Unofficial Copy C4 1999 Regular Session 9lr1682

By: Delegates R. Baker, Brown, Pitkin, Swain, Hill, and D. Davis

Introduced and read first time: February 10, 1999

Assigned to: Economic Matters

## A BILL ENTITLED

4 3 T	4 000	
$\Delta N$	Δ("Ι"	concerning
$\Delta \mathbf{M}$	$\Lambda$ CI	Concerning

2	Task Force to Study the Creation of an Insurance Industry Community
3	Investment Fund

- 4 FOR the purpose of establishing a Task Force to Study the Creation of an Insurance
- 5 Industry Community Investment Fund; specifying the membership and duties
- of the Task Force; providing for staff support for the Task Force; requiring the
- 7 Task Force to make a report to the Governor and the General Assembly by a
- 8 certain date; providing for the termination of this Act; and generally relating to
- 9 the Task Force to Study the Creation of an Insurance Industry Community
- 10 Investment Fund.

11 Preamble

- 12 WHEREAS, Low income communities in Maryland continue to suffer from
- 13 lack of access to capital for redevelopment, housing, job creation, and economic
- 14 development; and
- WHEREAS, In 1977, when banks were the predominant financial industry,
- 16 Congress placed an affirmative obligation on the banking industry to meet the
- 17 lending and credit needs of the communities in their service area and this resulted in
- 18 establishing profitable partnerships between banks and community groups, and
- 19 significantly increased the loans available in disadvantaged communities; and
- WHEREAS, In the past 20 years the financial industry has changed
- 21 dramatically, with banks now holding only 14% of a community's financial assets; and
- 22 WHEREAS, The property/casualty and life insurance industry is now a major
- 23 source of capital for the financial markets; and
- 24 WHEREAS, In 1996 in Maryland, over \$4 billion was paid in State-derived
- 25 premiums to property/casualty and life insurers and a portion of these premiums
- 26 were paid by low income communities; and
- 27 WHEREAS, These premiums resulted in investments that were primarily
- 28 located out of state, not to benefit the communities from which they came; and

- WHEREAS, Developing a vehicle for safe and sound insurance investments targeted to community-based economic development and affordable housing would provide needed capital and strengthen capital-starved communities; now, therefore,

  SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That:
- 6 (a) There is a Task Force to Study the Creation of an Insurance Industry 7 Community Investment Fund.
- 8 (b) The Task Force consists of the following 22 members:
- 9 (1) Three members of the House of Delegates, appointed by the Speaker 10 of the House;
- 11 (2) Three members of the Senate of Maryland, appointed by the 12 President of the Senate;
- 13 (3) Three members of the insurance industry who have experience in 14 making insurance industry investments, appointed by the Governor;
- 15 (4) Three insurance industry representatives from property/casualty and 16 life insurance companies, appointed by the Governor;
- 17 (5) Three practitioners from community development and affordable 18 housing industries who have worked in economic development or affordable housing 19 in Maryland, appointed by the Governor;
- 20 (6) Three community development industry intermediaries who provide 21 training and technical assistance or serve as an investment conduit for community 22 developers, appointed by the Governor;
- 23 (7) One staff member from the Department of Housing and Community 24 Development, appointed by the Secretary of Housing and Community Development;
- 25 (8) One staff member from the Maryland Insurance Administration, 26 appointed by the Insurance Commissioner;
- 27 (9) One staff member from the Office of the Comptroller, appointed by 28 the Comptroller; and
- 29 (10) A Task Force Chairman who is an individual from a national 30 organization familiar with safe and sound community development lending and 31 investment practices, appointed by the Governor.
- 32 (c) The Task Force shall be staffed by the Maryland Insurance Administration 33 and the Office of Legislative Services.
- 34 (d) The Task Force shall study the feasibility of creating a Maryland 35 Insurance Industry Community Investment Fund for economic development and 36 affordable housing for low income people by:

## **HOUSE BILL 479**

- 1 (1) Determining current insurance company investments in Maryland 2 community development activities that directly benefit low income individuals;
- 3 (2) Identifying the capital needs for community development and 4 affordable housing in Maryland;
- 5 Determining whether investments from State-derived
- 6 property/casualty and life insurance premiums can help meet those capital needs
- 7 while maintaining the safety and soundness standards required by the Maryland
- 8 Insurance Administration and providing a reasonable rate of return for insurers;
- 9 (4) Establishing the parameters of community development projects that 10 would qualify for investments from such a community investment fund;
- 11 (5) Recommending the entity that will administer investments under the 12 criteria determined by the Task Force;
- 13 (6) Considering possible incentive programs, including any tax
- 14 implications of those incentives, to encourage investments by property/casualty
- 15 insurers; and
- 16 (7) Determining whether to establish insurance company premium 17 thresholds for participation in a community investment fund.
- 18 (e) The Task Force shall issue a final report with recommendations about the
- 19 viability of a Maryland Insurance Industry Community Investment Fund, including
- 20 the qualifying criteria for the projects that meet the safety and soundness investment
- 21 standards, to the Governor and, subject to § 2-1246 of the State Government Article,
- 22 to the General Assembly on or before January 1, 2000.
- 23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
- 24 June 1, 1999 and the members of the Task Force shall be appointed as soon as
- 25 possible after June 1, 1999. This Act shall remain in effect for 7 months, and at the
- 26 end of December 31, 1999, with no further action required by the General Assembly,
- 27 this Act shall be abrogated and of no further force and effect.