

### **Julian Canete's Testimony:**

“My name is Julian Canete and I am the President and CEO of California Hispanic Chambers of Commerce. We represent over 800,000 Hispanic business owners, many of whom have been able to benefit from our long-standing affinity group partnership with Liberty Mutual.

Back in September 2019, my organization spoke at a hearing of the Department of Insurance regarding affinity groups. We stressed the vital services that affinity group discounts provide to minority entrepreneurs. In December, the CDI released draft regulations completely at odds with what we and various other community organizations testified about. We wanted to simplify access to affinity groups. Instead, the CDI has created regulations that will not only strip groups of their discounts, but also disincentivize insurance companies from having affinity group discounts in the first place.

Verification compliance standards that would eliminate occupation-based affinity groups would only complicate access. The proposed reporting requirements and verification process would create untenable administrative costs for both insurers and groups. Asking that a written agreement between insurer and group be made publicly available will promptly backfire—I know you're prioritizing transparency, but insurance companies are going to see it as giving information away to competitors— and they're going to react by shutting affinity groups down altogether.

We know that minorities are active in affinity groups—perhaps not at an equal rate compared to white Americans, but that's why we were interested in lowering barriers to affinity groups in the first place. And we still are. We believe that increasing rather than shrinking access to these discounts is the solution you're looking for.”

*California Association of Black Pastors.* Commissioner Lara has ignored our opposition to the regulations. Instead of restricting insurance discounts, the department should be working to expand the availability of group discounts to low-income communities.