

# CALIFORNIA DEPARTMENT OF INSURANCE

Dave Jones Insurance Commissioner

*We act to ensure vibrant markets where insurers keep their promises and the health and economic security of individuals, families and businesses are protected.*



## FOR IMMEDIATE RELEASE:

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## **NEWS RELEASE**

### **Commissioner Jones thanks Governor for signing bill to boost California's economy *3,100 new jobs expected to be created***

**SACRAMENTO, Calif.** – Insurance Commissioner Dave Jones today announced that the Governor's signing of AB 32 (Pérez) will provide a financial boost to California's economy of more than \$460 million between 2013 and 2016 through increased investment incentives and tax credits available to insurers that participate in the expanded California Organized Investment Network (COIN), which promotes insurer investment in California's low-income and underserved communities.

AB 32 expands from \$2 million to \$10 million the annual tax credits available through COIN. In order to obtain the tax credit, investors (primarily insurance companies) must place five times the tax credit amount on deposit with a COIN-certified Community Development Financial Institution (CDFI) for five years. These funds are used in low-income and rural communities to fund affordable housing, business loans, and other important projects in communities that are underserved by traditional financial markets. The projected \$50 million in expected investments into COIN CDFIs allowed under the new law will create more than 3,100 new job opportunities and bring services to underserved and underprivileged communities.

"Insurance companies typically make investments in treasury bonds or hedge funds," said Insurance Commissioner Dave Jones. "This tax credit encourages insurance companies to make investments that low-income and rural communities need to improve their schools, build affordable housing and create jobs."

The CDFI tax credit program, expanded by AB 32, attracts and leverages private capital to fund investments that yield economic and social benefits for California's underserved markets as well as investments that yield environmental benefits. AB 32 places investment priority on affordable housing options for communities as well as veterans, and extends the programs sunset date from 2015 to 2017.

"I'd like to thank speaker John Pérez for his leadership in authoring this bill and the Governor for his signature which will lead to a positive financial impact for California," said Jones.

After Jones took office in 2011, he called on insurance companies to rejuvenate the program, which had been underutilized. The program is now over-subscribed.

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#### Media Notes:

- Since the program's inception in 1997 more than \$145 million has been invested through COIN-certified CDFIs across the state. As of July 2013, COIN community development financial institutions tax credits have been fully allocated for the year.
- The CDFIs use these qualified investment funds to fulfill their mission by providing loans or other support to small businesses and nonprofits that serve economically disadvantaged communities. This program attracts and leverages private capital to fund investments that yield economic and social benefits for California's underserved markets, as well as investments that generate a positive environmental impact.

