

ONE HUNDRED EIGHTH LEGISLATURE - FIRST SESSION - 2023
COMMITTEE STATEMENT
LB587

Hearing Date: Monday March 06, 2023
Committee On: Banking, Commerce and Insurance
Introducer: Wishart
One Liner: Adopt the Insurance Regulatory Sandbox Act

Roll Call Vote - Final Committee Action:

Advanced to General File

Vote Results:

Aye: 8 Senators Aguilar, Ballard, Bostar, Dungan, Jacobson, Kauth, Slama, von Gillern

Nay:

Absent:

Present Not Voting:

Testimony:

Proponents:

Senator Anna Wishart

Nicole Fox

Robert Bell

Representing:

Nebraska Legislature

Platte Institute

Nebraska Insurance Federation / Nebraska Chamber / Omaha Chamber / Lincoln Chamber / America Property Casualty

Opponents:

Representing:

Neutral:

Rees Empey

Ann Ames

Representing:

Libertas Institute

Independent Insurance Agents

* ADA Accommodation Written Testimony

Summary of purpose and/or changes:

LB 587 would adopt the Insurance Regulatory Sandbox Act (Act), an act to create a regulatory sandbox program under the Department of Insurance (DOI) to allow a participant to temporarily test innovative insurance products or services on a limited basis without otherwise being licensed or authorized to act under the laws of the state. The bill would provide, section by section, as follows:

Section 1 states the sections making up the Act.

Section 2 states the purpose of the Act.

Section 3 provides definitions used in the Act.

Section 4 states that the DOI shall create and administer a regulatory sandbox program that enables a person to obtain limited access to the market in the state to test an innovative insurance product or service without obtaining a license or other authorization that might otherwise be required. This section also provides administration requirements for DOI in executing the Act. The section provides a number of subsections related to the application process, including DOI requirements in handling applications. The section also states what items can and cannot be waived as part of the applicant's participation in the regulatory sandbox.

Section 5 states that if the DOI approves an application, the sandbox participant has twelve months after the day on which the application was approved to test the innovative insurance product or service described in the sandbox participant's application.

The section also states what is required of a sandbox participant upon application approval, specifically addressing what actions the sandbox participant can and cannot take while testing their service or product, what actions the sandbox participant must take, and what restrictions the sandbox participant must follow.

The section allows the DOI to end a sandbox participant's participation in the regulatory sandbox at any time and for any reason, including if the department determines a sandbox participant is not operating in good faith to bring an innovative insurance product or service to market.

The section states what immunities the sandbox participant does and does not have during the testing period. Finally, the section also includes a hold harmless clause for the DOI, DOI employees, and guarantee associations in the state regarding sandbox testing.

Section 6 requires that sandbox participants make certain disclosures to consumers before providing an innovative insurance product or service to those consumers. The section also provides for the manner and nature of such disclosures and allows the DOI to require more disclosures as necessary.

Section 7 places mandatory reporting requirements upon sandbox participants that are near the end of the regulatory sandbox testing period. The section also provides for what happens in the event such mandatory reports are not provided to DOI by sandbox participants. Finally, the section states that if a test includes offering an innovative insurance product or service that requires ongoing duties, the sandbox participant shall continue to fulfill those duties or arrange for another person to fulfill those duties after the date on which the sandbox participant exits the regulatory sandbox.

Section 8 allows for an extension of the regulatory sandbox testing period for limited purposes, and states that the DOI shall grant or deny such a request. The section also places restrictions and reporting requirements on the DOI and sandbox participants regarding those extensions.

Section 9 requires certain record retention and reporting requirements of sandbox participants and DOI. The section also allows DOI to request and inspect records, documents, and data from sandbox participants. The section allows DOI to remove sandbox participants from the regulatory sandbox for certain violations of laws and regulations. Finally, the section allows members of the Legislature to request written reports from DOI that provides information regarding each sandbox participant and that provides recommendations regarding the effectiveness of the Act.

Section 10 allows DOI to adopt and promulgate rules and regulations to carry out the Act.

Julie Slama, Chairperson