



Personal Insurance Federation of California

California's Personal Lines Trade Association

REPRESENTING THE LEADING AUTOMOBILE AND HOMEOWNERS INSURERS
State Farm • Farmers • 21st Century Insurance Group • SAFECO • Progressive

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MEMORANDUM

Date: January 20, 2004

To: Honorable Darrell Steinberg, Chair
Members, Assembly Appropriations Committee

From: Dan C. Dunmoyer, President
Diane Colborn, Vice President of Legislative & Regulatory Affairs
Michael A. Gunning, Senior Legislative Advocate
Dan Chick, Senior Legislative Advocate

Re: AB 411 (Haynes): California New Markets Venture Capital Program
Assembly Appropriations Committee: January 21, 2003
PIFC Position: Support

The Personal Insurance Federation of California (PIFC), representing insurers who write over 35% of the personal lines insurance sold in California, including State Farm, Farmers, Safeco, 21st Century Insurance Group, and Progressive Insurance Company **supports AB 411** by Assembly member Ray Haynes.

AB 411 creates the California New Markets Venture Capital Program which would allow the state to enter into agreements with companies qualified under this program. These agreements will partially guarantee the debentures of the companies that qualify under the California New Markets Venture Capital Program. This will enable them to make venture investments in smaller enterprises based in low to moderate-income geographic areas. AB 411 also provides for additional private sector activity by creating tax credits for contributions towards technical assistance within targeted companies. Many private sector investments have commented that, unlike the federal level, the state does not provide the type of incentives to encourage investments in low-income neighborhoods. AB 411 will provide incentives and a structure that creates sustainable wealth-creation in all of California's neighborhoods.

PIFC member companies are actively involved in efforts to encourage and facilitate appropriate insurer investments in California community projects. PIFC supported the creation of COIN within the Department of Insurance, which serves as a clearinghouse to screen and facilitate insurer community investments. PIFC member companies have also taken a leadership role in the formation of IMPACT Community Capital, and insurer owed investment pool which will serve to increase insurer community investments in California. In turn, these funds have been used to assist persons in low-income communities to secure financing for economic development and affordable housing.

PIFC member companies have supported a similar stimulus program. The Community Development Financial Institutions (CDFI) tax credit program which has proved to be a useful tool for stimulating investment in California communities by providing an incentive for insurers and other financial institutions to deposit funds in CDFIs.

AB 411 will provide a positive economic incentive to encourage community investment. For these reasons, **PIFC supports AB 411 and urges a "yes" vote.** If you have any questions, please feel free to contact Michael Gunning at 916-442-6646.

cc: The Honorable Ray Haynes
Richard Costigan, Governor's Office
Assembly Appropriations Committee
Assembly Republican Caucus