

Assembly Bill No. 925

CHAPTER 456

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.

[Approved by Governor September 25, 2006. Filed with
Secretary of State September 25, 2006.]

LEGISLATIVE COUNSEL'S DIGEST

AB 925, 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.

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

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

Article 10.1. California Insurance Community Investment

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

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

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

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

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

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

(2) Community facilities or community services providers (including providers of education, health, or social services) directly benefiting low-income or moderate-income individuals, families or communities.

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

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

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

(6) Community Development Infrastructure Investments.

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

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

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

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

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

(g) “Low-income” means an individual income that is less than 50 percent of the AMI, or a median family income that is less than 50 percent of the AMI in the case of a geographical area.

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

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

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

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

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

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

(d) The department shall also biennially provide on its Internet Web site the aggregate amount of identified California investments, as reported to the NAIC in the annual statement filed pursuant to Section 900 or Section 11131.

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

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

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

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

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