

How AB 1140 Affects the California Insurance Diversity Survey



The enactment of AB 1140, effective January 1, 2024, expands California Insurance Code (CIC) section 927 et seq. to include persons with disabilities and persons with disabilities business enterprise. AB 1140 aims to strengthen equity, diversity, and transparency in California's insurance market to ensure greater inclusive economic opportunities in California by expanding the California Department of Insurance's Insurance Diversity Initiative for individuals with disabilities.

Under CIC section 927 et seq., this California law outlines the reporting provisions as part of the California Insurance Diversity Survey (CAIDS) – a biennial survey administered by the California Department of Insurance.

EXPANDS ECONOMIC INCLUSION FOR PERSONS WITH DISABILITIES



Codifies definitions for 'persons with disabilities business enterprise,' 'disabled-owned business enterprise; and disability-owned business enterprise.



Expands definition of diverse business category to include a historically excluded community, and requires insurance companies that satisfy the California premium reporting threshold of at least \$75 million to report procurement dollars, supplier, and board diversity efforts with said business category.

CODIFIES INCLUSION OF PERSONS WITH DISABILITIES



Expands definition of 'diverse board director' by codifying definitions for 'person(s) with disabilities' or 'disabled' and requiring insurance companies to also report on board directors who identify as disabled.

AT A GLANCE

- In California, one in four adults (or 7.1 million) live with a disability.
- Persons with disabilities are more likely to experience lower employment levels, lower wages and savings, poverty, increased costs of living, and homelessness compared to those without a disability.

Source: Centers for Disease Control & Prevention



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WHAT NEW REPORTING PROVISIONS WILL BE REQUIRED ON THE 2024 CAIDS AS A RESULT OF AB 1140?

AB 1140 expands reporting requirements to the 2024 CAIDS:

- **Board Diversity Demographics**

Board members will have the opportunity to self-report their disability status under confidentiality. Insurance companies will collect and subsequently report board diversity data in the aggregate to the California Department of Insurance.

AB 1140 expands the definition of diverse board member to be inclusive of persons with disabilities. Insurance companies will report on its board diversity policies and practices that include this expanded definition.

- **Supplier Diversity & Procurement**

Insurance companies will report on its procurement dollars spent with a new diverse business category: persons with disabilities business enterprise.

WHICH INSURERS WILL BE REQUIRED TO REPORT & HOW WILL THEY BE NOTIFIED?

All insurers with \$75 million or more in written California premiums will be subject to reporting pursuant to California Insurance Code section 927 et seq. The Department will send out electronic notifications to insurer contacts on file beginning in April 2024. If you do not receive a notification and/or would like to inquire, please email CA.IDS@insurance.ca.gov.

WHAT IS THE REPORTING DEADLINE FOR THE 2024 CAIDS?

All companies must submit their completed surveys by 11:59 PM (PDT) on July 1, 2024. An insurer may request a 30-day extension by the Department to report the information, if needed, due to unintended or unforeseen delays.

WHAT YEARS MUST BE REPORTED ON THE 2024 CAIDS?

The 2024 California Insurance Diversity Survey will require that respondent insurers report data from financial years 2022 and 2023.

WHAT IS THE PENALTY FOR FAILURE TO REPORT?

Pursuant to California Insurance Code section 927.2 (d), failure to report the information by the reporting deadline, as required by subdivision (a), 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). If the insurer has failed to report the information within 30 days of a written notice by the Commissioner that the insurer has failed to report the information, the Commissioner may find that the failure to report the information was willful and increase the civil penalty to an amount not to exceed ten thousand dollars (\$10,000).

WHEN WILL THE RESULTS OF THE 2024 CAIDS BE AVAILABLE?

The Department will publish results from the 2024 CAIDS by November 1, 2024.

WHO CAN I CONTACT FOR MORE INFORMATION?

Please email your questions and/or comments to CA.IDS@insurance.ca.gov.



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