

ASSEMBLY BILL

No. 2160

Introduced by Assembly Members Blumenfield and Feuer

February 23, 2012

An act to add Section 1241.2 to the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2160, as introduced, Blumenfield. Insurance: retention risk.

Existing law prohibits domestic insurers from acquiring foreign investments from or located in foreign jurisdictions designated as state sponsors of terrorism by the United States Secretary of State.

This bill would prohibit any indirect investment, defined as an investment in a person that extends credit or provides goods or services in the amount of \$20,000,000 or more to the energy sector of Iran, or extends credit or provides goods or services of any amount to the military sector of Iran, of a domestic insurer from being treated as an admitted asset on the financial statements the domestic insurer files with the Insurance Commissioner.

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

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

- 1 SECTION 1. Section 1241.2 is added to the Insurance Code,
2 to read:
3 1241.2. (a) The Legislature finds and declares the following:
4 (1) Direct investments in Iran and investments in companies
5 doing business with the Iranian energy sector are subject to

1 financial risk as a result of Iran’s pursuit of nuclear weapons,
2 sponsorship of international terrorism, and consequent international
3 isolation.

4 (2) This section furthers the commissioner’s authority to ensure
5 that investments by insurers doing business in California are
6 financially sound and not subject to risk based on ties to Iran.

7 (b) In addition to the requirements of Section 1241.1, any
8 indirect investment of a domestic insurer shall be treated as a
9 nonadmitted asset on the financial statements of the domestic
10 insurer filed with the commissioner.

11 (c) For purposes of this section “indirect investment” shall mean
12 an investment in a person that extends credit or provides goods or
13 services in the amount of twenty million dollars (\$20,000,000) or
14 more to the energy sector of Iran, or extends credit or provides
15 goods or services of any amount to the military sector of Iran.

16 (d) For purposes of this section “energy sector” shall have the
17 same meaning as set forth in subdivision (b) of Section 2202 of
18 the Public Contract Code.

19 (e) For purposes of this section “military sector” shall refer to
20 activities to supply, maintain, or enhance any aspect of the Iranian
21 military, including, but not limited to, the research and development
22 of nuclear weapons.