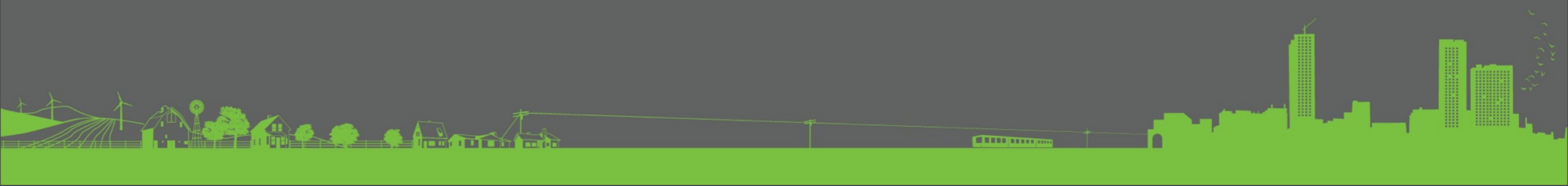




THE  
**GREENLINING**  
INSTITUTE



# 2013 CA Insurance Supplier Diversity Report

Sam Kang, General Counsel

# Greenlining is the Answer to Redlining







# Supplier Diversity

...programs that encourage the use of:  
minority-, women-, LGBT-, and service disabled  
veteran-owned small businesses as vendors.

# Why is Supplier Diversity Important?

# Why is Supplier Diversity Important?

OPPORTUNITY



# Why is Supplier Diversity Important?

OPPORTUNITY

COMPETITION

# Why is Supplier Diversity Important?

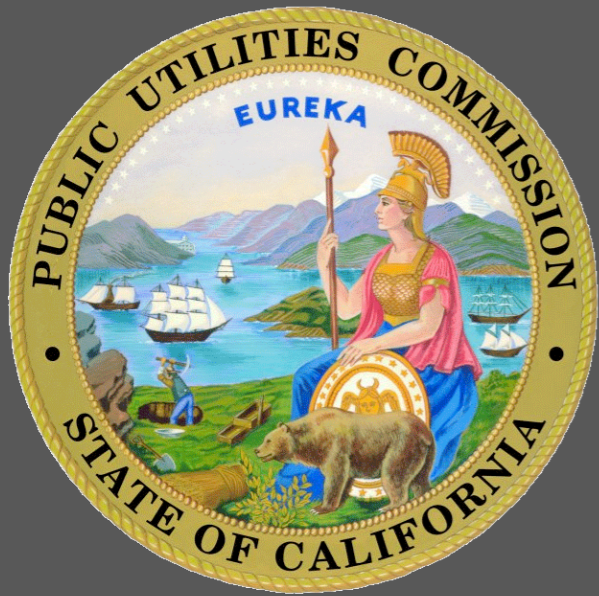
OPPORTUNITY

COMPETITION

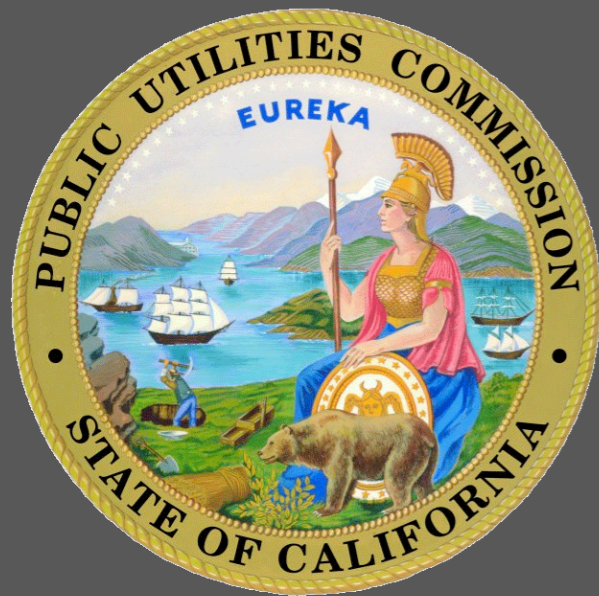
TRANSPARENCY

# ■ SUPPLIER DIVERSITY AND THE PUC ■

# ■ SUPPLIER DIVERSITY AND THE PUC ■

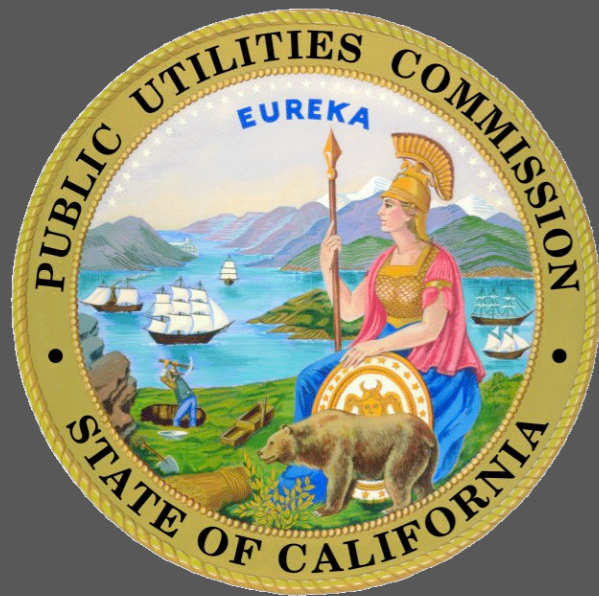


# ■ SUPPLIER DIVERSITY AND THE PUC ■



-General Order 156 enacted  
in 1988

# ■ SUPPLIER DIVERSITY AND THE PUC ■



-General Order 156 enacted in 1988

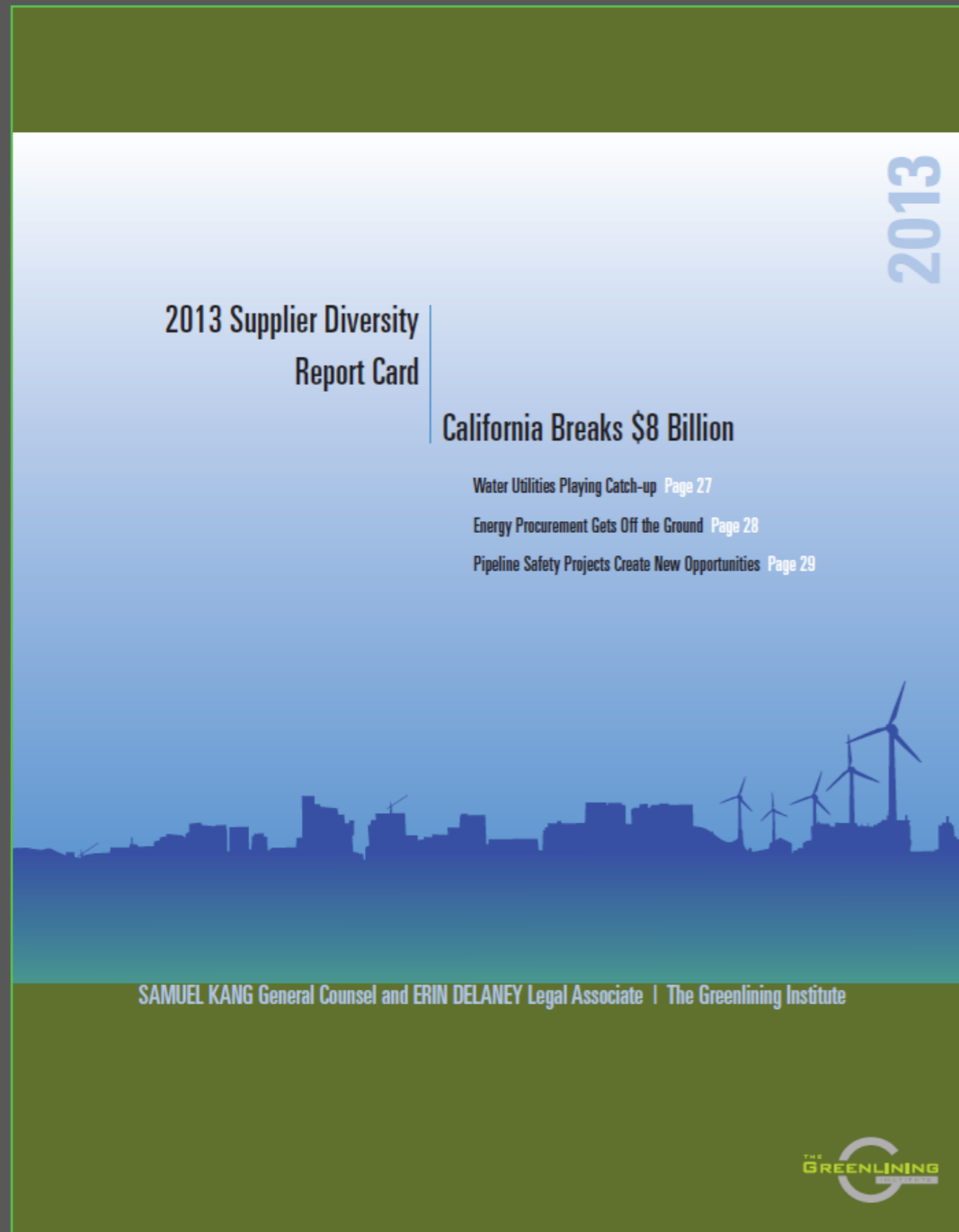
-Over \$8 billion in 2012

# ■ SUPPLIER DIVERSITY AND THE PUC ■

-General Order 156 enacted  
in 1988

-Over \$8 billion in 2012

# ■ SUPPLIER DIVERSITY AND THE PUC ■



-General Order 156 enacted in 1988

-Over \$8 billion in 2012



# ■ AB 53 (SOLORIO) ■

## ■ AB 53 (SOLORIO) ■



- Signed into law in 2012
- Requires reporting from insurance companies with **\$100 million or more** in premiums from California

■ TAKING A CLOSER LOOK ■

# ■ WHAT WAS REPORTED: FORM AI ■ (CALIFORNIA)

# ■ WHAT WAS REPORTED: FORM AI ■ (CALIFORNIA)

## Procurement \$ Spend

# ■ WHAT WAS REPORTED: FORM A I ■ (CALIFORNIA)

Procurement \$ Spend

Diverse Suppliers by Certification Type

# ■ WHAT WAS REPORTED: FORM A I ■ (CALIFORNIA)

Procurement \$ Spend

Diverse Suppliers by Certification Type

Diverse Suppliers by Ethnicity

# ■ WHAT WAS REPORTED: FORM A I ■ (CALIFORNIA)

Procurement \$ Spend

Diverse Suppliers by Certification Type

Diverse Suppliers by Ethnicity

Diverse Suppliers by Industry Category



WHO REPORTED?

WHO REPORTED?

WHHO REPORTED?

-207 companies

# WHO REPORTED?

- 207 companies
- These companies reported individually or as groups

# WHO REPORTED?

- 207 companies
- These companies reported individually or as groups
- 127 reports were submitted

# ■ SUPPLIER DIVERSITY PROGRAMS ■

## ■ SUPPLIER DIVERSITY PROGRAMS ■

**70 Companies/Groups** had formal supplier diversity policy statements

# ■ SUPPLIER DIVERSITY PROGRAMS ■



## ■ SUPPLIER DIVERSITY PROGRAMS ■

**17 Companies/Groups** did **NOT** have formal supplier diversity policy statements but had plans to develop supplier diversity programs in the next 12 months

# ■ SUPPLIER DIVERSITY PROGRAMS ■

## ■ SUPPLIER DIVERSITY PROGRAMS ■

**38 Companies/Groups** did **NOT** have formal supplier diversity policy statements and had **NO** plans to develop supplier diversity programs in the next 12 months

# ■ SUPPLIER DIVERSITY PROGRAMS ■

# ■ SUPPLIER DIVERSITY PROGRAMS ■

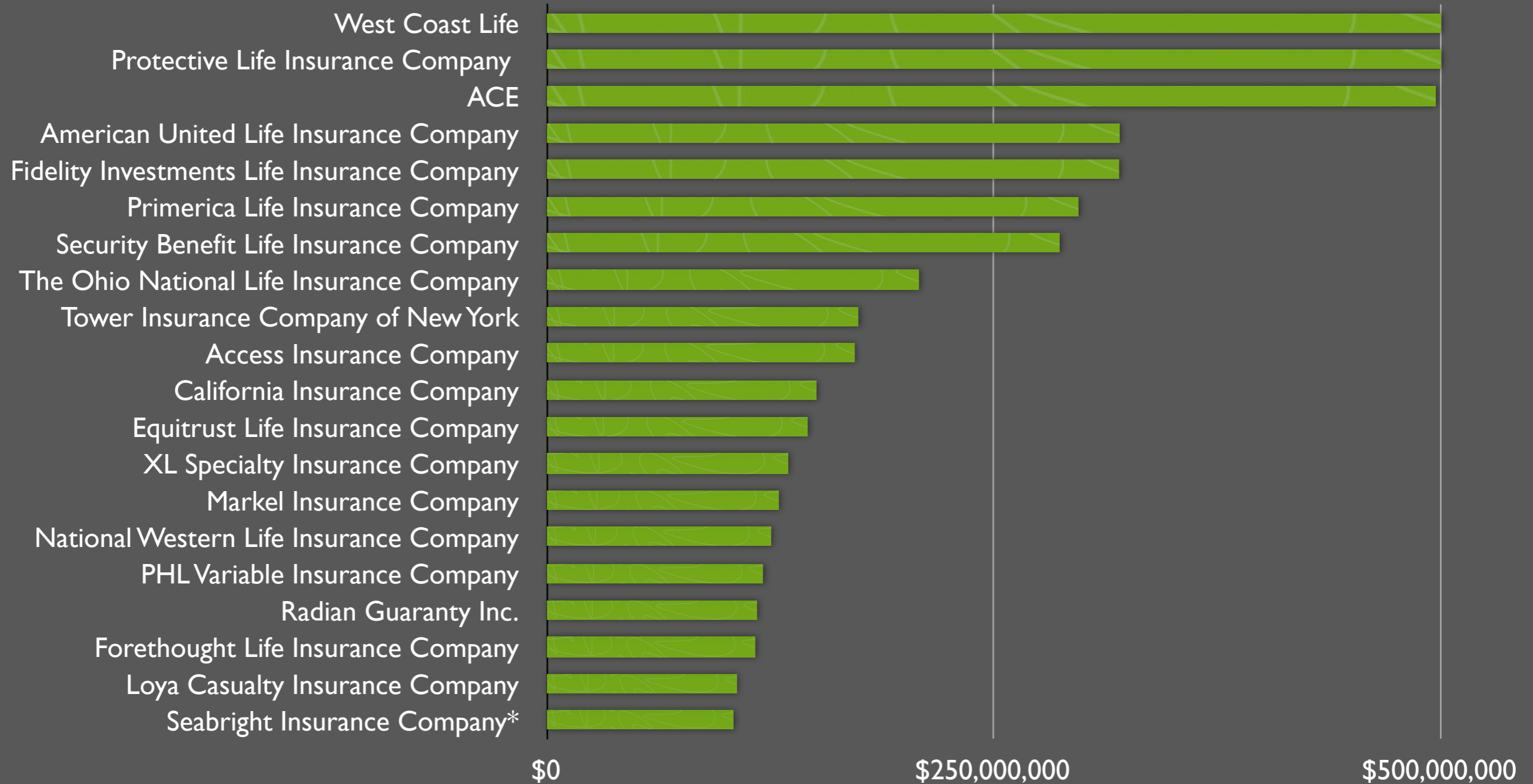
**20 Companies/Groups** claimed:

## ■ SUPPLIER DIVERSITY PROGRAMS ■

**20 Companies/Groups** claimed:

“We do not enter into procurement contracts in the State of California.”

# PREMIUMS COLLECTED IN CALIFORNIA



# ■ MEETINGS WITH COMPANIES ■



# MEETINGS WITH COMPANIES

**STATE**  
COMPENSATION  
INSURANCE  
**FUND**

**MERCURY**  
INSURANCE GROUP

**STATE FARM**  
  
**INSURANCE**

  
**Allstate**  
You're in good hands.



**Liberty  
Mutual**



**FARMERS**



**KAISER PERMANENTE**

# ■ DBE SPENDING ■

# ■ DBE SPENDING ■

	COMPANY/GROUP	TOTAL PROCUREMENT	TOTAL DBE	%
1	Humana Insurance Company	\$15,190,000	\$11,643,000	76.60%
2	UnitedHealthcare Insurance Company	\$20,624,728	\$11,051,977	54.59%
3	Infinity Insurance Company	\$129,272,247	\$51,934,055	40.17%
4	First American Financial Corporation	\$20,476,815	\$8,042,436	39.30%
5	AFLAC	\$11,907,678	\$1,741,221	15.60%

# ■ DBE SPENDING ■

	COMPANY/GROUP	TOTAL PROCUREMENT	TOTAL DBE	%
<b>1</b>	Humana Insurance Company	\$15,190,000	\$11,643,000	<b>76.60%</b>
<b>2</b>	UnitedHealthcare Insurance Company	\$20,624,728	\$11,051,977	<b>54.59%</b>
<b>3</b>	Infinity Insurance Company	\$129,272,247	\$51,934,055	<b>40.17%</b>
<b>4</b>	First American Financial Corporation	\$20,476,815	\$8,042,436	<b>39.30%</b>
<b>5</b>	AFLAC	\$11,907,678	\$1,741,221	<b>15.60%</b>

	COMPANY/GROUP	TOTAL DBE
<b>1</b>	Kaiser Permanente	<b>493</b>
<b>2</b>	First American Financial Corporation	<b>222</b>
<b>3</b>	Infinity Insurance Company	<b>179</b>
<b>4</b>	Allstate Insurance Company	<b>109</b>
<b>5</b>	Mercury Casualty Group	<b>41</b>

# ■ DBE SPENDING ■

# ▪ DBE SPENDING ▪

-Seven companies had DBE spend of at least 10%.

# ▪ DBE SPENDING ▪

-Seven companies had DBE spend of at least 10%.

-Thirteen companies had DBE spend of at least 2%.

## ■ DBE SPENDING ■

- Seven companies had DBE spend of at least 10%.
- Thirteen companies had DBE spend of at least 2%.
- The vast majority of companies had DBE spend of less than 1% or submitted incomplete data.



# ■ MBE SPENDING ■

# ■ MBE SPENDING ■

	COMPANY/GROUP	TOTAL PROCUREMENT	TOTAL MBE	%
1	Humana Insurance Company	\$15,190,000	\$5,641,000	37.14%
2	Infinity Insurance Company	\$129,272,247	\$40,136,885	31.05%
3	Federal Insurance Company	\$473,442	\$108,711	23.00%
4	UnitedHealthcare Insurance Company	\$20,624,728	\$3,415,732	16.56%
5	First American Financial Corporation	\$20,476,815	\$2,988,681	14.60%

# ■ MBE SPENDING ■

	COMPANY/GROUP	TOTAL PROCUREMENT	TOTAL MBE	%
1	Humana Insurance Company	\$15,190,000	\$5,641,000	37.14%
2	Infinity Insurance Company	\$129,272,247	\$40,136,885	31.05%
3	Federal Insurance Company	\$473,442	\$108,711	23.00%
4	UnitedHealthcare Insurance Company	\$20,624,728	\$3,415,732	16.56%
5	First American Financial Corporation	\$20,476,815	\$2,988,681	14.60%

	COMPANY/GROUP	TOTAL MBE
1	Kaiser Permanente	184
2	Infinity Insurance Company	137
3	First American Financial Corporation	68
4	Allstate Insurance Company	52
5	Progressive Insurance Group	17

# ■ MBE SPENDING ■

## ▪ MBE SPENDING ▪

-There were a handful of great performers with high percentages. However, this might be attributed to statistical mistakes.

## ▪ MBE SPENDING ▪

- There were a handful of great performers with high percentages. However, this might be attributed to statistical mistakes.
- The vast majority of companies had MBE spend of less than 1% or submitted incomplete data.

## ▪ MBE SPENDING ▪

- There were a handful of great performers with high percentages. However, this might be attributed to statistical mistakes.
- The vast majority of companies had MBE spend of less than 1% or submitted incomplete data.
- There were a total of 560 MBEs reported.

# ■ WBE SPENDING ■



# ■ WBE SPENDING ■

	COMPANY/GROUP	TOTAL PROCUREMENT	TOTAL WBE	%
<b>1</b>	The Traveler's Companies Inc.	\$3,125,685	\$3,051,812	<b>97.60%</b>
<b>2</b>	Capital Insurance Group	\$1,635,517	\$1,302,445	<b>80.00%</b>
<b>3</b>	Federal Insurance Company	\$473,442	\$364,731	<b>77.00%</b>
<b>4</b>	UnitedHealthcare Insurance Company	\$20,624,728	\$7,584,034	<b>34.00%</b>
<b>5</b>	First American Financial Corporation	\$20,476,815	\$4,979,247	<b>24.30%</b>

# ■ WBE SPENDING ■

	COMPANY/GROUP	TOTAL PROCUREMENT	TOTAL WBE	%
<b>1</b>	The Traveler's Companies Inc.	\$3,125,685	\$3,051,812	<b>97.60%</b>
<b>2</b>	Capital Insurance Group	\$1,635,517	\$1,302,445	<b>80.00%</b>
<b>3</b>	Federal Insurance Company	\$473,442	\$364,731	<b>77.00%</b>
<b>4</b>	UnitedHealthcare Insurance Company	\$20,624,728	\$7,584,034	<b>34.00%</b>
<b>5</b>	First American Financial Corporation	\$20,476,815	\$4,979,247	<b>24.30%</b>

	COMPANY/GROUP	TOTAL WBE
<b>1</b>	Kaiser Permanente	<b>235</b>
<b>2</b>	First American Financial Corporation	<b>153</b>
<b>3</b>	Allstate Insurance Company	<b>57</b>
<b>4</b>	Mercury Insurance Group	<b>16</b>
<b>5</b>	Progressive Insurance Group	<b>12</b>

# ■ WBE SPENDING ■

# ■ WBE SPENDING ■

-Close to half of the companies had a WBE spend of less than 1%, or the companies submitted incomplete data.

## ■ WBE SPENDING ■

-Close to half of the companies had a WBE spend of less than 1%, or the companies submitted incomplete data.

-**Kaiser Permanente** had 235 WBE contracts, followed by **First American Financial Corporation**, which had 157 WBE contracts.

## ■ WBE SPENDING ■

-Close to half of the companies had a WBE spend of less than 1%, or the companies submitted incomplete data.

-**Kaiser Permanente** had 235 WBE contracts, followed by **First American Financial Corporation**, which had 157 WBE contracts.

-The drop-off was very steep after that, with the majority of companies reporting less than 10 WBEs.

## ■ WBE SPENDING ■

-Close to half of the companies had a WBE spend of less than 1%, or the companies submitted incomplete data.

-**Kaiser Permanente** had 235 WBE contracts, followed by **First American Financial Corporation**, which had 157 WBE contracts.

-The drop-off was very steep after that, with the majority of companies reporting less than 10 WBEs.

**Kaiser  
Permanente**  
led with \$216  
million.

# ■ DVBE SPENDING ■



# ■ DVBE SPENDING ■

	COMPANY/GROUP	TOTAL PROCUREMENT	TOTAL DVBE	%
1	First American Financial Corporation	\$20,476,815	\$74,508	0.36%
2	UnitedHealthcare Insurance Company	\$20,624,728	\$52,211	0.25%
3	Kaiser Permanente	\$8,860,288,745	\$7,976,769	0.09%
4	Progressive Insurance Group	\$224,704,279	\$162,051	0.07%
5	Metropolitan Life Insurance Company	\$2,300,000,000	\$100,000	0.00%

# ■ DVBE SPENDING ■

	COMPANY/GROUP	TOTAL PROCUREMENT	TOTAL DVBE	%
1	First American Financial Corporation	\$20,476,815	\$74,508	0.36%
2	UnitedHealthcare Insurance Company	\$20,624,728	\$52,211	0.25%
3	Kaiser Permanente	\$8,860,288,745	\$7,976,769	0.09%
4	Progressive Insurance Group	\$224,704,279	\$162,051	0.07%
5	Metropolitan Life Insurance Company	\$2,300,000,000	\$100,000	0.00%

	COMPANY/GROUP	TOTAL DVBE
1	Kaiser Permanente	5
2	Mercury Insurance Group	2
3	Blue Shield of California Life & Health Insurance Company	2

# ■ DVBE SPENDING ■

## ■ DVBE SPENDING ■

-The number of contracts awarded to DVBEs were by far the fewest, with a total of 17 companies.

## ■ DVBE SPENDING ■

-The number of contracts awarded to DVBEs were by far the fewest, with a total of 17 companies.

-Eleven insurance companies contracted with DVBE businesses for a total of nearly \$9 million.

## ■ DVBE SPENDING ■

-The number of contracts awarded to DVBEs were by far the fewest, with a total of 17 companies.

-Eleven insurance companies contracted with DVBE businesses for a total of nearly \$9 million.

-**Kaiser Permanente**, alone, contracted with 5 DVBEs for a total of almost \$8 million.

# NUMBER OF DIVERSE SUPPLIERS BY ETHNICITY

# NUMBER OF DIVERSE SUPPLIERS BY ETHNICITY

COMPANY/GROUP	AFRICAN AMERICAN
First American Financial Corporation	31
Kaiser Permanente	20
Mercury Casualty Company	10



# NUMBER OF DIVERSE SUPPLIERS BY ETHNICITY

COMPANY/GROUP	AFRICAN AMERICAN
First American Financial Corporation	31
Kaiser Permanente	20
Mercury Casualty Company	10

COMPANY/GROUP	API
Kaiser Permanente	94
Mercury Casualty Company	39
Humana Insurance Company	8

# NUMBER OF DIVERSE SUPPLIERS BY ETHNICITY

COMPANY/GROUP	AFRICAN AMERICAN
First American Financial Corporation	31
Kaiser Permanente	20
Mercury Casualty Company	10

COMPANY/GROUP	API
Kaiser Permanente	94
Mercury Casualty Company	39
Humana Insurance Company	8

COMPANY/GROUP	LATINO/HISPANIC
Mercury Casualty Company	89
Kaiser Permanente	64
First American Financial Corporation	52

# NUMBER OF DIVERSE SUPPLIERS BY ETHNICITY

COMPANY/GROUP	AFRICAN AMERICAN
First American Financial Corporation	31
Kaiser Permanente	20
Mercury Casualty Company	10

COMPANY/GROUP	API
Kaiser Permanente	94
Mercury Casualty Company	39
Humana Insurance Company	8

COMPANY/GROUP	LATINO/HISPANIC
Mercury Casualty Company	89
Kaiser Permanente	64
First American Financial Corporation	52

COMPANY/GROUP	NATIVE AMERICAN*
First American Financial Corporation	22
Kaiser Permanente	6
Mercury Casualty Company	3
Progressive Insurance Group	1
ZURICH	1

\*Represents ALL Native American Suppliers reported

# ■ SUMMARY ■

## ■ SUMMARY ■

-Kaiser Permanente: **\$489 million** in diverse contracting last year

## ■ SUMMARY ■

-Kaiser Permanente: **\$489 million** in diverse contracting last year

-First American Financial Corporation: **15% of total procurement spend was with diverse vendors**

# ■ SUMMARY ■

## ■ SUMMARY ■

-The companies that reported their DBE, MBE, WBE, DVBE spend had low numbers, with the majority of companies not exceeding 1% for any of those certification categories.



## ■ SUMMARY ■

- The companies that reported their DBE, MBE, WBE, DVBE spend had low numbers, with the majority of companies not exceeding 1% for any of those certification categories.
- 560 total MBEs (African American, API, Latino/Hispanic, and Native American)...

## ■ SUMMARY ■

- The companies that reported their DBE, MBE, WBE, DVBE spend had low numbers, with the majority of companies not exceeding 1% for any of those certification categories.
- 560 total MBEs (African American, API, Latino/Hispanic, and Native American)...
- ...an average of less than 3 MBEs per company.

# DBE SPENDING

## OF ALL G.O. 156 REPORTING COMPANIES

# DBE SPENDING

OF ALL G.O. 156 REPORTING COMPANIES

**\$8.1B - 2012**

\$7.00B - 2011

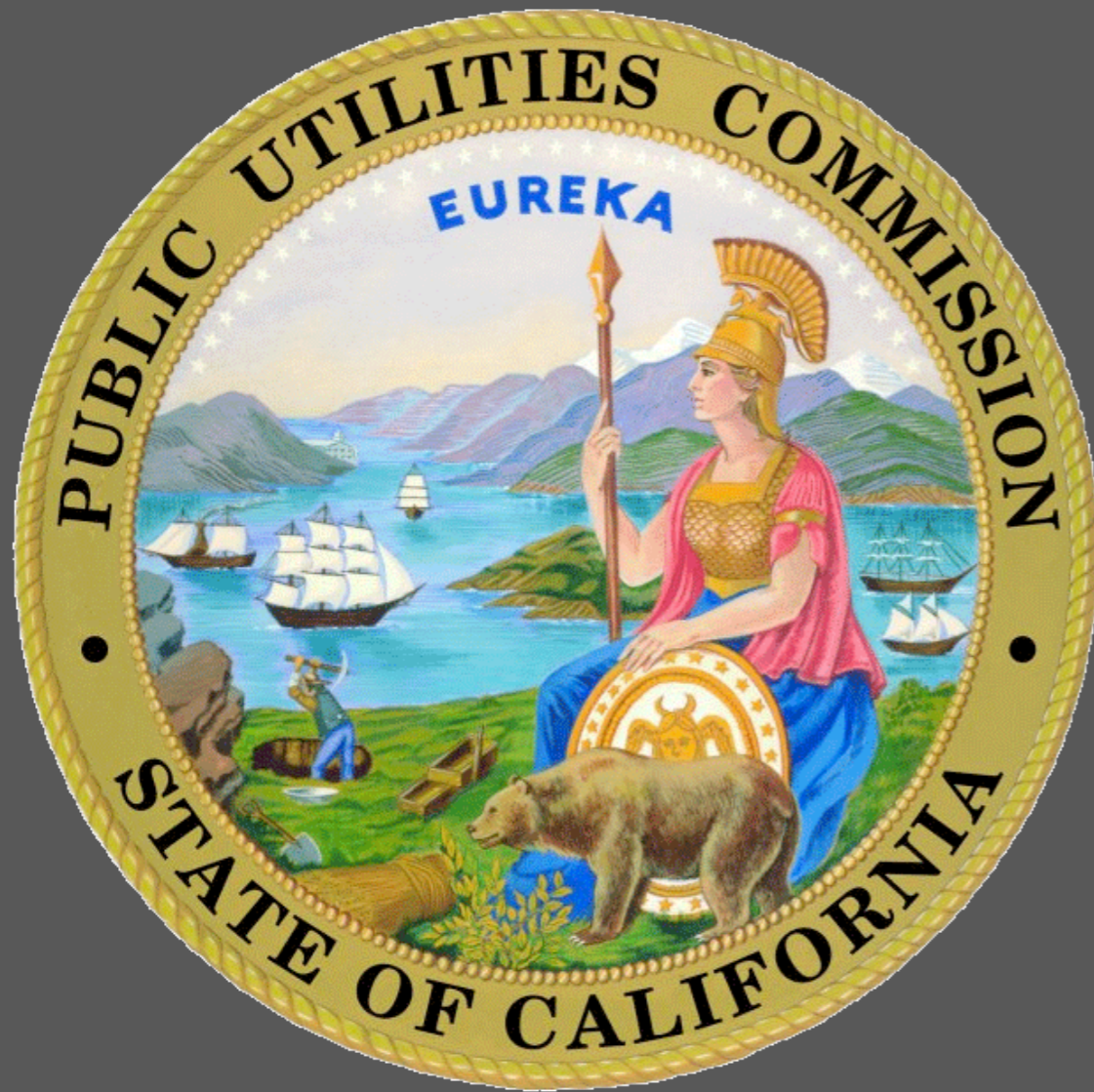
\$5.17B - 2010

\$4.27B - 2009

\$3.47B - 2008

# ■ OPTIMISM FOR THE FUTURE ■

# ■ OPTIMISM FOR THE FUTURE ■



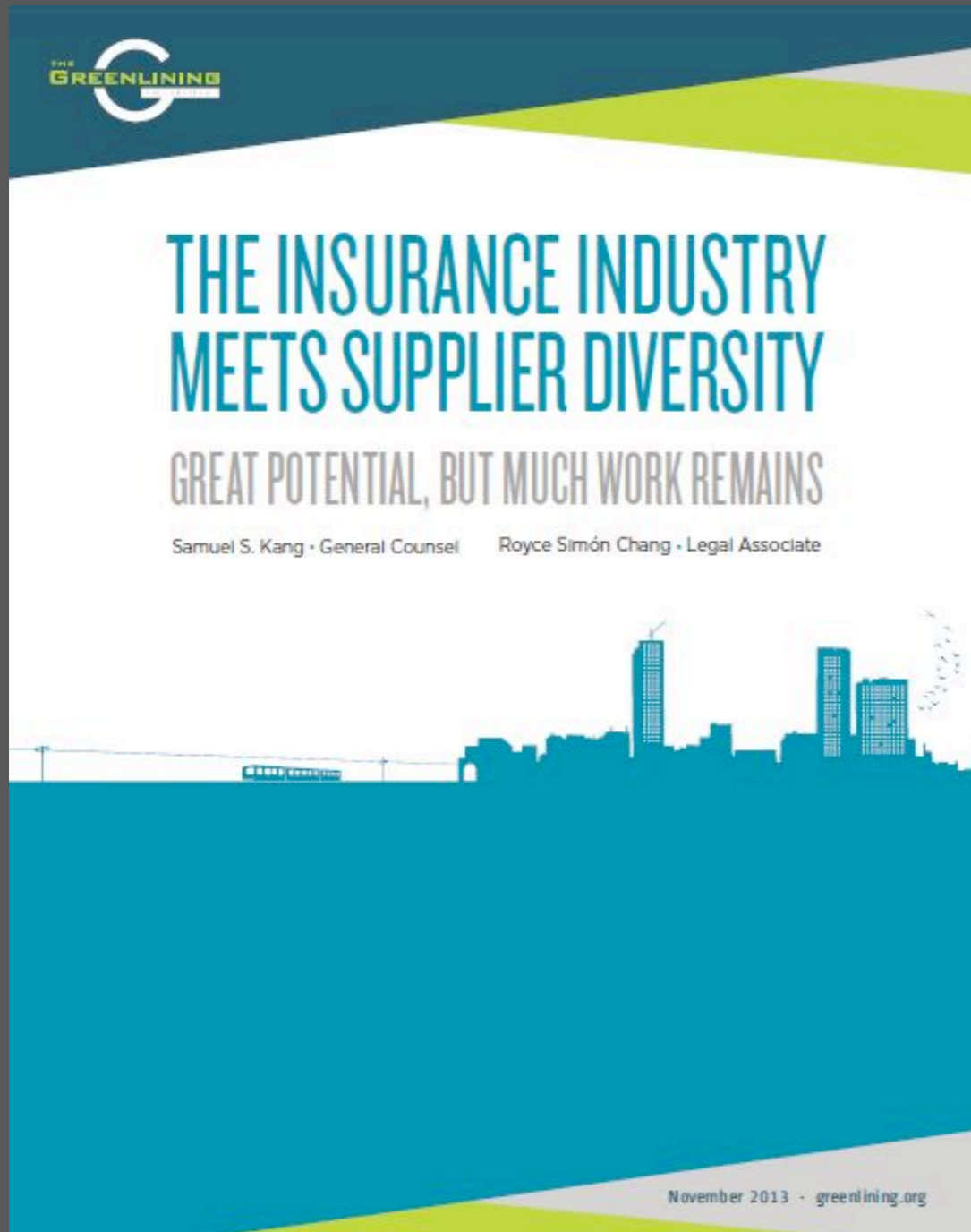
# ■ OPTIMISM FOR THE FUTURE ■

If monopolies can compete, the fiercely competitive insurance industry can do it even better.

# ■ 2013 INSURANCE SUPPLIER ■ DIVERSITY REPORT CARD

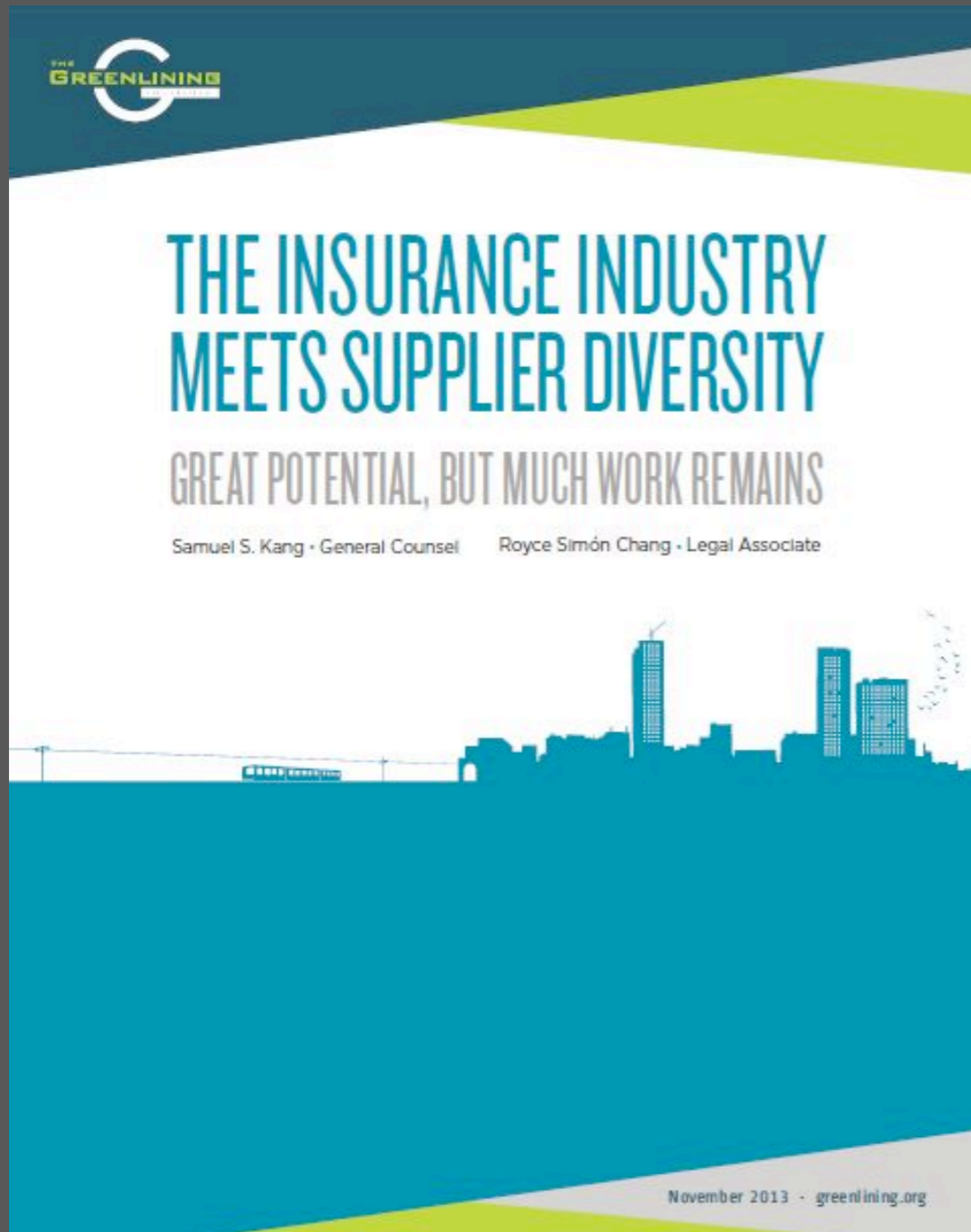


# ■ 2013 INSURANCE SUPPLIER ■ DIVERSITY REPORT CARD



“The Insurance Industry Meets  
Supplier Diversity:  
Great Potential, but Much Work  
Remains”

# ■ 2013 INSURANCE SUPPLIER ■ DIVERSITY REPORT CARD

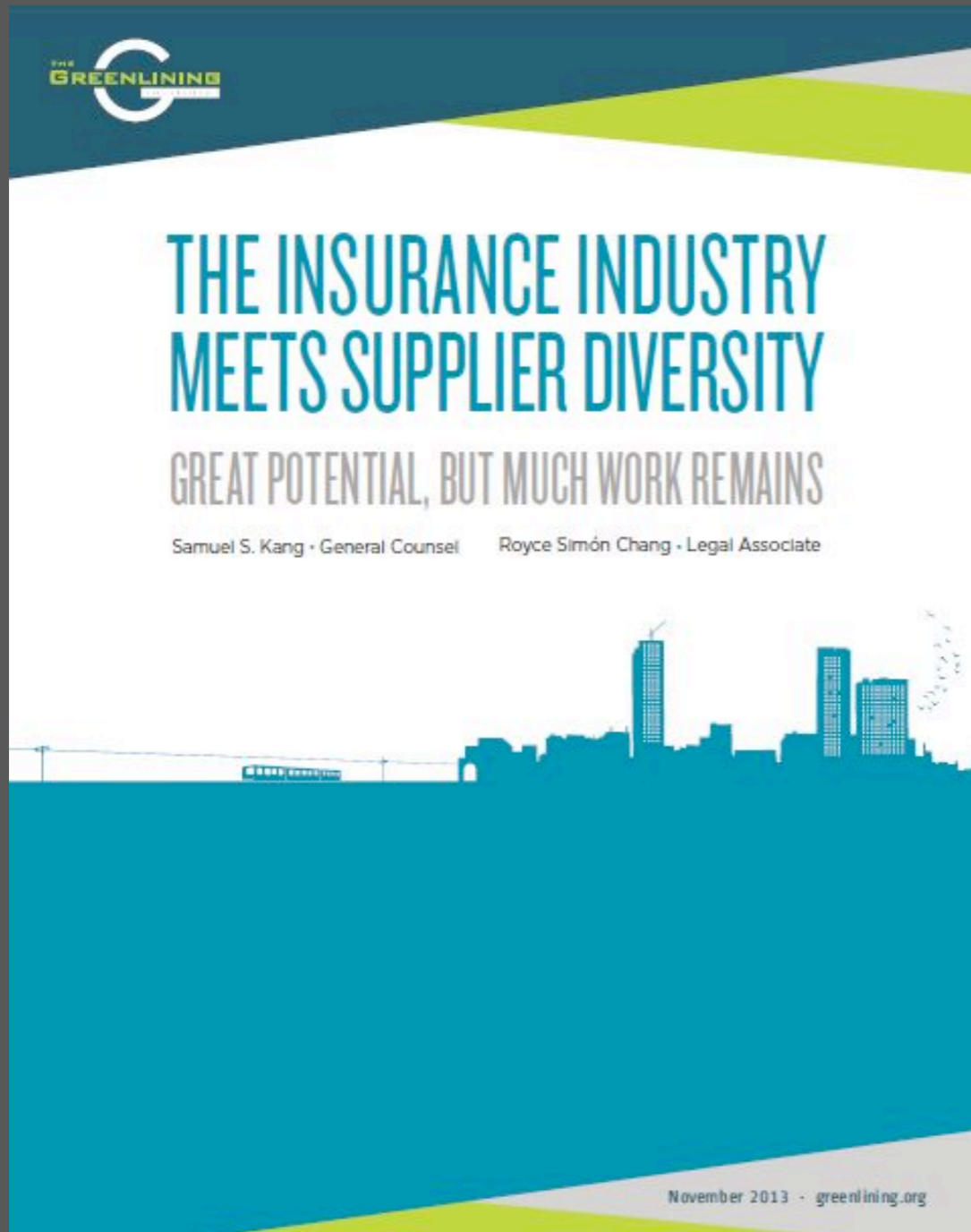


“The Insurance Industry Meets  
Supplier Diversity:

Great Potential, but Much Work  
Remains”

Order from our website  
([www.greenlining.org](http://www.greenlining.org))

# ■ 2013 INSURANCE SUPPLIER ■ DIVERSITY REPORT CARD



“The Insurance Industry Meets  
Supplier Diversity:

Great Potential, but Much Work  
Remains”

Order from our website  
([www.greenlining.org](http://www.greenlining.org))

Share on social media



# Questions?



## Contact Information

Email: [samuelk@greenlining.org](mailto:samuelk@greenlining.org)

Phone: (510) 926-4004



Thank You

