

# Assembly Bill No. 421

## CHAPTER 771

An act relating to property insurance.

[Approved by Governor September 24, 2004. Filed  
with Secretary of State September 25, 2004.]

### LEGISLATIVE COUNSEL'S DIGEST

AB 421, Steinberg. Property insurance: subsidized housing.

Existing law generally regulates property insurance. Existing law prohibits an insurer under certain property insurance policies from engaging in specified discriminatory practices.

This bill would require the Insurance Commissioner, by July 1, 2005, to conduct a study of the market for property and liability insurance for corporations that provide subsidized low- and moderate-income rental housing, as specified.

*The people of the State of California do enact as follows:*

SECTION 1. (a) The following definitions apply for the purposes of this act:

(1) "Subsidized low- and moderate-income rental housing" means real property designed for human habitation that is assisted by the federal or state government or by a local public entity under any of the programs specified in paragraph (3) of subdivision (a) of Section 65863.10 of the Government Code, and is intended for occupancy by persons and families of low- or moderate-income, as defined in Section 50093 of the Health and Safety Code, or agricultural employees, as defined in subdivision (b) of Section 1140.4 of the Labor Code, and their families, or persons and families receiving federal vouchers issued under Section 8 of the United States Housing Act of 1937 (42 U.S.C. Sec. 1437f).

(2) "Provide" means develop, develop and own, or own the housing described in paragraph (1).

(3) "Commercial residential property" means multifamily rental housing with five or more units.

(4) "Nonprofit corporation" means an applicant or insured that is organized under the Nonprofit Corporation Law (Division 2 (commencing with Section 5000) of the Corporations Code).

(b) The Insurance Commissioner shall conduct a study of the market for property and liability insurance for corporations that provide subsidized low- and moderate-income rental housing. The results of this



study shall be presented to the chairs of the Assembly and Senate Committees on Insurance on or before July 1, 2005. The study shall involve insurers licensed in California, shall be limited to the sale of property and liability insurance for commercial residential property, and shall evaluate, at a minimum, the following matters to the extent this information is tracked and maintained by insurers:

(1) Whether the availability of property and liability insurance for nonprofit corporations that provide subsidized low- and moderate-income rental housing is decreasing or is insufficient.

(2) Whether changes in the market availability of property and liability insurance for nonprofit corporations providing subsidized low- and moderate-income rental housing is consistent with changes in the availability of property and liability insurance for for-profit entities that provide subsidized low- and moderate-income rental housing.

(3) Whether changes in the market availability of property and liability insurance for nonprofit corporations providing subsidized low- and moderate-income rental housing is consistent with changes in the availability of property and liability insurance for for-profit entities that provide commercial residential housing that is not subsidized.

(4) How the loss experience of nonprofit corporations providing subsidized low- and moderate-income rental housing compares with each of the following:

(A) The loss experience of for-profit corporations providing subsidized low- and moderate-income rental housing.

(B) The loss experience of entities that provide commercial residential housing that is not subsidized.

(c) Before beginning the study, the commissioner shall seek input from insurers and corporations providing subsidized low- and moderate-income rental housing to determine the type of information that will be gathered to evaluate the matters outlined in subdivision (b).

(d) Nothing in this act shall limit or expand the authority of the commissioner to request data from insurers as provided in subdivision (c) of Section 700 and subdivision (b) of Section 1857.9 of the Insurance Code.

