

87 requirements.

88 (1) There is created in the department the Insurance Regulatory Sandbox Program.

89 (2) In administering the insurance regulatory sandbox, the department:

90 (a) shall consult with each applicable agency;

91 (b) shall establish a program to enable a person to obtain limited access to the market  
 92 in the state to test an innovative insurance product or service without obtaining a license or  
 93 other authorization that might otherwise be required; ~~H~~→ [and] ←~~H~~

94 (c) may enter into agreements with or follow the best practices of the Consumer  
 95 Financial Protection Bureau or other states that are administering similar programs ~~H~~→ [;] ; and

95a (d) may not approve participation in the insurance regulatory sandbox program by an  
 95b applicant or any other participant who has been convicted, entered a plea of nolo contendere,  
 95c or entered a plea of guilty or nolo contendere held in abeyance, for a crime:

95d (i) involving theft, fraud, or dishonesty, or

95e (ii) that bears a substantial relationship to the applicant's or participant's ability to  
 95f safely or

95g competently participate in the insurance regulatory sandbox program. ←~~H~~

96 (3) An applicant for the insurance regulatory sandbox shall provide to the department  
 97 an application in a form prescribed by the department that:

98 (a) includes a nonrefundable application fee of \$4,500 ~~S~~→ , which fee may be waived or  
 98a reduced by the department if the applicant holds a license issued by the department under the  
 98b provisions of Title 31A, Insurance Code ←~~S~~ ;

99 (b) demonstrates the applicant is subject to the jurisdiction of the state;

100 ~~H~~→ [~~(c) demonstrates the applicant has established a physical location in the state, from~~  
 101 ~~which testing will be developed and performed and where all required records, documents, and~~  
 102 ~~data will be maintained;]~~

102a (c) demonstrates the applicant has established a physical or virtual location that is  
 102b adequately accessible to the department, from which testing will be developed and performed  
 102c and where all required records, documents, and data will be maintained; ←~~H~~

103 (d) contains relevant personal and contact information for the applicant, including legal  
 104 names, addresses, telephone numbers, email addresses, website addresses, and other  
 105 information required by the department;

106 (e) discloses criminal convictions of the applicant or other participating personnel, if  
 107 any;

108 (f) demonstrates that the applicant has the necessary personnel, financial and technical  
 109 expertise, access to capital, and developed plan to test, monitor, and assess the innovative  
 110 insurance product or service;

111 (g) contains a description of the innovative insurance product or service to be tested, ~~S~~

112 including statements regarding all of the following:

113 (i) how the innovative insurance product or service is subject to licensing or other  
114 authorization requirements outside of the insurance regulatory sandbox, including a specific list  
115 of all state laws, regulations, and licensing or other requirements that the applicant is seeking to  
116 have waived during the testing period;

117 (ii) how the innovative insurance product or service would benefit consumers;

118 (iii) how the innovative insurance product or service is different from other insurance  
 119 products or services available in the state;

120 (iv) what risks may confront consumers that use or purchase the innovative insurance  
 121 product or service;

122 (v) how participating in the insurance regulatory sandbox would enable a successful  
 123 test of the innovative insurance product or service;

124 (vi) a description of the proposed testing plan, including estimated time periods for  
 125 beginning the test, ending the test, and obtaining necessary licensure or authorizations after the  
 126 testing is complete;

127 (vii) a description of how the applicant will perform ongoing duties after the test; and

128 (viii) how the applicant will end the test and protect consumers if the test fails,  
 129 including providing evidence of sufficient liability coverage and financial reserves to protect  
 130 consumers and to protect against insolvency by the applicant; and

131 (h) provides any other required information as determined by the department.

132 (4) An applicant shall file a separate application for each innovative insurance product  
 133 or service that the applicant wants to test.

134 (5) After an application is filed and before approving an application, the department  
 135 may seek any additional information from the applicant and from the department's own  
 136 research that the department determines is necessary, including:

137 (a) proof of sufficient assets, accounts, ~~H~~ **[and]** ~~H~~ **liability coverage ~~H~~**, **surety bond**  
 137a **coverage, or other preparation ~~H~~** by the applicant to ensure  
 138 that consumers are protected and that the applicant will be able to cover ongoing duties when  
 139 the test ends or if the test ends early; and

140 (b) industry ratings and past performance of the applicant.

141 (6) Subject to Subsection (7), not later than 90 days after the day on which a complete  
 142 application is received by the department, the department shall inform the applicant as to  
 143 whether the application is approved for entry into the insurance regulatory sandbox.

144 (7) The department and an applicant may mutually agree to extend the 90-day time  
 145 period described in Subsection (6) for the department to determine whether an application is  
 146 approved for entry into the insurance regulatory sandbox.

147 (8) (a) In reviewing an application under this section, the department shall consult  
 148 with, and get approval from, each applicable agency before admitting an applicant into the

149 insurance regulatory sandbox.

150 (b) The consultation with an applicable agency may include seeking information about  
151 whether:

152 (i) the applicable agency has previously issued a license or other authorization to the  
153 applicant;

154 (ii) the applicable agency has previously investigated, sanctioned, or pursued legal  
155 action against the applicant;

156 (iii) whether the applicant could obtain a license or other authorization from the  
157 applicable agency after exiting the insurance regulatory sandbox; and

158 (iv) whether certain licensure or other regulations should not be waived even if the  
159 applicant is accepted into the insurance regulatory sandbox.

160 (9) In reviewing an application under this section, the department shall consider  
161 whether a competitor to the applicant is or has been an insurance sandbox participant and, if so,  
162 weigh that as a factor in favor of allowing the applicant to also become an insurance sandbox  
163 participant.

164 (10) If the department and each applicable agency approve admitting an applicant into  
165 the insurance regulatory sandbox an applicant may become an insurance sandbox participant.

166 (11) The department may deny any application submitted under this section, for any  
167 reason, at the department's discretion.

168 (12) If the department denies an application submitted under this section, the  
169 department shall provide to the applicant a written description of the reasons for the denial as  
170 an insurance sandbox participant.

170a ~~§→ [H→ (13) Nothing in this chapter prohibits a person or entity from introducing or testing an~~  
170b ~~innovative insurance product or service without applying for participation in the insurance~~  
170c ~~sandbox, if the person or entity is currently licensed and authorized under other provisions of~~  
170d ~~state law to introduce or test the innovative insurance product or service. ←H] ←§~~

171 Section 4. Section 31A-47-104 is enacted to read:

172 **31A-47-104. Scope of the insurance regulatory sandbox.**

173 (1) If the department approves an application under Section 31A-47-103, the insurance  
174 sandbox participant has 12 months after the day on which the application was approved to test  
175 the innovative insurance product or service described in the insurance sandbox participant's  
176 application.

177 (2) An insurance sandbox participant testing an innovative insurance product or service  
178 within the insurance regulatory sandbox is subject to the following:

179 (a) consumers shall be residents of the state;

211 for any reason; or

212 (b) ending an insurance sandbox participant's participation in the insurance regulatory  
 213 sandbox at any time and for any reason.

213a **H→ (9) No guaranty association in the state may be held liable for business losses or liabilities**  
 213b **incurred as a result of activities undertaken by a participant in the insurance sandbox. ←H**

214 Section 5. Section **31A-47-105** is enacted to read:

215 **31A-47-105. Consumer protection for insurance regulatory sandbox.**

216 (1) Before providing an innovative insurance product or service to a consumer, an  
 217 insurance sandbox participant shall disclose the following to the consumer:

218 (a) the name and contact information of the insurance sandbox participant;

219 (b) that the innovative insurance product or service is authorized pursuant to the  
 220 insurance regulatory sandbox and, if applicable, that the insurance sandbox participant does not  
 221 have a license or other authorization to provide an insurance product or service under state laws  
 222 that regulate insurance products or services outside the insurance regulatory sandbox;

223 (c) that the innovative insurance product or service is undergoing testing and may not  
 224 function as intended and may expose the customer to financial risk;

225 (d) that the provider of the innovative insurance product or service is not immune from  
 226 civil liability for any losses or damages caused by the innovative insurance product or service;

227 (e) that the state does not endorse or recommend the innovative insurance product or  
 228 service;

229 (f) that the innovative insurance product or service is a temporary test that may be  
 230 discontinued at the end of the testing period;

231 (g) the expected end date of the testing period; and

232 (h) that a consumer may contact the department to file a complaint regarding the  
 233 innovative insurance product or service being tested and provide the department's telephone  
 234 number and website address where a complaint may be filed.

235 (2) The disclosures required by Subsection (1) shall be provided to a consumer in a  
 236 clear and conspicuous form and, for an Internet or application-based innovative insurance  
 237 product or service, a consumer shall acknowledge receipt of the disclosure before a transaction  
 238 may be completed.

239 (3) The department may require that an insurance sandbox participant make additional  
 240 disclosures to a consumer.

241 Section 6. Section **31A-47-106** is enacted to read: