

AMENDED IN SENATE JUNE 22, 2010

AMENDED IN SENATE MAY 27, 2010

AMENDED IN ASSEMBLY JANUARY 25, 2010

AMENDED IN ASSEMBLY JANUARY 7, 2010

AMENDED IN ASSEMBLY JANUARY 4, 2010

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

**ASSEMBLY BILL**

**No. 41**

---

---

**Introduced by Assembly Member Solorio  
(Coauthors: Assembly Members Coto, Jones, Salas, and ~~Saldana~~  
*Saldaña*)**

December 1, 2008

---

---

An act to amend Section 926.2 of, and to add Section 926.3 to, the Insurance Code, relating to insurer investments.

LEGISLATIVE COUNSEL'S DIGEST

AB 41, as amended, Solorio. Insurance: community development investments.

Existing law requires each admitted insurer to provide information biennially to the Insurance Commissioner on all of its community development investments and community development infrastructure investments, as defined, in California. The commissioner and the Department of Insurance are required to provide certain information on these investments to the public, as specified. These provisions are to remain in effect only until January 1, 2011, and are repealed as of that date.

This bill would instead require each admitted insurer to provide information, by January 1, 2014, to the commissioner on all of its community development investments and community development infrastructure investments. The bill would also require that the information the commissioner and the department are required to provide to the public on these investments be provided by May 31, 2014.

This bill would extend the date for repealing those provisions to January 1, 2015, and would state that certain insurers could meet the filing requirements relating to community development investments *and community development infrastructure investments* through a specified filing.

This bill would also require certain insurers to develop and file with the commissioner, no later than July 1, 2011, a community development investment *and community development infrastructure investment* policy statement that expresses the insurer's goals for ~~community development~~ *these* investments during the current and following calendar year. Thereafter, each insurer would be required to biennially review its policy statement, and if the insurer revises or changes its policy statement, submit the new policy statement to the commissioner no later than July 1 of each odd-numbered year. The bill would require the commissioner to establish a link on the department's Internet Web site providing public access to each insurer's community development investment *and community development infrastructure investment* information, as specified.

This bill would delete obsolete provisions.

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. The Legislature finds and declares all of the
- 2 following:
- 3 (a) In 1996, California policymakers and insurance companies
- 4 instituted efforts to encourage investments by insurance companies
- 5 in urban and economically disadvantaged areas through the
- 6 establishment of the California Organized Investment Network
- 7 (COIN).
- 8 (b) COIN is the first-in-the-nation collaborative effort among
- 9 insurance companies, the California Department of Insurance, and
- 10 other stakeholders involved with community development

1 investments in traditionally underserved communities. The mission  
2 of COIN is to provide leadership in increasing the level of  
3 insurance industry capital in safe and sound investments providing  
4 fair returns to investors and social benefits to underserved  
5 communities.

6 (c) In 2006, the Legislature and the Governor approved  
7 Assembly Bill 925 (Ridley-Thomas) which requires insurers to  
8 biennially report their California community development  
9 investments to the Department of Insurance (DOI). That legislation  
10 also requires COIN to provide insurers with information on why  
11 any investments were found not to be qualified by the Insurance  
12 Commissioner (commissioner).

13 (d) The commissioner is required to biennially provide  
14 information on the DOI's Internet Web site on the aggregate  
15 community development investments made by insurers. The  
16 commissioner is required to identify the insurers that make  
17 investments that are innovative, responsive to community needs,  
18 not routinely provided by insurers, or have a high degree of positive  
19 impact on the economic welfare of low- or moderate-income  
20 individuals, families, or communities in urban or rural California.

21 (e) California admitted insurers invest an estimated three trillion  
22 dollars in various investments. Of this sum, an estimated eight  
23 billion dollars have been invested in community development  
24 efforts during the period 1997 to 2004, inclusive.

25 (f) In the business sector, as in government, the adoption of a  
26 policy by the governing board generates momentum in the  
27 organization to strive to achieve the policy. This is especially true  
28 when the policy is combined with a goal and identifies the persons  
29 responsible for achieving the goal.

30 (g) A 2007 survey by the DOI found that 54 of 485 responding  
31 insurers have adopted a policy regarding community development  
32 investments. Of these insurers, three reported that they have  
33 adopted comprehensive community development investment  
34 policies and eight insurers have set specific goals for community  
35 development investments. These insurers have significantly  
36 increased their community development investments.

37 (h) In light of the minor progress made to date without the  
38 adoption of a company policy, and in recognition that insurers that  
39 adopted a policy have made significant progress in increasing the  
40 amount of community development investments, it is the purpose

1 of this act to encourage insurers to significantly increase the  
2 number and amount of their community development investments  
3 by requiring the adoption of a company policy.

4 SEC. 2. Section 926.2 of the Insurance Code is amended to  
5 read:

6 926.2. (a) (1) Each insurer admitted in California shall provide  
7 information, by January 1, 2014, to the commissioner on all of its  
8 community development investments and community development  
9 infrastructure investments in California. This information shall be  
10 provided as part of the required filing pursuant to Section 900 or  
11 Section 11131, or through a data call, or by other means as  
12 determined by the commissioner. COIN shall provide insurers  
13 with information on why investments, if any, were found not to  
14 be qualified by the commissioner.

15 (2) Nothing in this subdivision shall preclude an insurer that is  
16 a member of an insurance holding company system as defined in  
17 Article 4.7 (commencing with Section 1215) of Chapter 2, from  
18 complying with paragraph (1) through a single filing on behalf of  
19 the entire group of affiliated companies, provided that the data so  
20 filed accurately reflects the investments made by each of the  
21 affiliates, and accurately attributes, by National Association of  
22 Insurance Commissioners (NAIC) number or other identifier  
23 required by the commissioner, which of the investments were made  
24 by each affiliated company.

25 (3) Nothing in this subdivision shall preclude an insurer from  
26 satisfying the requirements of paragraph (1) through a filing made  
27 by a community development financial institution, provided all of  
28 the following conditions are met:

29 (A) The insurer has no less than a 10 percent ownership interest  
30 in a COIN-certified community development financial institution.

31 (B) The insurer makes community development investments  
32 *and community development infrastructure investments* in and  
33 through the community development financial institution.

34 (C) The community development financial institution accurately  
35 files the information required by paragraph (1) with the  
36 commissioner on behalf of the insurer and accurately attributes,  
37 by NAIC number or other identifier required by the commissioner,  
38 which investments, including the dollar amounts of the investments,  
39 were made by each insurer on whose behalf the community  
40 development financial institution is reporting.

1 (b) The commissioner shall, by May 31, 2014, provide  
2 information on the department's Internet Web site on the aggregate  
3 insurer community development investments and community  
4 development infrastructure investments. Insurers that make  
5 investments that are innovative, responsive to community needs,  
6 not routinely provided by insurers, or have a high degree of positive  
7 impact on the economic welfare of low- or moderate-income  
8 individuals, families, or communities in urban or rural California  
9 shall be identified.

10 (c) The department shall also, by May 31, 2014, provide  
11 information on the department's Internet Web site regarding the  
12 aggregate amount of California public debt (including all debt  
13 issued by the State of California or a California state or local  
14 government agency) purchased by insurers as reported to the  
15 department in their NAIC annual statement filing pursuant to  
16 Section 900 or Section 11131.

17 (d) The department shall also, by May 31, 2014, provide on its  
18 Internet Web site the aggregate amount of identified California  
19 investments, as reported to the NAIC in the annual statement filed  
20 pursuant to Section 900 or Section 11131.

21 (e) This article shall remain in effect only until January 1, 2015,  
22 and as of that date is repealed, unless a later enacted statute, that  
23 is enacted before January 1, 2015, deletes or extends that date.

24 SEC. 3. Section 926.3 is added to the Insurance Code, to read:

25 926.3. (a) It is the policy of the State of California that (1)  
26 insurers should, where practicable, be supportive of community  
27 development investments *and community development*  
28 *infrastructure investments*, and insurers should be encouraged to  
29 invest in prudent community development investments *and*  
30 *community development infrastructure investments* that benefit  
31 California and California's low- and moderate-income  
32 communities; (2) every admitted insurer that writes a substantial  
33 amount of insurance in the state should consider community  
34 development investments *and community development*  
35 *infrastructure investments*; and (3) the California Organized  
36 Investment Network is a part of the department, and has the  
37 responsibility to pursue active measures to encourage community  
38 development investing by admitted insurers.

39 (b) Each insurer admitted in California that writes premium in  
40 California equal to or in excess of one hundred million dollars

1 (\$100,000,000) annually shall develop, and file with the  
2 commissioner no later than July 1, 2011, a policy statement on  
3 community development investments *and community development*  
4 *infrastructure investments* that expresses the insurer's goals for  
5 ~~community development~~ *these* investments during the current and  
6 following calendar year. Thereafter, each insurer subject to this  
7 subdivision shall biennially review its policy statement on  
8 community development investments *and community development*  
9 *infrastructure investments* and, if the insurer revises or changes  
10 its policy statement, submit the new policy statement to the  
11 commissioner no later than July 1 of each odd-numbered year.  
12 The initial policy statement filed with the commissioner shall  
13 satisfy the requirement of this subdivision if the insurer's policy  
14 statement has not changed. These filings shall be public  
15 information. For purposes of this subdivision, "policy statement"  
16 means a statement of principle intended to influence a decision or  
17 action. The policy statement may include general goals or specific  
18 investment goals, but is not required to contain specific investment  
19 goals or thresholds.

20 (c) The commissioner shall establish a link on the department's  
21 Internet Web site that provides to the public access to the contents  
22 of each insurer policy statement and the data on community  
23 development investments *and community development*  
24 *infrastructure investments* provided by each insurer pursuant to  
25 subdivision (b).

26 SEC. 4. Nothing in Article 10.1 (commencing with Section  
27 926.1) of Chapter 1 of Part 2 of Division 1 of the Insurance Code  
28 shall limit the authority of the Insurance Commissioner to ask for  
29 data concerning community development investments *and*  
30 *community development infrastructure investments* on a voluntary  
31 basis on or after January 1, 2015, if that article is not extended  
32 beyond that date.

O