# LEGISLATIVE FISCAL OFFICE
## Fiscal Note

Louisiana Legislative Fiscal Office — Fiscal Notes

Fiscal Note On: **HB 701** HLS 24RS 658
Bill Text Version: **ENROLLED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

**Date:** May 16, 2024 11:18 AM
**Author:** CARVER
**Dept./Agy.:** Insurance
**Subject:** Creates the Insurance Regulatory Sandbox Act
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INSURANCE DEPARTMENT EN SEE FISC NOTE SG EX See Note 
Creates the Insurance Regulatory Sandbox Act

Proposed law creates the Insurance Regulatory Sandbox Act, which provides for regulatory sandbox and innovation waivers. Proposed law provides that the commissioner of insurance may do the following: (1) grant innovation waivers, an initial period of up to 3 years and grant a one-time extension for up to 3 years; (2) deny any initial innovation waivers and/or extension of waivers; (3) place any terms, conditions, and limitations on waivers granted; (4) provide public notice on draft waivers at least 30-days prior to granting an innovation waiver on the department's website and an opportunity for public comment; (5) provide public notice of innovation waivers grant on the department's website; (6) revoke waivers or impose penalties/fines (up to $1,000) for failure to comply with terms, conditions, or limitations; (7) adopt rules and regulations including application fee as well as ongoing monitoring, examination, supervision, and reporting of waivers grant; (8) annual report to House and Senate Insurance Committees by January 1st; and (9) enter into reciprocity agreements with other states. Proposed law terminates on 6/30/32, the commissioner cannot grant new waivers or extend waivers after 6/30/29.

| EXPENDITURES | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 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 | $0 | $0 | $0 | $0 | $0 | **$0** |
| **Annual Total** | | | | | | |

| REVENUES | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 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 | $0 | $0 | $0 | $0 | $0 | **$0** |
| **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 3-year innovation waivers to provide insurance products or services within the insurance market in the state without obtaining a license or other authorization through the regular regulatory process. The proposed law requires the department to develop rules and procedures for the application submission, granting, extending, denying, monitoring, and revocation of innovation waivers under this measure. Although LDI believes the number of applications for innovation waivers will be minimal, 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 the 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 filing fees, as well as personnel to accommodate the increased workload.

**REVENUE EXPLANATION**

Proposed law has an indeterminable impact on SGR in the Department of Insurance. The proposed law authorizes the Commissioner of Insurance to impose a filing fee on applications for innovation waiver under the Insurance Regulatory Sandbox Act. Fees mitigate the expenses of the department. The Legislative Fiscal Office cannot determine the number of applications that would be submitted under this measure or anticipate the amount of revenue collected by the Department of Insurance from application filing fees from the effective date in FY 25 until sunset in FY 32 (6/30/32).

Senate — Dual Referral Rules

- ☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S & H}
- ☐ 13.5.2 >= $500,000 Annual Tax or Fee Change {S & H}

House

- ☐ 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}
- ☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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