

RÉSUMÉ DIGEST

ACT 229 (HB 701)

2024 Regular Session

Carver

New law 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 of specific requirements of any insurance law, regulation, directive, or bulletin.

New law provides certain requirements of persons applying for a waiver, including but not limited to the applicant showing that the waiver will not substantially or unreasonably increase risks to consumers and that the applicant intends to offer the product or service during the period for which the proposed waiver is granted.

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

New 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 make the request 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.

New law requires the commissioner to include terms, conditions, and limitations deemed appropriate within the waiver, including but not limited to certain limits regarding written premiums and consumer utilization. Further prohibits a product or service subject to a waiver from being purchased or used by more than 10,000 consumers.

New law requires a person offering a product or service by 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 a waiver; 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.

New 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.

New 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.

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

At least 30 days prior to granting a waiver, new law requires the commissioner to provide public notice of the draft waiver by publishing certain information regarding the draft waiver. Requires the commissioner to provide public notice of a granted waiver by publishing certain information regarding the waiver. New law authorizes publication on LDI's website.

New law authorizes the commissioner to revoke a waiver if the person granted a waiver fails to comply with any terms, conditions, or limitations, or if use of the waiver is causing consumer harm. 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.

New 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 rules necessary to effectuate new law.

New 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.

New 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 existing law of the La. Insurance Code or applicable administrative regulations.

New law requires the commissioner to annually submit a report on Jan. 1st to the House and Senate 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 adopted or amended as a result of the waiver; and the commissioner's recommendation as to whether a statute should be continued, amended, or repealed to promote innovation of a uniform regulatory system for all regulated entities.

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

New law authorizes the commissioner to make agreements with other states with laws substantially similar to new law for the commissioner's consideration of La. applicants who have received similar waivers in other states.

New law terminates on June 30, 2032.

Effective upon signature of governor (May 23, 2024).

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