / group
- The values in Table 8 will automatically generate values based on the data reported and generated in Tables 1-7
- The final percentage should be an accurate value of your company / group’s total procurement spend with diverse businesses

## A. GLOSSARY

### PART 1: NARRATIVE TERMS & DEFINITIONS

#### **California Diverse Supplier**

As defined by Section 927.2 (a.)(2)(C) of the California Insurance Code, a California Diverse Supplier is any “minority and women business enterprises with a headquarters’ address in California, and from disabled veteran business enterprises, as defined in subdivision (b) of Section 927.1”

#### **Diverse Businesses / Diverse Supplier**

Any Women Business Enterprise (WBE), Minority Business Enterprise (MBE), Disabled Veteran Business Enterprise (DVBE), Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE), and any combination of these certifications (multi-certified)

#### **Outreach**

Practices and strategies implemented to bring awareness to, introduce, and/or make a connection between two organizations. For the purposes of this survey, “outreach” focuses on the practices and strategies of an insurer to bring awareness to, introduce, and/or make a connection between its supplier diversity program and diverse suppliers

#### **Procurement**

The overarching function that describes the activities and processes to acquire goods and services

#### **Supplier Diversity Policy Statement**

Any language that refers to a company / group’s policies specifically in regards to supplier diversity, with the goal of procuring goods and services from diverse businesses; this is *not* a general diversity statement of a company / group

#### **Supplier Diversity Program**

A formal plan and / or structure set up specifically for a company / group to implement its supplier diversity policy statement; this is *not* a general diversity program of a company / group

#### **Tier 2 Supplier**

A company that supplies the Tier 1 company; a Tier 2 company is typically smaller than a Tier 1

### PART 2: CHARTS TERMS & DEFINITIONS

#### **Minority Business Enterprise (MBE)**

As defined by Section 927.1 (c) of the California Insurance Code, “‘Minority business enterprise’ means a business enterprise, physically located in the United States or its trust territories, that is at least 51 percent owned by a minority group or groups, or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more minority groups, and whose management and daily business operations are controlled by one or more of those individuals. “Minority” includes African Americans, Hispanic Americans, Native Americans, and Asian Pacific Americans who provide proof of United States citizenship or legal resident alien status.”

#### **Women Business Enterprise (WBE)**

As defined by Section 927.1 (e) of the California Insurance Code, “‘Women business enterprise’ means a business enterprise physically located in the United States or its trust territories, that is at least 51 percent owned by a woman or women, or, in the case of any publicly owned business at least 51 percent of the stock of which is owned by one or more women, and whose management and daily business operations are controlled by one or more of those individuals, who provide proof of United States citizenship or legal resident alien status.”

### **Disabled Veteran Business Enterprise (DVBE)**

As defined by Section 927.1 (b) of the California Insurance Code, “Disabled veteran business enterprise’ has the same meaning as defined in subparagraph (A) of paragraph (7) of subdivision (b) of Section 999 of the Military and Veterans Code, or any successor provision. Disabled veteran business enterprise certification eligibility requirements shall be consistent with those imposed by the Department of General Services, and this section applies only to those disabled veteran business enterprises certified by the Department of General Services.”

### **Diverse Spend**

Procurement dollars spent exclusively with diverse businesses (WBE / MBE / DVBE / LGBTBE)

### **Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)**

As defined by SEC. 3.5 Section 8282 of the California Public Utilities Code, “a LGBTBE is a U.S.-based for-profit, independent business that is at least 51% owned and controlled by one or more LGBT persons who are U.S. citizens or lawful permanent residents; in the case of any publicly-owned business, at least 51% of the equity is owned and controlled by one or more LGBT persons who are U.S. citizens or lawful permanent residents and whose management and daily operation is controlled by one or more of the LGBT owners.”

## **INDUSTRY CATEGORIES**

*The following descriptions of industry categories are based on the 2012 North American Industry Classification System (NAICS) definitions; with the exception of the language added by the Department in italics below*

*These are provided as a guidance tool and as such are broad in their depictions; companies / groups are not limited to the confines of the descriptions listed here to provide data about the categories*

### **ADVERTISING/MARKETING**

#### ***Sector 54 Professional, Scientific, and Technical Services (The Sector as a Whole)***

- 541810 Advertising Agencies: This industry comprises establishments primarily engaged in creating advertising campaigns and placing such advertising in periodicals, newspapers, radio and television, or other media. These establishments are organized to provide a full range of services (i.e., through in-house capabilities or subcontracting), including advice, creative services, account management, production of advertising material, media planning, and buying (i.e., placing advertising).
- 541613 Marketing Consulting Services: This U.S. industry comprises establishments primarily engaged in providing operating advice and assistance to businesses and other organizations on marketing issues, such as developing marketing objectives and policies, sales forecasting, new product developing and pricing, licensing and franchise planning, and marketing planning and strategy.
- Illustrative Examples:
  - Customer services management consulting services
  - New product development consulting services
  - Marketing management consulting services
  - Sales management consulting services

### **FINANCIAL/INVESTMENT SERVICES**

#### ***Sector 52 Finance and Insurance***

- 5231 Securities and Commodity Contracts Intermediation and Brokerage: This industry group comprises establishments primarily engaged in putting capital at risk in the process of underwriting

securities issues or in making markets for securities and commodities; and those acting as agents and/or brokers between buyers and sellers of securities and commodities, usually charging a commission.

## **CLAIMS SERVICES**

### ***Sector 52 Finance and Insurance***

- 524291 Claims Adjusting: Comprises establishments primarily engaged in investigating, appraising, and settling insurance claims.
  - *This may include: cause-of-loss investigators, claims adjusting, claims processing services, claims consultants, fire investigators, insurance claims investigation services, insurance settlement offices, and loss control consultants; as well as, auto body shops, general contractors, landscapers, remediation services, and other similar services related to the claims process.*

## **FACILITIES**

### ***Sector 56 Administrative & Support and Waste Management and Remediation Services***

- 561210 Facilities Support Services: This industry comprises establishments primarily engaged in providing operating staff to perform a combination of support services within a client's facilities. Establishments in this industry typically provide a combination of services, such as janitorial, maintenance, trash disposal, guard and security, mail routing, reception, laundry, and related services to support operations within facilities. These establishments provide operating staff to carry out these support activities; but are not involved with or responsible for the core business or activities of the client. Establishments providing facilities (except computer and/or data processing) operation support services and establishments providing private jail services or operating correctional facilities (i.e., jails) on a contract or fee basis are included in this industry.

## **HUMAN RESOURCES**

### ***Sector 54 Professional, Scientific, and Technical Services (The Sector as a Whole)***

- 541612 Human resources Consulting Services: This U.S. industry comprises establishments primarily engaged in providing advice and assistance to businesses and other organizations in one or more of the following areas: (1) human resource and personnel policies, practices, and procedures; (2) employee benefits planning, communication, and administration; (3) compensation systems planning; and (4) wage and salary administration.
- Illustrative Examples:
  - Benefit or compensation consulting services
  - Employee assessment consulting services
  - Personnel management consulting services
  - Human resources consulting services

## **INFORMATION TECHNOLOGY**

### ***Sector 51 Information (The Sector as a Whole)***

The Information sector comprises establishments engaged in the following processes: (a) producing and distributing information and cultural products, (b) providing the means to transmit or distribute these products as well as data or communications, and (c) processing data.

The main components of this sector are the publishing industries, including software publishing, and both traditional publishing and publishing exclusively on the Internet; the motion picture and sound recording

industries; the broadcasting industries, including traditional broadcasting and those broadcasting exclusively over the Internet; the telecommunications industries; Web search portals, data processing industries, and the information services industries.

- 541513 Computer Facilities Management Services: This U.S. industry comprises establishments primarily engaged in providing on-site management and operation of clients' computer systems and/or data processing facilities. Establishments providing computer systems or data processing facilities support services are included in this industry.

## **OFFICE SUPPLIES**

### ***Sector 44-45 Retail Trade (4532 Office Supplies, Stationery, and Gift Stores)***

- 453210 Office Supplies and Stationery Stores: This industry comprises establishments primarily engaged in one or more of the following: (1) retailing new stationery, school supplies, and office supplies; (2) retailing a combination of new office equipment, furniture, and supplies; and (3) retailing new office equipment, furniture, and supplies in combination with selling new computers.

## **PRINT SERVICES**

### ***Sector 31-33 Manufacturing***

- 323 Printing and Related Support Activities: Industries in the Printing and Related Support Activities subsector print products, such as newspapers, books, labels, business cards, stationery, business forms, and other materials, and perform support activities, such as data imaging, platemaking services, and bookbinding. The support activities included here are an integral part of the printing industry, and a product (a printing plate, a bound book, or a computer disk or file) that is an integral part of the printing industry is almost always provided by these operations.

## **PROFESSIONAL SERVICES**

### ***Sector 54 Professional, Scientific, and Technical Services (The Sector as a Whole)***

The Professional, Scientific, and Technical Services sector comprises establishments that specialize in performing professional, scientific, and technical activities for others. These activities require a high degree of expertise and training. The establishments in this sector specialize according to expertise and provide these services to clients in a variety of industries and, in some cases, to households. Activities performed include: accounting, bookkeeping, and payroll services; architectural, engineering, and specialized design services; computer services; consulting services; research services; advertising services; photographic services; translation and interpretation services; veterinary services; and other professional, scientific, and technical services. *Actuarial services should be included in this section.*

This sector *excludes* establishments primarily engaged in providing a range of day-to-day office administrative services, such as financial planning, billing and recordkeeping, personnel, and physical distribution and logistics. These establishments are classified in Sector 56, Administrative and Support and Waste Management and Remediation Services.

*For the purposes of this survey, legal services will be counted in a separate category and should not be reported here.*

## **TELECOM**

### ***Sector 51 Information***

- 517 Telecommunications: Industries in the Telecommunications subsector group establishments that provide telecommunications and the services related to that activity (e.g., telephony, including Voice over Internet Protocol (VoIP); cable and satellite television distribution services; Internet access; telecommunications reselling services). The Telecommunications subsector is primarily engaged in

operating, and/or providing access to facilities for the transmission of voice, data, text, sound, and video. Transmission facilities may be based on a single technology or a combination of technologies. Establishments in the Telecommunications subsector are grouped into four industry groups. The first three are comprised of establishments that operate transmission facilities and infrastructure that they own and/or lease, and provide telecommunications services using those facilities. The distinction among the first three industry groups is the type of infrastructure operated (i.e., wired, wireless, or satellite). The fourth industry group is comprised of establishments that provide support activities, telecommunications reselling services, or many of the same services provided by establishments in the first three industry groups, but do not operate as telecommunications carriers. Establishments primarily engaged as independent contractors in the installation and maintenance of broadcasting and telecommunications systems are classified in Sector 23, Construction. Establishments known as Internet cafes, primarily engaged in offering limited Internet connectivity in combination with other services such as facsimile services, training, rental of on-site personal computers, game rooms, or food services are classified in Subsector 561, Administrative and Support Services, or Subsector 722, Food Services and Drinking Places, depending on the primary activity.

## **REAL ESTATE**

### ***Sector 53 Real Estate and Rental and Leasing***

- 531 Real Estate: Industries in the Real Estate subsector group establishments that are primarily engaged in renting or leasing real estate to others; managing real estate for others; selling, buying, or renting real estate for others; and providing other real estate related services, such as appraisal services.

This subsector includes equity Real Estate Investment Trusts (REITs) that are primarily engaged in leasing buildings, dwellings, or other real estate property to others. Mortgage REITs are classified in Subsector 525, Funds, Trusts, and Other Financial Vehicles.

Establishments primarily engaged in subdividing and developing unimproved real estate and constructing buildings for sale are classified in Subsector 236, Construction of Buildings. Establishments primarily engaged in subdividing and improving raw land for subsequent sale to builders are classified in Subsector 237, Heavy and Civil Engineering Construction.

## **TRAVEL/ENTERTAINMENT**

### ***Sector 71 Arts, Entertainment, and Recreation (The Sector as a Whole)***

The Arts, Entertainment, and Recreation sector includes a wide range of establishments that operate facilities or provide services to meet varied cultural, entertainment, and recreational interests of their patrons. This sector comprises (1) establishments that are involved in producing, promoting, or participating in live performances, events, or exhibits intended for public viewing; (2) establishments that preserve and exhibit objects and sites of historical, cultural, or educational interest; and (3) establishments that operate facilities or provide services that enable patrons to participate in recreational activities or pursue amusement, hobby, and leisure-time interests.

Some establishments that provide cultural, entertainment, or recreational facilities and services are classified in other sectors. *Excluded* from this sector are: (1) establishments that provide both accommodations and recreational facilities, such as hunting and fishing camps and resort and casino hotels are classified in Subsector 721, Accommodation; (2) restaurants and night clubs that provide live entertainment in addition to the sale of food and beverages are classified in Subsector 722, Food Services and Drinking Places; (3) motion picture theaters, libraries and archives, and publishers of newspapers, magazines, books, periodicals, and computer software are classified in Sector 51, Information; and (4) establishments using transportation equipment to provide recreational and entertainment services, such as those operating sightseeing buses, dinner cruises, or helicopter rides, are classified in Subsector 487, Scenic and Sightseeing Transportation.

### ***Sector 72 Accommodation and Food Services (The Sector as a Whole)***

The Accommodation and Food Services sector comprises establishments providing customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption. The sector includes both accommodation and food services establishments because the two activities are often combined at the same establishment.

Excluded from this sector are civic and social organizations; amusement and recreation parks; theaters; and other recreation or entertainment facilities providing food and beverage services.

## **LEGAL SERVICES**

### ***54 Professional, Scientific, and Technical Services***

- 5411 Legal Services / 541110 Offices of Lawyers: This industry comprises offices of legal practitioners known as lawyers or attorneys (i.e., counselors-at-law) primarily engaged in the practice of law. Establishments in this industry may provide expertise in a range or in specific areas of law, such as criminal law, corporate law, family and estate law, patent law, real estate law, or tax law.
- 541120 Offices of Notaries: This industry comprises establishments (except offices of lawyers and attorneys) primarily engaged in drafting, approving, and executing legal documents, such as real estate transactions, wills, and contracts; and in receiving, indexing, and storing such documents.
- 541199 All Other Legal Services: This U.S. industry comprises establishments of legal practitioners (except offices of lawyers and attorneys, settlement offices, and title abstract offices). These establishments are primarily engaged in providing specialized legal or paralegal services.
- Illustrative Examples:
  - Notary public services
  - Patent agent services (i.e., patent filing and searching services)
  - Paralegal services
  - Process serving services