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## DIGEST

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HB 701 Reengrossed

2024 Regular Session

Carver

**Abstract:** Creates the Insurance Regulatory Sandbox Act.

Proposed law (R.S. 22:1430.1 and 1430.2) provides for regulatory sandbox and innovation waivers to allow persons to introduce insurance products or services for a certain period of time. Authorizes the commissioner of insurance (commissioner) to grant a variance or waiver with respect to specific requirements of any insurance law, regulation, directive, or bulletin if a person demonstrates that its application would prohibit the introduction of an innovative or more efficient insurance product or service that the applicant intends to offer during the period for which the proposed waiver is granted.

Proposed law provides other facets for applicants to demonstrate for purposes of applying for a waiver, including but not limited to showing that the waiver will not substantially or unreasonably increase risks to consumers, and the waiver is in the public interest.

Proposed law requires certain information in applications for innovation waivers, including but not limited to the identity of the person applying for the waiver, identities of the applicant's directors and executive officers, any persons who are beneficial owners of 10 % or more of the voting securities of the applicant, and any individuals with power to direct the management and policies of the applicant. Further requires an application fee in an amount determined by the commissioner.

Proposed law authorizes the commissioner to grant a waiver for an initial period of up to 3 years. Authorizes the commissioner to grant a one-time extension for up to an additional 3 years. Requires a person requesting an extension to request the extension at least 30 days prior to the end of the initial waiver period. Further requires the commissioner to grant or deny an extension request before the end of the initial waiver period.

Proposed law requires the commissioner to include terms, conditions, and limitations deemed appropriate within the innovation waiver, including certain limits regarding written premiums and consumer utilization. Further prohibits a product or service subject to an innovation waiver to be purchased or utilized by more than 10,000 consumers.

Proposed law requires a person offering a product or service by innovation waiver to conspicuously disclose certain information to consumers, including but not limited to the name and contact information of the person providing the product or service; the product or service authorized by an innovation waiver for a temporary period of time; contact information for the La. Dept. of Insurance (LDI), including how a consumer may file a complaint with LDI regarding the product or service; and other disclosures required by the commissioner.

Proposed law provides that the commissioner's decision to grant or deny a waiver or extension is not subject to the contested-case provisions of the APA.

Proposed law prohibits the commissioner from granting a waiver under certain circumstances, including but not limited to laws, regulations, directives, or bulletins that are not subject to the commissioner's jurisdiction under the La. Insurance Code, the application of taxes or fees, and any other law deemed ineligible by the commissioner. Further prohibits the commissioner from granting or extending waivers that abridge consumers' recovery rights.

Proposed law requires a person receiving a waiver to possess or obtain certain financial securities.

At least 30 days prior to granting an innovation waiver, proposed law requires the commissioner to provide public notice of the draft waiver by publishing certain information regarding the draft waiver. Further authorizes publication on LDI's website.

Proposed law requires the commissioner to provide public notice of a granted waiver by publishing certain information regarding the waiver. Further authorizes publication on LDI's website.

Proposed law authorizes the commissioner to revoke a waiver if the person who obtains the waiver fails to comply with any terms, conditions, or limitations established by the commissioner or proposed law, or if use of the waiver is causing consumer harm.

Proposed law authorizes the commissioner to impose a fine of not more than \$1,000 on a person granted a waiver who fails to comply with any terms, conditions, or limitations established by the commissioner. Further authorizes other penalties permitted by law.

Proposed law requires the commissioner to adopt rules in accordance with the APA for the submission, granting, denying, monitoring, and revocation of petitions for a waiver. Requires other specific rules and authorizes the commissioner to adopt any other rules necessary to effectuate proposed law.

Proposed law requires a person granted an innovation waiver, upon expiration of the waiver, to cease all activities that were only permitted as a result of the waiver.

Proposed law provides that the commissioner's authority to grant a waiver does not limit or affect his discretion to waive or enforce requirements pursuant to any present law of the La. Insurance Code or applicable administrative regulations.

Proposed law requires the commissioner to annually submit a report on Jan. 1<sup>st</sup> to the Senate and House committees on insurance and requires reporting of certain information, including but not limited to the total number of applications for waivers the commissioner has received, granted, and denied; a list of regulations, directives, or bulletins that have been adopted or amended as a result of the waiver; and the commissioner's recommendation as to whether a statute should be continued, eliminated, or amended in order to promote innovation of a uniform regulatory system for all regulated entities.

Proposed law prohibits the commissioner from granting new waivers or extensions after June 30, 2029.

Proposed law (R.S. 22:1430.3) authorizes the commissioner to make agreements with other states with laws substantially similar to proposed law to consider applications for innovation waivers from persons who have received similar waivers in other states.

Proposed law (R.S. 22:1430.4) terminates on June 30, 2032.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Adds R.S. 22:1430.1-1430.4)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Insurance to the original bill:

1. Make technical changes.

The House Floor Amendments to the engrossed bill:

1. Authorize the commissioner to waive issued directives with respect to innovation waivers.
2. Change the termination date of proposed law from June 30, 2029 to June 30, 2032.
3. Make technical changes.