

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 231** SLS 21RS 64

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 18, 2021	4:08 PM	Author: MILLS, ROBERT
Dept./Agy.: Insurance		Analyst: Patrice Thomas
Subject: Creates the Insurance Regulatory Sandbox Program		

INSURANCE DEPARTMENT OR INCREASE SG RV See Note
Creates the Insurance Regulatory Sandbox Program. (8/1/21)

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Proposed law creates the Insurance Regulatory Sandbox Act. Proposed law provides that the commissioner of insurance will establish a program to enable a person to obtain limited access to the insurance market in the state to test an innovative insurance product or service without obtaining a license or other authorization that might otherwise be required. Proposed law provides for a nonrefundable application fee of \$4,500 for each innovative individual insurance product or service, which may be waived or reduced by the commissioner if the applicant holds a license issued by the department of insurance. Proposed law provides for definitions, application requirements, the scope of the sandbox program, customer protections, and record keeping and reporting requirements. Proposed law is effective 8/01/2021.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						
REVENUES	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

Proposed law may have an indeterminable but minimal impact on expenditures in the LA Department of Insurance (LDI). The proposed law creates the Insurance Regulatory Sandbox Act that allows the Commissioner of Insurance to grant limited access to the insurance market in the state to test an innovative insurance product or service without obtaining a license. The proposed law requires the department to develop the sandbox application form and submit a \$4,500 application fee. The Legislative Fiscal Office cannot determine the number of sandbox applications the department may receive or the number of approvals the commissioner may grant under this measure. LDI reports any workload associated with the newly proposed Sandbox Act, as well as IT cost to develop a new set of website pages, will be handled with existing staff and resources. To the extent a significant number of sandbox applications are received, LDI may require additional resources presumed to be SGR from application fees, as well as personnel to accommodate the increased workload.

REVENUE EXPLANATION

Proposed law will result in an indeterminable increase in self-generated revenues in the LA Department of Insurance (LDI). The proposed law authorizes the LDI to assess an application fee of \$4,500 for each innovative insurance product or service seeking approval under the Insurance Regulatory Sandbox Act. Because the Legislative Fiscal Office cannot determine the number of sandbox applications the department may receive or the number of approvals the commissioner was grant under this measure, revenue derived from this source is indeterminable.

Senate

Dual Referral Rules

House

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Alan M. Boxberger

Alan M. Boxberger
Staff Director