



April 11, 2019

The Honorable Hannah-Beth Jackson
Chair, Senate Judiciary Committee
State Capitol, Room 2187
Sacramento, CA 95814

RE: Support for pending legislation on insurance supplier diversity (SB 534)

Dear Senator Jackson,

As a representative of the 28 million small businesses in America and the more than 3.5 million in California, Small Business Majority writes today in support of SB 534, which encourages supplier diversity across insurance industries in California, creating opportunities for minority-owned small businesses.

Small Business Majority is a national small business advocacy organization with multiple offices throughout California, founded and run by small business owners to ensure America's entrepreneurs are a key part of a thriving and inclusive economy. We actively engage small business owners and policymakers in support of public policy solutions, and deliver information and resources to entrepreneurs that promote small business growth and drive a strong, sustainable job-creating economy. A key component of our work involves outreach and education to small business owners on key small business issues, including healthcare, retirement security, access to capital and more.

California's insurance market is the largest in the nation, representing \$310 billion in annual premiums across all types of insurance, including automobile, health, workers' compensation and more. Given the size and significance of this industry, more could be done to increase diversity in small business procurement across insurance industries in California. Indeed, California's insurance procurement from minority-owned businesses was just \$1.8 billion in 2017. SB 534 will work to increase this by extending data collection in insurer procurement to continue to assess diversity among suppliers, expanding the definitions and categories to include more groups that have been historically excluded, increasing data collection on diversity among insurance governing boards and codifying the state's Insurance Diversity Task Force to continue to identify opportunities to improve supplier diversity.

Minority small business ownership is growing at a significantly higher rate than other small businesses, and diverse entrepreneurs in particular represent enormous economic power within California. Indeed, according to the SBA, minority-owned firms grew 32.7% between 2007 and 2012 in California, while the number of nonminority-owned firms decreased by 8.8% over the same period. These entrepreneurs bring innovation, generate economic activity and employ fellow Californians.

SB 534 will ensure more dollars spent by California's insurance companies go to businesses owned by diverse entrepreneurs, strengthening the state's economy overall. We strongly urge you to sign SB 534 in support of a vital and growing section of California's small business community.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Herbert", written in a cursive style.

Mark Herbert, California Director
Small Business Majority