

Per California Code of Regulations, title 2, section 548.5, the following information will be posted to CalHR's Career Executive Assignment Action Proposals website for 30 calendar days when departments propose new CEA concepts or major revisions to existing CEA concepts. Presence of the department-submitted CEA Action Proposal information on CalHR's website does not indicate CalHR support for the proposal.

A. GENERAL INFORMATION

1. Date

May 19, 2020

2. Department

California Department of Insurance

3. Organizational Placement (Division/Branch/Office Name)

Policy and Legislation Branch- California Organized Investment Network (COIN)

4. CEA Position Title

Chief, California Organized Investment Network

5. Summary of proposed position description and how it relates to the program's mission or purpose. (2-3 sentences)

The California Department of Insurance (CDI) is requesting the C.E.A. level position to manage the staff and critical oversight of the California Organized Network (COIN). The program plays a vital role in encouraging and facilitating insurance industry investments that provide solid returns to investors and environmental and/or economic and social benefits to California's underserved communities. In 2019, AB 1099 makes the COIN program permanent in statute as well.

6. Reports to: (Class Title/Level)

Senior Deputy Commissioner/Legislative Director, Policy and Legislation / Exempt

7. Relationship with Department Director (Select one)

- Member of department's Executive Management Team, and has frequent contact with director on a wide range of department-wide issues.
- Not a member of department's Executive Management Team but has frequent contact with the Executive Management Team on policy issues.

(Explain): Has frequent contact with Program Deputy Commissioners and Senior Deputy Commissioner as well as the Insurance Commissioner.

8. Organizational Level (Select one)

- 1st
- 2nd
- 3rd
- 4th
- 5th (mega departments only - 17,001+ allocated positions)

B. SUMMARY OF REQUEST

9. What are the duties and responsibilities of the CEA position? Be specific and provide examples.

Under the general direction of the Senior Deputy Commissioner/Legislative Director, Policy and Legislation, the Chief, California Organized Investment Network will be responsible for critical policy implementation, strategic planning, and management of the California Organized Investment Network (COIN) program and team, based on current and proposed statute(s) and legislation. The COIN program was established to guide insurers on making safe and sound investments that yield housing and environmental benefits throughout California and/or social benefits within the State's underserved communities.

Through COIN's facilitation and qualification of investment opportunities, insurers held \$21.8 Billion in COIN-qualified investments at year-end in 2015 alone. In 2019, CDI-sponsored AB 1099 (Calderon) was signed into law, making the COIN program a permanent program by statute, charged with pursuing active measures to encourage insurers to make investments that promote social, economic and environmental benefits.

As the chief policy-maker and program leader of COIN, the CEA directly influences policies and manages programs to meet the department's goals as well as COIN's mission and statutory obligations by performing the following:

- Create policies and programs to meet the statutory obligation of the Community Development Financial Institutions (CDFI) Tax Credit Program, which allocates \$10 million in tax credits from tax payer dollars. As policy evolves, as it has over the last few years expanding the amount of available tax credit or adding new components, the CEA must respond to the changes in their leadership and decision-making role.

- Formulate and manage policies related to impact investments and COIN, and implement administrative policies and investment compliance regulations. Develop and lead implementation of policies and strategies to increase impact investment opportunities that are facilitated through the COIN Impact Investment Marketplace, direct marketing and relationships with insurers, and other innovative policies, guidelines, and strategies.

- Serve as chief advisor to the Commissioner and agency on impact investments, including making decisions that shape the department and COIN program actions / reactions to federal or state legislation such as federal tax policy or court orders including mergers and acquisitions that require insurers to utilize the COIN program. Additionally, as other external entities seek collaborations or requests related to impact investments with the Department, the CEA advises the Commissioner on the appropriate decisions and actions.

- Make decisions on behalf of the Commissioner and department at COIN Advisory Board meetings as the designee for the Commissioner, including voting at Board meetings which creates policies and influences the mission of the department and COIN.

- Responsible for developing policy and legislative language that shapes the department's policies on impact investments by insurance companies and the COIN program, creating legislative strategy, assessing budget and resource needs as part of fiscal analyses to support policy proposals, and mobilizing stakeholder support for policy advocacy related to COIN. Upon enactment of policies, the CEA must continue to create policy and oversee implementation to meet goals.

- Represent the Commissioner and department in legislative hearings to testify; use sound judgment and decision-making, as well as expert knowledge on impact investments, the insurance industry, and COIN.

- Lead overall investment and investment operations, decision maker for the department.

- Pursue active measures to encourage insurers to make investments, as defined in AB 1099, including, but not limited to, creating and identifying potential investment opportunities, including the development of investment opportunity bulletins and marketing and outreach efforts. These opportunity bulletins help finance projects that address the state's critical needs, particularly in underserved, low-to-moderate-income, and rural communities, as well as housing and environmental needs.

B. SUMMARY OF REQUEST (continued)

10. How critical is the program's mission or purpose to the department's mission as a whole? Include a description of the degree to which the program is critical to the department's mission.

- Program is directly related to department's primary mission and is critical to achieving the department's goals.
- Program is indirectly related to department's primary mission.
- Program plays a supporting role in achieving department's mission (i.e., budget, personnel, other admin functions).

Description:

The California Organized Investment Network (COIN) was established in 1996 through legislation to guide insurers on making safe and sound investments that yield environmental benefits throughout California and/or social benefits within the State's underserved communities. COIN was officially launched in 1997 as a collaborative effort among the insurance industry, the Insurance Commissioner, and advocates for increasing capital in low-to-moderate income communities.

The objective of the Program is to facilitate insurance industry investments that provide solid returns to investors, critical to the financial health and solvency of insurance companies in order to pay claims to policy holders, and thus meet the vision of the Department, which is insurance protection for all consumers. Investments also provide environmental and/or economic and social benefits to California's underserved communities and consumers. Consumers are making decisions as to which insurance company to select for their needs and protections, and consider the values and attitudes toward community investments/corporate social responsibility as a factor. Impact investments facilitated by COIN contribute to both strong returns for solvency, as well as enhanced marketability to increase policyholders and company performance for greater consumer protection.

B. SUMMARY OF REQUEST (continued)

11. Describe what has changed that makes this request necessary. Explain how the change justifies the current request. Be specific and provide examples.

COIN was originally established in legislation in 1996; however, in 2019, AB 1099 (Calderon) was signed into law, making the COIN program a permanent program by statute, charged with "pursuing active measures to encourage insurers to make investments, as defined in this article, including, but not limited to, creating and identifying potential investment opportunities, including the development of investment opportunity bulletins and marketing and outreach efforts. This information shall be published on the department's internet website in investment opportunity bulletins. These opportunity bulletins help finance projects that address the state's critical needs, particularly in underserved, low-to-moderate-income, and rural communities, as well as housing and environmental needs."

Additionally, in 2018 CDI launched new programs and faced new policy implementation with legal obligations resulting from undertakings of major insurance company merger agreements. CDI developed and debuted the Impact Investment Marketplace, a sophisticated online portal and marketplace to facilitate and increase impact investments between insurance companies looking to invest and those organizations seeking capital for projects that lead to social, housing, and environmental impact. The Marketplace provides greater accessibility for both insurance company investment professionals as well as fund managers and has seen high demand, exceeding target onboarding goals. At the same time, the Marketplace serves as a tool to collect critical and complex data including new metrics to assess and analyze the social, housing, and environmental impacts brought by investments by insurance companies, such as the number of jobs created, housing constructed, or schools developed. COIN has also moved to one-on-one direct marketing and relationship building with insurance companies to raise capital and expand outreach, and implement innovative programming. Recent legal obligations through major insurance company merger agreements mandated by the Department also require COIN to lead efforts and undertakings involving \$30 million dollars in COIN-qualified investments.

The COIN program requires a specific skillset of investment expertise. Guided by multiple statutes in the Insurance Code and the Revenue and Taxation Code, and impacted by federal and state legislation, COIN analyzes and advises on public insurer community development investments, infrastructure investments, public debt investments, housing investments, green investments and California specific investments.

The new and significant work of COIN, high level of investment expertise needed, new state law, and evolution of Federal and State policies that impact COIN policy implementation make this request necessary for a CEA to lead decision-making and program management efforts, and advisory to the Commissioner, COIN Advisory Board, insurers and stakeholders.

C. ROLE IN POLICY INFLUENCE

12. Provide 3-5 specific examples of policy areas over which the CEA position will be the principle policy maker. Each example should cite a policy that would have an identifiable impact. Include a description of the statewide impact of the assigned program.

The CEA will be the principle policy maker over COIN program policies (examples cited below) and must respond to changes in new state/federal legislation, regulations, and other higher level policies to meet the department's goals as provided below. Additionally, the CEA must continually revise or implement existing policy to ensure COIN stays in compliance with ever changing policies at the state and federal level, court orders, laws and rules as provided below:

1) Federal Policies - Federal tax policies have implications for investments and the policy making / program planning decisions for COIN. As an example, recent federal tax law changes impact the municipal bond market, which is a featured asset allocation within COIN. The CEA needs to make decisions on policy and program direction of the types of investments that COIN will focus on based on federal policy implications and the insurance industry's reactions to federal laws. Additionally, other federal policies such as the new federal opportunity zone program provides tax credit incentives for investors and involves coordination at the state level, in which the CEA makes policy decisions on the program direction, approach and in collaboration with other state agencies and the Governor's office to meet COIN's mission.

2) State Laws and Legislation – Implement the new state law which requires COIN to pursue active measures to encourage insurers to make investments that promote social, economic and environmental benefits; administer the COIN Advisory Board; and issue a community investments data call. Lead legislative efforts related to COIN programming and represent the department at Committee hearings or stakeholder meetings as the key expert. Write policy and legislative language, develop legislative strategies, gather and analyze data as needed and prepare legislative bill analyses that affect the insurance industry as a whole and consumers of California focusing on the economic and social benefits of the low-to moderate income communities and rural communities. Communities, agencies, insurance companies, and myriad stakeholders all across the state of California and nationally are affected by the CEA's policy-making decisions for COIN and the department.

3) Court Orders and Legal Policies - As major national insurance company merger agreements are negotiated and developed by the department, COIN plays a role in the policy making of contract obligations related to impact investments, such as the insurance company investing \$30 million in insurer investments in COIN-qualified investments. The CEA must create the policies related to impact investments and subsequently implement the policy decisions and contract obligations; make decisions and work with Legal, insurers, community organizations, and other stakeholders to meet the merger agreements; and directly advise the Commissioner and executives on the investment policies and progress of the undertakings.

4) Policy-making as a Voting Member of COIN Advisory Board – The CEA is the principal policy-maker on COIN Board activities and policies that affect the department and program, serves as the Commissioner's designee at Board meetings when the Commissioner is unable to attend and votes on behalf of the Commissioner, coordinates with the Commissioner and Senior Deputy Commissioner in developing strategies for leveraging the Board or leading controversial discussions at meetings, and manages the critical relationships with COIN Board members. The Board plays a significant role in the impacts of COIN-qualified investments on communities across the state, as well as impacts on the environment. The Board also plays a significant role in advising or representing perspectives from the insurance company for successful reach of insurers to increase investments.

5) Changes to Existing Policies (CDFI Tax Credit) - The Tax Credit program is in statute and allocates \$10 million of tax payer dollars annually, and its remaining 5-year cycle concludes in 2021, requiring COIN to finish managing and monitoring the remaining years of the last tax credit cohort. As the statute evolves, the CEA must respond to these changes and make decisions on the final implementation of this policy, advise the Commissioner and legislative staff on anticipated legislation that would revise existing policy, and implement revised policy. COIN has a fiduciary responsibility to monitor financial institutions for solvency and proper use of investments by insurers while ensuring insurance companies have fulfilled their investment obligation to qualify for the tax credit. Without a CEA to make the critical policy decisions and lead the implementation, Californians throughout the state may be impacted negatively, tax payer dollars that fund the tax credit may be issued improperly to an insolvent company, or statutory obligations and state laws will not be met.

C. ROLE IN POLICY INFLUENCE (continued)

13. What is the CEA position's scope and nature of decision-making authority?

The CEA's scope and nature of decision-making authority includes:

- Formulate and manage policies related to impact investments and COIN and implement administrative policies and investment compliance regulations. The CDFI Tax Credit Program as outlined in statute, allocates \$10 million in tax credits from taxpayer dollars. The CEA creates policies and programming for meeting this statutory obligation. As the policy evolves, as it has over the last few years to expand the amount of available tax credit or add new components, the CEA must respond to the changes in their leadership and decision-making role.
- Develop and lead implementation of policies and strategies to increase impact investment opportunities that are facilitated through the COIN Impact Investment Marketplace, direct marketing and relationships with insurers, and other innovative policies, guidelines, and strategies. This is a primary program component that supports the requirement of COIN to pursue active measures to encourage insurers to make investments that promote social, economic, housing, and environmental benefits.
- Develop and lead the vision and goals for all COIN programming and obtain Commissioner input to direct the program accordingly. Determine staff resource allocations. Approve and sign-off on multi-million dollar COIN-qualified investments after thorough due diligence to ensure the deals meet COIN criteria including having a sound return on investment.
- Serve as chief advisor to the Commissioner and agency on impact investments, including making decisions that shape the department and COIN program actions / reactions to federal or state legislation such as federal tax policy or court orders including mergers and acquisitions that require insurers to utilize the COIN program. Additionally, as other external entities seek collaborations or requests related to impact investments with the Department, the CEA advises the Commissioner on the appropriate decisions and actions.
- Make decisions on behalf of the Commissioner and department at COIN Advisory Board meetings as the designee for the Commissioner, including voting at Board meetings which creates policies and influences the mission of the department and COIN.
- Responsible for developing policy and legislative language that shapes the department's policies on impact investments by insurance companies and the COIN program, creating legislative strategy, assessing budget and resource needs as part of fiscal analyses to support policy proposals, and mobilizing stakeholder support for policy advocacy related to COIN. Upon enactment of policies, the CEA must lead further policy creation and implementation to meet the goals.
- Represent the Commissioner and department in legislative hearings to testify, which uses sound judgement and decision-making, as well as expert knowledge on impact investments, the insurance industry, and COIN.
- Lead overall investment or investment operations decision making for the department.
- Pursue active measures to encourage insurers to make investments, as defined in AB 1099, including, but not limited to, creating and identifying potential investment opportunities, including the development of investment opportunity bulletins and marketing and outreach efforts. These opportunity bulletins help finance projects that address the state's critical needs, particularly in underserved, low-to-moderate-income, and rural communities, as well as housing and environmental needs.

14. Will the CEA position be developing and implementing new policy, or interpreting and implementing existing policy? How?

The CEA position will be developing and implementing new policy, as well as implementing existing policy. As the Impact Investment Marketplace effort continues to evolve and the insurance industry continues to develop diverse new programs and processes for doing business that are increasingly complex and sophisticated, the CEA position will need to monitor these programs and implement changes to existing policy to continue to provide service to the consumers of California. The CEA will need to continually monitor industry trends and advances, provide guidance to COIN staff and executive level staff in adjusting current policy, and develop and implement new policy.

With the passage of AB 1099, the CEA would lead the implementation of this bill including developing programs and policies in compliance of the statute, administering the COIN Advisory Board according to the statute changes, and developing the data call on community investments. The CEA will also develop and implement policies to meet the Commissioner's vision and goals for COIN.