

AMENDED IN SENATE AUGUST 10, 2006
AMENDED IN SENATE AUGUST 7, 2006
AMENDED IN SENATE JUNE 13, 2006
AMENDED IN SENATE MARCH 22, 2006
AMENDED IN ASSEMBLY JANUARY 13, 2006
AMENDED IN ASSEMBLY JANUARY 4, 2006
AMENDED IN ASSEMBLY APRIL 7, 2005
CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 925

Introduced by Assembly Member Ridley-Thomas

February 18, 2005

An act to add and repeal Article 10.1 (commencing with Section 926.1) of Chapter 1 of Part 2 of Division 1 of the Insurance Code, relating to insurer investments.

LEGISLATIVE COUNSEL'S DIGEST

AB 925, as amended, Ridley-Thomas. Insurance: community investments.

Existing law generally regulates the investments of insurers.

This bill would define "Community Development Investments" and "Community Development Infrastructure Investments," as specified. This bill would also impose specified reporting requirements on participating insurers to the Department of Insurance and require the commissioner to provide certain information on these investments to the public.

This bill would also require insurers that did not comply with the voluntary community investment data call issued by the commissioner in May 2005 to provide the information requested therein to the commissioner on or before February 28, 2007, and that specified information be posted on the department Internet Web site. This bill would provide that its provisions would remain in effect only until January 1, 2011, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

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

1 SECTION 1. Article 10.1 (commencing with Section 926.1)
2 is added to Chapter 1 of Part 2 of Division 1 of the Insurance
3 Code, to read:

4
5 Article 10.1. California Insurance Community Investment
6

7 926.1. As used in this article, the following terms shall have
8 the following meanings:

9 (a) "Area median income" (AMI) means either of the
10 following:

11 (1) The median family income for the Metropolitan Statistical
12 Area (MSA), if a person or geography is located in an MSA, or
13 for the metropolitan division, if a person or geography is located
14 in an MSA that has been subdivided into metropolitan divisions.

15 (2) The statewide nonmetropolitan median family income, if a
16 person or geography is located outside an MSA.

17 (b) "Community Development Investment" means an
18 investment where all or a portion of the investment has as its
19 primary purpose community development for, or that directly
20 benefits, California low-income or moderate-income individuals,
21 families, or communities. "Community Development
22 Investment" includes, but is not limited to, investments in
23 California in the following:

24 (1) Affordable housing, including multifamily rental and
25 ownership housing, for low-income or moderate-income
26 individuals or families.

27 (2) Community facilities or community services providers
28 (including providers of education, health, or social services)

1 directly benefiting low-income or moderate-income individuals,
2 families or communities.

3 (3) Economic development that demonstrates benefits,
4 including, but not limited to, job creation, retention or
5 improvement, or provision of needed capital, to low-income, or
6 moderate-income, individuals, families, or communities,
7 including urban or rural communities, or businesses or nonprofit
8 community service organizations that serve these communities.

9 (4) Activities that revitalize or stabilize low-income or
10 moderate-income communities.

11 (5) Investments in or through California Organized Investment
12 Network (COIN)-certified Community Development Financial
13 Institutions (CDFIs) and investments made pursuant to the
14 requirements of federal, state, or local community development
15 investment programs or community development investment tax
16 incentive programs, if these investments directly benefit
17 low-income, or moderate-income, individuals, families, and
18 communities and are consistent with this article.

19 (6) Community Development Infrastructure Investments.

20 (7) Investments in a commercial property or properties located
21 in low-income or moderate-income geographical areas and are
22 consistent with this article.

23 (c) “Community Development Infrastructure” means
24 California public debt (including all debt issued by the State of
25 California or a California State or local government agency)
26 where all or a portion of the debt has as its primary purpose
27 community development for, or that directly benefits,
28 low-income or moderate-income communities and is consistent
29 with subdivision (b).

30 (d) “Geography” means a census tract delineated by the
31 United States Bureau of the Census in the most recent decennial
32 census.

33 (e) “Insurer” means an admitted insurer as defined in Section
34 24, including the State Compensation Insurance Fund, or a
35 domestic fraternal benefit society as defined in Section 10990.

36 (f) “Investment” means a lawful equity or debt investment, or
37 loan, or deposit obligation, or other investment or investment
38 transaction allowed by the Insurance Code.

39 (g) “Low-income” means an individual income that is less
40 than 50 percent of the AMI, or a median family income that is

1 less than 50 percent of the AMI in the case of a geographical
2 area.

3 (h) “MSA” means a metropolitan statistical area as defined by
4 the Director of the Office of Management and Budget.

5 (i) “Moderate income” means an individual income that is at
6 least 50 percent but less than 80 percent of the AMI, or a median
7 family income that is at least 50 percent but less than 80 percent
8 of the AMI in the case of a geographical area.

9 (j) “Nonmetropolitan area” means any area that is not located
10 in an MSA.

11 926.2. (a) Each insurer admitted in California shall provide
12 information biennially to the commissioner on all its Community
13 Development Investments and Community Development
14 Infrastructure Investments in California. This information shall
15 be provided as part of the required filing pursuant to ~~Article 10~~
16 *Section 900* or Section 11131, or through a data call, or by other
17 means as determined by the commissioner. COIN shall provide
18 insurers with information on why investments, if any, were found
19 not to be qualified by the commissioner.

20 (b) The commissioner shall biennially provide information on
21 the department’s Internet Web site on the aggregate insurer
22 Community Development Investments and Community
23 Development Infrastructure Investments. Insurers that make
24 investments that are innovative, responsive to community needs,
25 not routinely provided by insurers, or have a high degree of
26 positive impact on the economic welfare of low-income or
27 moderate-income individuals, families, or communities in urban
28 or rural California shall be identified.

29 (c) The department shall also biennially provide information
30 on the department’s Internet Web site regarding the aggregate
31 amount of California public debt (including all debt issued by the
32 State of California or a California State or local government
33 agency) purchased by insurers as reported to the department in
34 their National Association of Insurance Commissioners (NAIC)
35 annual statement filing pursuant to ~~Article 10~~ *Section 900* or
36 Section 11131.

37 (d) The department shall also biennially provide on its Internet
38 Web site the aggregate ~~data level~~ *amount* of identified California
39 investments, as reported to the NAIC in the annual statement
40 filed pursuant to ~~Article 10~~ *Section 900* or Section 11131.

1 (e) The first report under this article shall be filed with the
2 commissioner by May 31, 2007.

3 (f) Insurers that did not comply with the voluntary community
4 investment data call issued by the commissioner in May 2005
5 shall provide the information requested therein to the
6 commissioner on or before February 28, 2007.

7 (g) This article shall remain in effect only until January 1,
8 2011, and as of that date is repealed, unless a later enacted
9 statute, that is enacted before January 1, 2011, deletes or extends
10 that date.

11 (h) Nothing in this article shall limit the authority of the
12 commissioner to ask for data concerning community
13 development investments on a voluntary basis on or after January
14 1, 2010, if this article is not extended.

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