

2024

ECONOMIC IMPACT REPORT

IN CALIFORNIA'S INSURANCE INDUSTRY

The cumulative economic impact of California's insurance industry's procurement with the state's diverse business enterprises

Insurance Diversity Program
Office of Insurance Diversity & Innovation
California Department of Insurance
October 2025

RICARDO LARA
INSURANCE COMMISSIONER
California Department of Insurance



OFFICE OF INSURANCE
DIVERSITY & INNOVATION

The California Department of Insurance (CDI) was created in 1868 as part of a national system of state-based insurance regulation. The insurance market place has changed dramatically over time, but consumer protection continues to be the core of CDI's mission.

Led by Insurance Commissioner Ricardo Lara, CDI is the consumer protection agency for the nation's largest insurance marketplace and safeguards all of the state's consumers by fairly regulating the insurance industry. Under the Commissioner's direction, the Department uses its authority to protect Californians from insurance rates that are excessive, inadequate, or unfairly discriminatory, oversee insurer solvency to pay claims, set standards for agents and broker licensing, perform market conduct reviews of insurance companies, resolve consumer complaints, and investigate and prosecute insurance fraud.

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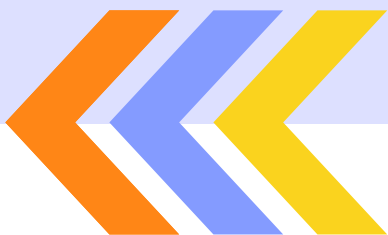
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Table of Contents



04	About the Office of Insurance Diversity & Innovation
05	Executive Summary
06	Key Findings
07	Impact on Diverse Suppliers in California
10	Measuring Progress
11	Key Takeaways
12	Appendix
13	Acknowledgements



About the Office of Insurance Diversity & Innovation

MISSION

Spearhead research, data-driven policy solutions, and industry-wide engagement & thought leadership on diversity and innovation that protects consumers in California's insurance industry.

PILLARS OF IMPACT

-  Data-Driven Research
-  Public Policy
-  Community Engagement

In October 2024, California Insurance Commissioner Ricardo Lara established the first-ever Office of Insurance Diversity and Innovation (OIDI), home of the longstanding & nationally-recognized Insurance Diversity Program and creation of a new Insurance Innovation Program. This move ushers in a new chapter of growth and opportunity with a focus on the ever-expanding fields of insurance diversity and innovation within California's multi-billion dollar insurance industry.



INSURANCE DIVERSITY PROGRAM

- Advances supplier and board diversity within California's insurance industry for women, LGBTQ+ people, (disabled) veterans, people with disabilities, & historically underrepresented communities
- Administers the statutorily-codified, biennial California Insurance Diversity Survey (CAIDS) under California Insurance Code Section 927 et seq., and provides administrative oversight of the Insurance Diversity Task Force - an advisory body to the Department comprised of community leaders who represent the state's diverse business communities and insurance sector.



INSURANCE INNOVATION PROGRAM

- Supports responsible insurance innovation in California by engaging with stakeholders, conducting research into emerging insurance products & services to identify opportunities and risks, spearheading policy solutions, and sharing our findings

Executive Summary



\$3.1 Billion
Total **Diverse Spend** in
California's Insurance Industry



\$6.7 Billion
Total **Economic Impact** to
California*

* The cumulative impact of our purchases from diverse suppliers. Impacts are measured through jobs supported, income earned (wages, salaries, and benefits), and economic output.

**Every dollar spent with
a diverse business
generates at least twice
in economic benefits**

KEY FINDINGS OF THE 2024 ECONOMIC IMPACT REPORT



Supplier Diversity Powers Economic Growth in California's Economy

- Every \$1 that insurance companies spent with California's diverse businesses generates at least twice (or \$2.16) in economic output to the state's economy



Minority Business Enterprises (MBEs) are a Primary Driver for Economic Impact

- MBEs accounted for nearly three quarters (72% or \$2.1B) of diverse spend, supporting 9,298 jobs and generating an income of \$795M



A 105% growth in MBE Spend Shows Progress and Signals Concentrated Gains

- Just as spend with MBEs grew, diverse spend with women-, veteran-, LGBTQ-, and disabled veteran-owned businesses collectively accounted for 28% (or \$825M)

ABOUT THE REPORT

California's \$400 billion insurance market is the largest market in the United States and the second largest market in the world. Under the leadership of Insurance Commissioner Ricardo Lara, the 2024 Economic Impact Report provides a snapshot of the economic impact that California's insurance industry's procurement have made by contracting with the state's diverse businesses that are owned by women, LGBTQ+ people, veterans, disabled veterans, or people from historically underrepresented communities.

As a result of the Department's policies that advance transparency and consumer protection, this report illustrates how insurance companies' inclusive procurement practices are an economic multiplier that strengthens local communities by supporting the economic vitality of the communities they serve - from supporting job creation to generating tax revenues. - of of which are essential to a modern, resilient insurance market.

Data Source & Analysis: The report is based on data that insurance companies reported to the 2022 California Insurance Diversity Survey at the California Department of Insurance. Economic Impact Report year reflects the calendar year that this economic impact analysis was performed by Supplier.io.



NOTE: The information contained in this report is intended for informational purposes.

Key Findings



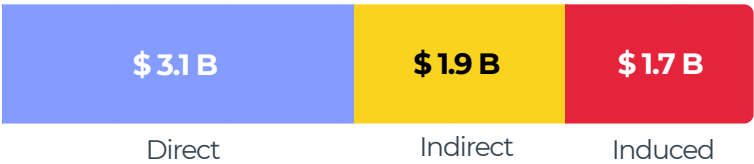
ECONOMIC IMPACT IN CALIFORNIA

What is the economic impact of the \$3.1 billion that California's insurance industry spends with the state's small and diverse businesses?

ECONOMIC OUTPUT

\$6.7
Billion

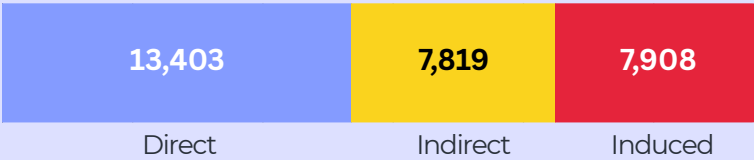
The revenues earned by suppliers & businesses in the company's supply chain & their communities.



JOBS SUPPORTED

29,131

The jobs supported through purchases with diverse businesses.



INCOME EARNED

\$2.4
Billion

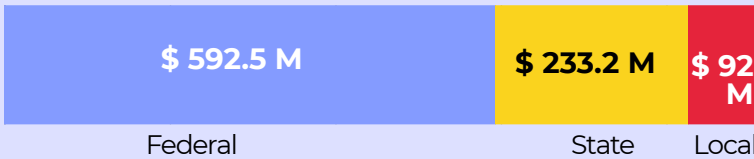
The income earned (wages, salaries, and benefits) in the supported jobs.



TAX REVENUE GENERATED

\$917.6
Million

The revenues generated by personal, business, and sales taxes



Note: Numbers may not add up to the total impact due to rounding.

Economic Impact Channels

Direct: This is the immediate impact that California insurance companies have on diverse businesses.

Indirect: The diverse businesses that benefit from California insurance companies' purchased goods and services, creating a ripple effect in the economy.

Induced: This measures the purchases of the suppliers' employees and the jobs supported through their purchases. These are the impacts generated in the communities of the suppliers' employees.

Impact on Diverse Suppliers in California



A Powerful Economic Engine for the State's Economy

Insurers reported a total procurement of \$21.1 billion in California in 2021, with \$3.1 billion spent with diverse businesses. This investment supported 13,304 direct jobs and generated \$2.4 billion in wages, salaries, and benefits, along with \$917.6 million in tax revenues at the local, state, and federal levels.

	Minority Business Enterprise (MBE)	Women Owned Business Enterprise (WBE)	LGBT Business Enterprise (LGBTE)	Veteran Owned Business Enterprise (VOBE)	Disabled Veteran Owned Business Enterprise (DVBE)
Diverse Spend	\$2.1B	\$730M	\$11M	\$58M	\$25M
Economic Output	\$4.5B	\$1.6B	\$23M	\$126.2M	\$54.5M
Jobs Supported	9,298	2,895	41	259	122
Income Earned	\$795.3M	\$274.3M	\$3.4M	\$25.8M	\$8.5M

Note: Numbers may not add up to the total impact due to rounding.

Diverse Business Enterprise (DBE) Categories

Minority Business Enterprise (MBE): A business enterprise 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.

Women Owned Business Enterprise (WBE): A business enterprise 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.

LGBT Business Enterprise (LGBTE): A business enterprise 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.

Veteran Owned Business Enterprise (VOBE): A business enterprise that is at least 51 percent owned by one or more veteran groups or, in the case of a publicly owned business, at least 51 percent of the stock of which is owned by one or more veteran groups, and whose management and daily business operations are controlled by one or more of those individuals.

Disabled Veteran Owned Business Enterprise (DVBE): '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.

Proportion of Diverse Spend Across Diverse Business Enterprises



MBEs Lead the Way While Creating Growth Opportunities in Supplier Diversity

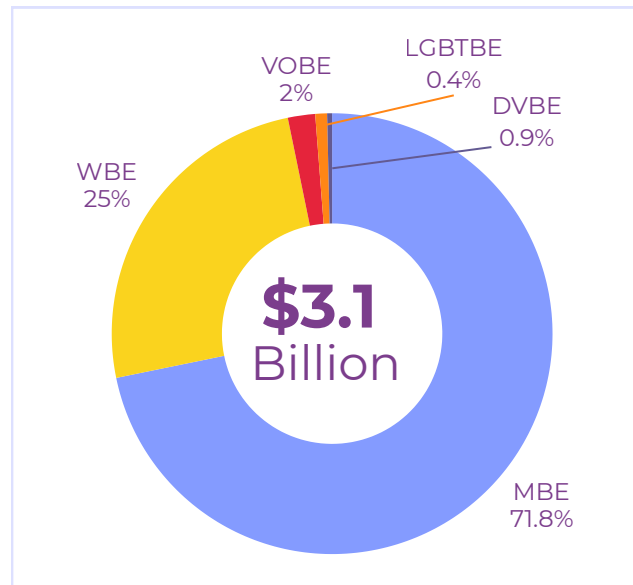
From 2018 to 2021, diverse spend with Minority Business Enterprises (MBEs) grew by 110 percent, reflecting strong progress in inclusive procurement. However, the distribution of that spend remains uneven.

For the first time, Minority Business Enterprises (MBEs) are at the forefront of the economic impact generated by diverse procurement in California's insurance industry. This investment in MBEs supported 9,298 direct jobs and generated \$795.3 million in income through wages, salaries, and benefits, underscoring the powerful economic contribution of minority-owned businesses within the state's procurement ecosystem.

MBEs accounted for 72% (or \$2.1 billion) of total diverse spend — generating an economic output of \$4.5 billion.

Women-, veteran-, service-disabled veteran-, and LGBT- business enterprises collectively earned 28 percent of the diverse spend. Among these groups, women-owned businesses garnered nearly a quarter of the total diverse spend. This uneven distribution highlights a key opportunity for insurance companies to continue broadening their supplier pool across a diverse mix of businesses.

Proportion of Diverse Spend by DBE Categories



Note: Numbers may not add up to the total impact due to rounding.

Opportunities on the Horizon

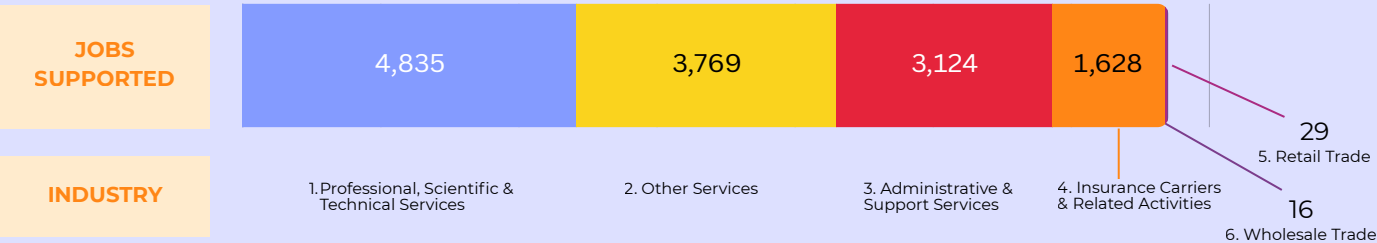
While MBEs have made notable gains, broadening investment across all diverse business enterprises can help ensure that the benefits of diverse procurement practices continue to reach a wider array of communities. By contracting with a broader range of diverse suppliers—including those from veteran and LGBTQ communities—companies can build a more agile, resilient, and competitive supply chain. A more equitable distribution of diverse spend allows insurers to foster innovation, enhance brand image, increase customer loyalty, and demonstrate a tangible commitment to corporate social responsibility.

Impact on Jobs in California

Jobs Supported by Industry

The economic impact extended well beyond the initial spend, with diverse spend contributing a direct economic impact that supported 13,403 jobs in California. While there was a mix of representation from industry categories, the greatest concentration of job creation and income occurred in the following industry categories: 1) Professional, Scientific and Technical Services, 2) Other Services, and 3) Administrative and Support Services. This demonstrates how supplier diversity not only supports equity goals but also delivers tangible economic returns to the state's workforce.

DIRECT ECONOMIC IMPACT OF JOBS SUPPORTED - BY INDUSTRY



Jobs Supported by Diverse Business Enterprise Classifications

With over 13,000 direct jobs brought to California through diverse business enterprises (DBE), the majority of jobs were supported by Minority Business Enterprises (69.9%) and Women Owned Business Enterprises (21.8%). Veteran Owned Business Enterprises (1.9%), LGBT Business Enterprises (0.3%), and Disabled Veteran Owned Business Enterprises (0.9%) collectively accounted for 3.2 percent of jobs supported.

DIRECT ECONOMIC IMPACT OF JOBS SUPPORTED - BY DIVERSE BUSINESS CATEGORIES



Measuring Progress

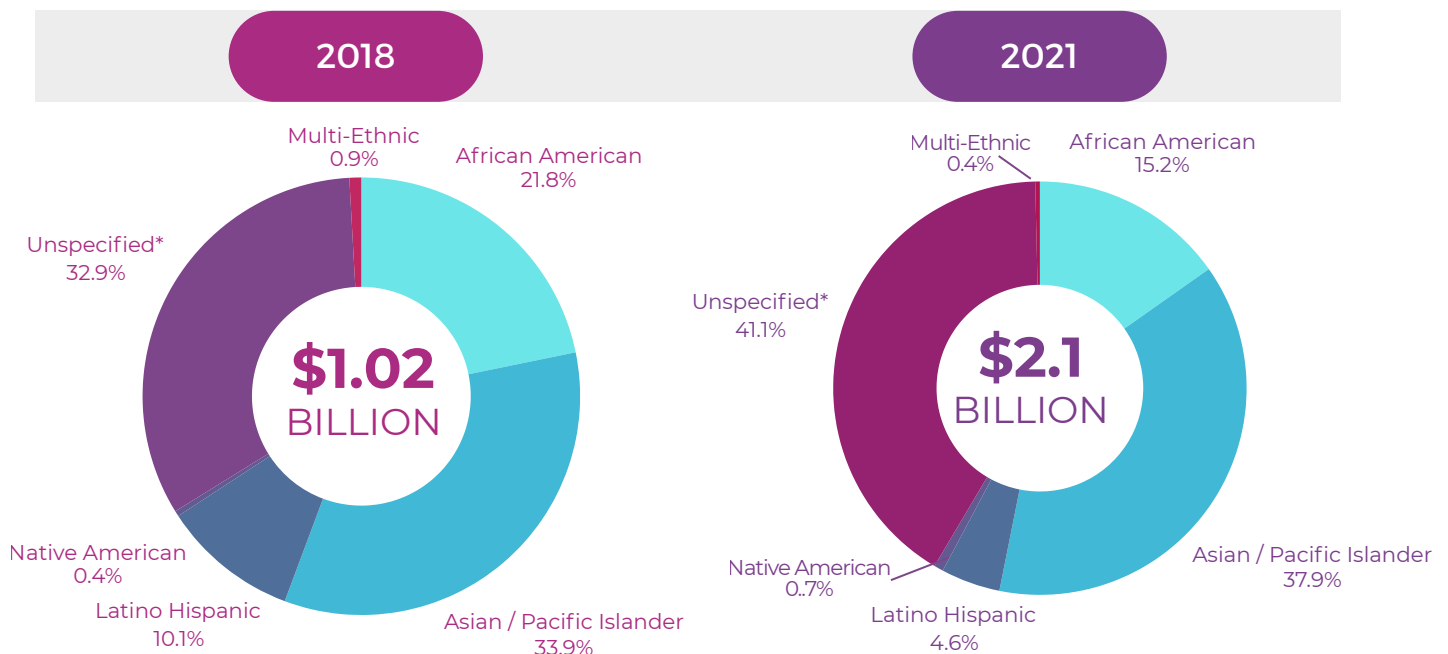


Diverse Spend by Ethnicity among Minority Business Enterprises

From 2018 to 2021, California insurance companies' reported diverse spend with minority business enterprises (MBEs) doubled (105%), reflecting strong progress in inclusive procurement. However, the distribution of that spend remains uneven.

For 2021, insurance companies reported out 58.9 percent of their procurement spend by ethnicity. Asian American-owned businesses experienced the largest share in diverse spend at 37.9 percent (\$796 million), highlighting their strong position within the procurement landscape. African American-owned businesses followed with 15.2 percent (\$320 million). Latino/Hispanic-owned businesses received just 4.6 percent (\$97 million) indicating a significant underrepresentation relative to their demographic presence in the state. The remaining 1.1 percent (\$23 million) went to Native American and other minority-owned firms, pointing to persistent disparities.

While the overall growth of diverse procurement is promising, the concentration of spend among certain groups signal the need for more intentional efforts to expand access and opportunities across all minority business communities in California's insurance industry.



Note: Numbers may not add up to the total due to rounding.

*Represents MBE spend that could not be attributed to a specific ethnicity.

Key Takeaways



Looking Ahead for California's Insurance Industry

Systemic Shifts are Underway

The data points to a broader shift in how insurers approach supplier diversity—moving beyond basic compliance and toward strategic integration. More companies are beginning to recognize that inclusive procurement is not just a reporting requirement, but a long-term value proposition. The significant rise in spending with Minority Business Enterprises (MBEs) reflects both a market opportunity and a growing reputational imperative to align business practices with equity and inclusion goals. The rise in procurement with MBEs also suggests the saliency of broader socio-political and economic events that can accelerate or challenge the speed and manner that companies incorporate inclusive policies and practices as part of its business strategy.

Greater Transparency begins with Metrics

However, while progress has been made, substantial disparities remain among DBEs such as LGBTQ+, veteran-, and disabled veteran-owned businesses. To advance equity meaningfully and intentionally, insurance companies should consider utilizing quantifiable metrics to continue benchmarking their progress with diverse suppliers.

Inclusive Supplier Practices are an Economic Multiplier

Finally, the ripple effects of equitable and inclusive procurement and supplier diversity policies and practices are apparent. Every dollar invested in contracting with diverse suppliers contributes to local job creation, increased income, and tax revenues that strengthen regional economies--generating an estimated economic return of \$2.16 for each contracting dollar with a diverse supplier. This economic multiplier effect reinforces that supplier diversity should not be treated as a peripheral initiative—it is a powerful business strategy with tangible social and economic returns that benefit local communities.

Note: Since the completion of this report, the 2024 California Insurance Diversity Survey (CAIDS) administration has concluded. However, the updated data from that survey was not available at the time this report was prepared and is therefore not reflected in the analysis. Refer to Appendix for additional information.

Appendix



Scope of the Report

The 2024 Economic Impact Report analyzes the procurement data of admitted insurers that reported to the 2022 California Insurance Diversity Survey (CAIDS), which captured supplier diversity data from 320 insurance companies. Insurers reported on their company/group's supplier diversity programs and outreach efforts and procurement data with diverse suppliers. The data demonstrates estimated economic activity associated with California's insurance industry's contracting with California diverse business enterprises/suppliers in categories owned by women, LGBTQ+ people, veterans, disabled veterans, and historically underrepresented people. The report year reflects the calendar year that the economic impact analysis was performed.

Limitations on Scope of Analysis

While the survey relies on self-reported data, participating companies must certify the accuracy of their responses through an electronic affidavit, and the California Department of Insurance (CDI) reviews submissions for statistical validity. Although reporting remains voluntary in certain demographic areas, the growing culture of transparency fosters greater accountability.

These results demonstrate that supplier diversity is not only a driver of equitable economic growth but also a strategic imperative for the insurance industry. Continued progress will require sustained commitment, even as external regulatory pressures evolve.

Assumptions

This analysis relies on the following assumptions:

1. For suppliers that have multiple locations, all impact is evaluated at the headquarters location. This may overestimate the impact in the headquarters state and underestimate the impact in other states.
2. For suppliers that provide services in multiple NAICS code, all assigned to the supplier's primary NAICS code.
3. A supplier impact's is assumed to be localized within a state.
4. The model predicts impact results based on industry averages and is an aggregate across all companies. The calculations cannot be applied to individual companies and may differ from actual jobs and incomes at specific companies.

Analysis performed by Supplier.io

Economic Impact Modeling

Economic impact modeling is a standard tool used to quantify the economic contribution of an investment or company. This modeling uses an "Input-Output" economic model to estimate the number of times each dollar of "input," or direct spend, cycles through the economy in terms of "indirect and induced output," or additional spend, personal income, and employment.

There are several Input-Output models used by economists to estimate multiplier effects. supplier.io employed the IMPLAN input-output model in developing estimates of spend, income and employment impacts. This model, initially developed by the U.S. Department of Agriculture, examines inter-industry relationships in local, regional, and national economies.

The Input-Output multipliers that are derived from a comprehensive and complex set of inputs based on the collection of business and employment data. Indirect impacts of economic activity in a targeted geographic area are calculated by applying multiplier coefficients to the direct impact spending. Since a majority of the businesses in the study are considered as local businesses, each supplier was assumed to have operations primarily in one state. These multipliers take into account an amount of "leakage" from the state economy because some incomes and expenditures will be spent outside of the state. The economic activity is calculated by state and these state-level results are aggregated to determine the national totals.

References

The economic impact analysis was performed by Supplier.io. This report is based on an analysis of data provided by the Department and information from the following sources:

1. US Government Revenues: http://www.usgovernmentrevenue.com/total_2014USrt_17rsln
2. IMPLAN: <https://implan.com>
3. United States GDP: <http://www.tradingeconomics.com/united-states/gdp>
4. RIM II User Guide - A essential tool for regional developers and planners : https://www.bea.gov/sites/default/files/methodologies/RIM_SII_User_Guide.pdf
5. Input-Output Models for Impact Analysis: Suggestions for Practitioners Using RIMS II Multipliers <https://www.bea.gov/system/files/papers/WP2012-3.pdf>

Appendix (continued)



Key Terms

Direct	This is the immediate impact you have on small and diverse businesses.
Income Earned	The income earned (wages, salaries, and benefits) in the supported jobs.
Indirect	The small and diverse business that benefit from your purchased goods and services, creating a ripple effect in the economy.
Induced	This measures the purchases of your suppliers' employees and the jobs supported through their purchases. These are the impacts generated in the communities of our suppliers' employees.
Output	The revenues earned by suppliers and businesses in the company's supply chain and their communities.

ACKNOWLEDGMENTS



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