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MEMORANDUM

Date: March 25, 2011

To: The Honorable Jose Solorio, Chair
The Honorable Curt Hagman, Vice Chair
Members, Assembly Insurance Committee

From: Rex D. Frazier, President
Michael A. Gunning, Vice President
Kimberley Dellinger Dunn, General Counsel
Manolo P. Platin, Legislative Advocate

Re: AB 624 (Perez J): California Organized Investment Network

Assembly Insurance Committee – Hearing March 30, 2011 PIFC Position: Support, if Amended

The Personal Insurance Federation of California (PIFC), representing six of the nation's largest insurance companies (State Farm, Farmers, Liberty Mutual Group, Progressive, Allstate and Mercury) and one national trade association (National Association of Mutual Insurance Companies) who collectively write a majority of the personal line auto and home insurance in California, would **support, if amended, AB 624 by Speaker Pérez.**

AB 624 would extend to January 1, 2017, the California Community Development Financial Institution (CDFI) Tax Credit and Certification Program which was initiated in 1997 and has been administered by the California Organized Investment Network (COIN), within the California Department of Insurance. The bill would also require the Insurance Commissioner to create a COIN Advisory Board to provide recommendations on how to increase insurer investments in community development projects.

While PIFC is supportive of the continuation of the tax credit, we have concerns with the statutory requirement and fiscal impact of the COIN Advisory Board. The Commissioner has and continues to have the ability to convene an Advisory Board. Nothing has occurred with the Commissioner's existing authority that would prevent him from selecting an Advisory Board today. With the Department already requesting personnel increases from the Legislature, is it appropriate to create an additional entity that would require new funding?

CDFIs are mission-driven community organizations, separate from government control, and dedicated to providing financial products and services to low-income communities underserved by traditional financial markets. PIFC member companies are actively involved in efforts to encourage and facilitate appropriate insurer investments in California community projects. The CDFI Tax Credit and Certification Program has proven to be a useful tool for stimulating investment in California communities by providing an incentive for insurers, other financial institutions and individuals to deposit funds in CDFIs. In turn, these funds have been used to assist persons in low income communities to secure financing for economic development and affordable housing.

If you have any questions regarding PIFC's position, please contact Michael A. Gunning at (916) 442-6646.

cc: Speaker John A. Pérez, Author
Manny Hernandez, Assembly Insurance Committee
Kevin Hanley, Assembly Republican Caucus
Gareth Elliott, Secretary of Legislative Affairs, Office of the Governor
Randall Ward, Insurance Advisor Director, Office of the Governor