

2024 Regular Session

HOUSE BILL NO. 701

BY REPRESENTATIVE CARVER

1 AN ACT

2 To enact Subpart M-1 of Part IV of Chapter 4 of Title 22 of the Louisiana Revised Statutes  
3 of 1950, to be comprised of R.S. 22:1430.1 through 1430.4, relative to the regulation  
4 of insurance; to create the Insurance Regulatory Sandbox Act; to provide for a short  
5 title; to provide for innovation waivers; to provide for requirements of applicants; to  
6 provide relative to the authority of the commissioner of insurance; to provide for  
7 consumer protections; to provide for disclosures; to provide for extensions of time;  
8 to provide for rulemaking; to require reporting; to provide for reciprocity; to provide  
9 for a termination date; to provide for an effective date; to provide for redesignation  
10 of laws; and to provide for related matters.

11 Be it enacted by the Legislature of Louisiana:

12 Section 1. Subpart M-1 of Part IV of Chapter 4 of Title 22 of the Louisiana Revised  
13 Statutes of 1950, comprised of R.S. 22:1430.1 through 1430.4, is hereby enacted to read as  
14 follows:

15 SUBPART M-1. INSURANCE REGULATORY SANDBOX ACT

16 §1430.1. Short Title

17 This Act shall be known and may be cited as the "Insurance Regulatory  
18 Sandbox Act."

1           §1430.2. Regulatory sandbox and innovation waivers; application requirements;  
 2                           fees; disclosures; prohibitions; rules; extensions

3           A. The commissioner may grant a variance or waiver with respect to the  
 4           specific requirements of any insurance law, regulation, directive, or bulletin if a  
 5           person subject to that law, regulation, directive, or bulletin demonstrates all of the  
 6           following to the commissioner's satisfaction:

7                           (1) The application of the law, regulation, directive, or bulletin would  
 8           prohibit the introduction of an innovative or more efficient insurance product or  
 9           service that the applicant intends to offer during the period for which the proposed  
 10           waiver is granted.

11                          (2) The public policy goals of the law, regulation, directive, or bulletin will  
 12           be or have been achieved by other means.

13                          (3) The waiver will not substantially or unreasonably increase any risk to  
 14           consumers.

15                          (4) The waiver is in the public interest.

16           B. A person shall include in an application for innovation waiver all of the  
 17           following:

18                          (1) The identity of the person applying for the waiver.

19                          (2) The identity of the directors and executive officers of the applicant, any  
 20           persons who are beneficial owners of ten percent or more of the voting securities of  
 21           the applicant, and any individuals with power to direct the management and policies  
 22           of the applicant.

23                          (3) A description of the product or service to be offered if the waiver is  
 24           granted, including how the product or service functions, and the manner and terms  
 25           on which it will be offered.

26                          (4) A description of the potential benefits to consumers of the product or  
 27           service.

28                          (5) A description of the potential risks to consumers posed by the product or  
 29           service or the approval of the proposed waiver and how the applicant proposes to  
 30           mitigate such risks.

1                   (6) An identification of the statutory or regulatory provision that prohibits  
2                   the introduction, sale, or offering of the product or service.

3                   (7) A filing fee in an amount determined by the commissioner.

4                   (8) Any additional information required by the commissioner.

5                   C.(1) If approved by the commissioner, an innovation waiver shall be  
6                   granted for an initial period of up to three years.

7                   (2) Prior to the end of the initial waiver period, the commissioner may grant  
8                   a one-time extension for up to an additional three years. If a person requests to  
9                   extend a waiver, the person shall make an extension request to the commissioner at  
10                  least thirty days prior to the end of the initial waiver period, and shall include the  
11                  length of the extension period requested and specific reasons why the extension is  
12                  necessary. The commissioner shall grant or deny an extension request before the end  
13                  of the initial waiver period.

14                  D. The commissioner shall include in an innovation waiver any terms,  
15                  conditions, and limitations deemed appropriate by the commissioner, including limits  
16                  on the amount of premium that may be written in relation to the underlying product  
17                  or service and the number of consumers that may purchase or utilize the underlying  
18                  product or service, provided that in no event shall a product or service subject to an  
19                  innovation waiver be purchased or utilized by more than ten thousand consumers.

20                  E. A person offering a product or service pursuant to an innovation waiver  
21                  shall clearly and conspicuously disclose to consumers all of the following:

22                   (1) The name and contact information of the person providing the product  
23                   or service.

24                   (2) That the product or service is authorized pursuant to an innovation  
25                   waiver for a temporary period of time and may be discontinued at the end of the  
26                   waiver period, the date of which shall be specified.

27                   (3) Contact information for the department, including how a consumer may  
28                   file a complaint with the department regarding the product or service.

29                   (4) Any additional disclosures required by the commissioner.

1           F. The commissioner's decision to grant or deny a waiver or extension is not  
2           subject to the contested-case provisions of the Administrative Procedure Act.

3           G.(1) The commissioner shall not grant a waiver with respect to any of the  
4           following:

5           (a) Any law, regulation, directive, bulletin, or other provision that is not  
6           subject to the commissioner's jurisdiction pursuant to this Title.

7           (b) Any law, regulation, directive, bulletin, or other provision concerning the  
8           assets, deposits, investments, capital, surplus, or other solvency requirements  
9           applicable to insurers.

10          (c) The required participation in any assigned risk plan, residual market, or  
11          guaranty fund.

12          (d) Requirements with respect to insurance licensing, insurance trade  
13          practices, or particular lines of insurance or insurance products.

14          (e) Any law, regulation, or bulletin required for the department to maintain  
15          its accreditation by the National Association of Insurance Commissioners unless the  
16          law or regulation permits variances or waivers.

17          (f) The application of any taxes or fees.

18          (g) Any other law, regulation, directive, or bulletin deemed ineligible by the  
19          commissioner.

20          (2) The commissioner shall not grant or extend a waiver that would abridge  
21          the recovery rights of consumers.

22          H. A person who receives a waiver pursuant to this Section shall possess or  
23          obtain one or a combination of the following in an amount subject to conditions and  
24          purposes the commissioner determines necessary for the protection of consumers:

25          (1) A contractual liability insurance policy.

26          (2) A surety bond issued by an authorized surety.

27          (3) Securities of the type eligible for deposit by authorized insurers in this  
28          state.

29          (4) Evidence that the applicant has established an account payable to the  
30          commissioner in a federally insured financial institution in this state and has

1 deposited money of the United States in an amount equal to an amount required by  
 2 the commissioner that is not available for withdrawal except by direct order of the  
 3 commissioner.

4 (5) A letter of credit issued by a qualified financial institution as defined in  
 5 R.S. 22:512.

6 (6) Another form of security authorized by the commissioner  
 7 I.(1) At least thirty days prior to granting an innovation waiver, the  
 8 commissioner shall provide public notice of the draft waiver by publishing all of the  
 9 following information:

10 (a) The specific statute, regulation, directive, or bulletin to which the draft  
 11 waiver applies.

12 (b) The proposed terms, conditions, and limitations of the draft waiver.

13 (c) The proposed duration of the draft waiver.

14 (d) Any additional information deemed appropriate by the commissioner.

15 (2) The commissioner may satisfy the notice requirement of this Subsection  
 16 by publication on the department's website.

17 J.(1) If a waiver is granted pursuant to this Section, the commissioner shall  
 18 provide public notice of the existence of the waiver by providing all of the following  
 19 information:

20 (a) The specific statute, regulation, directive, or bulletin to which the waiver  
 21 applies.

22 (b) The name of the person who applied for and received the waiver.

23 (c) The duration of and any other terms, conditions, or limitations of the  
 24 waiver.

25 (d) Any additional information deemed appropriate by the commissioner.

26 (2) The commissioner may satisfy the notice requirement of this Subsection  
 27 by publication on the department's website.

28 K.(1) The commissioner may revoke a waiver if the person who obtains the  
 29 waiver fails to comply with any terms, conditions, or limitations established by the

1 commissioner or the requirements of this Section or if the waiver is causing  
2 consumer harm.

3 (2) In addition to any other penalties permitted by law, the commissioner  
4 may impose a fine of not more than one thousand dollars on any person who obtains  
5 a waiver who fails to comply with any terms, conditions, or limitations established  
6 by the commissioner or the requirements of this Section.

7 L.(1) In accordance with the Administrative Procedure Act, the  
8 commissioner shall adopt rules and procedures for the submission, granting, denying,  
9 monitoring, and revocation of petitions for a waiver pursuant to this Section. The  
10 commissioner shall set forth in the procedures all of the following:

11 (a) The requirements for the ongoing monitoring, examination, supervision  
12 of, and reporting by, each person granted a waiver pursuant to this Section.

13 (b) An expedited application process for a product or service that is  
14 substantially similar to one for which a waiver has previously been granted by the  
15 commissioner.

16 (c) Procedure that provides an opportunity for public comment on draft  
17 waivers under consideration by the commissioner.

18 (2) The commissioner may attach reasonable conditions or limitations on the  
19 conduct permitted pursuant to a waiver.

20 (3) The commissioner may adopt any other rules necessary to effectuate the  
21 purposes of this Subpart.

22 M. Upon expiration of an innovation waiver, the person who obtained the  
23 waiver shall cease all activities that were only permitted as a result of the waiver and  
24 comply with all generally applicable laws and regulations.

25 N. The commissioner's authority to grant a waiver pursuant to this Section  
26 does not limit or otherwise affect his authority to exercise discretion to waive or  
27 enforce any provision of this Title or applicable administrative regulations.

28 O. On or before January first of each calendar year, the commissioner shall  
29 submit a report for the previous calendar year to the Senate Committee on Insurance  
30 and the House Committee on Insurance providing all of the following information:

1                   (1) The total number of applications for waivers that have been received,  
 2                   granted, and denied by the commissioner.

3                   (2) For each waiver granted by the commissioner, the information specified  
 4                   pursuant to Paragraph (J)(1) of this Section.

5                   (3) A list of any regulations, directives, or bulletins that have been adopted  
 6                   or amended as a result of or in connection with a waiver granted pursuant to this  
 7                   Section.

8                   (4) With respect to each statute to which a waiver applies, the  
 9                   commissioner's recommendation as to whether such statute should be continued,  
 10                  eliminated, or amended in order to promote innovation and establish a uniform  
 11                  regulatory system for all regulated entities.

12                  (5) A list of any waivers that have lapsed or been revoked and, if revoked,  
 13                  a description of other regulatory or disciplinary actions, if any, that resulted in,  
 14                  accompanied, or resulted from such revocation.

15                  P. The commissioner shall not grant new waivers or extensions after June 30,  
 16                  2029.

17                  §1430.3. Reciprocity

18                  The commissioner may enter into agreements with other states that have  
 19                  enacted laws substantially similar to this Subpart in order to advance the purposes  
 20                  of this Subpart and to facilitate the consideration of applications for innovation  
 21                  waivers from persons who have satisfied the requirements of this Subpart and  
 22                  received similar waivers in other states.

23                  §1430.4. Effectiveness of Subpart

24                  This Subpart shall terminate on June 30, 2032.

25                  Section 2. This Act shall become effective upon signature by the governor or, if not  
 26                  signed by the governor, upon expiration of the time for bills to become law without signature  
 27                  by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If  
 28                  vetoed by the governor and subsequently approved by the legislature, this Act shall become  
 29                  effective on the day following such approval.

1           Section 3. The Louisiana State Law Institute is hereby directed to redesignate  
2           Subpart M of Part IV of Chapter 4 of Title 22 of the Louisiana Revised Statutes of 1950,  
3           comprised of R.S. 22:1431, as "Subpart M-2. Portable Electronics".

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

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PRESIDENT OF THE SENATE

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GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_