

Building roads to the future

Policy opportunities for infrastructure investment by life insurers

Executive summary

Life insurance companies have long been key institutional investors. And many insurers—like TIAA—increasingly view infrastructure as an attractive investment opportunity that offers stability, portfolio diversity, and competitive returns over a long timeline.

With the pressing national need for major infrastructure project financing, the public-private partnership (P3) model—alongside more traditional mechanisms like private funding and municipal bonds—has emerged as a particularly beneficial structure. In P3s, state

and local governments partner with private-sector investors and managers on both new construction and redevelopment projects.

But structural complexity, inconsistent regulations and valuation methodologies, and an array of procedural hurdles can deter would-be P3 investors—especially insurers. Due to the relatively recent adoption of P3s in the United States, many government and decision-making bodies have not yet developed regulatory guidance or industry-wide standards.

To remove these roadblocks and incentivize the use of P3s in financing infrastructure projects, TIAA recommends:

Four recommendations

1

Defining consistent rules and methodologies across geographies

Bring a more consistent structure to the patchwork of regulations governing P3s to create a more structured market and encourage more investment, including by insurers.

2

Forming an industry working group at the National Association of Insurance Commissioners (NAIC)

Gather recommendations regarding the creation of incentives, the removal of regulatory impediments, and expedited approvals for insurance companies' infrastructure investments.

3

Preserving key tax tools

Maintain, and even broaden, tax exemptions on certain governmental bonds to sustain and further incentivize infrastructure investment by insurance companies.

4

Expediting approval processes

Streamline the permitting and review processes to ensure infrastructure projects advance in a more coordinated, efficient manner, while maintaining appropriate oversight.

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Today's infrastructure realities demand a new age of investment, improvement, and expansion to bring American infrastructure into the 21st century. Given our not-for-profit heritage and our desire to spur activity within the infrastructure investment class, TIAA is ready to partner with policymakers, regulators, fellow insurers, and other stakeholders to improve industry and governmental review processes, incentivize long-term commitments, secure strong returns, and support the public good.



To download a copy of TIAA's white paper on opportunities for infrastructure investment by life insurers, visit [tiaa.org/infrastructure](https://www.tiaa.org/infrastructure).



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