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NATIONAL ASSOCIATION OF MUTUAL INSURANCE COMPANIES



Date: April 13, 2017

To: The Honorable Sebastian Ridley-Thomas

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

RE: **AB 601 – Procurement and Board Diversity – Oppose Unless Amended**

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Dear Assembly Member Ridley-Thomas:

The undersigned organizations, representing many of the insurers doing business in California, commend and thank you for your efforts in regards to increasing supplier diversity programs and board diversity efforts, but must respectfully oppose your bill as currently drafted.

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. AB 601 would add veteran and lesbian,

gay, bisexual, and transgender (LGBT) business enterprises to the entities for which the reporting described above is required.

While we support your efforts in expanding the scope of supplier diversity, we unfortunately cannot support the provisions in AB 601 which would require reports on the demographic makeup of the insurer's governing board and future strategies to diversify its board.

Mandatory data calls which involve personal, confidential information of insurer board members present serious concerns. While the identities and characteristics of companies' boards of directors are generally publicly available, asking and publishing non-voluntary information that otherwise would be illegal to ask for in the workplace may violate laws and is problematic.

Neither the National Association of Insurance Commissioners (NAIC) nor any CA law require the publishing of such confidential identifying information for public consumption. The industry strongly believes that collected board information of this nature should be made on a protected and purely voluntary basis to the Department of Insurance, and only if known, permitted, and self-reported to the insurer.

We commend you for your well-intended efforts, however, the bill, as currently drafted, calls for the collection of demographic information from insurers about their governing boards and appears to mistreat this highly sensitive information. For those reasons, we must respectfully oppose AB 601 unless it is amended to address our concerns.

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cc: Members, Assembly Insurance Committee  
Paul Riches, Consultant, Assembly Insurance Committee  
Bill Lewis, Consultant, Assembly Republican Caucus