



Sen. Antonio Muñoz

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1 AMENDMENT TO SENATE BILL 1723

2 AMENDMENT NO. _____. Amend Senate Bill 1723 by replacing
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the
5 Insurance Industry Innovation Act.

6 Section 5. Definitions. In this Act:

7 "Covered person" includes an individual, company,
8 association, organization, partnership, business trust,
9 corporation, and every form of legal entity that offers or
10 intends to offer an insurance innovation by submitting a
11 petition to the Department of Insurance.

12 "Department" means the Department of Insurance.

13 "Deputy Director" means the Deputy Director of the
14 Innovation Division of the Department of Insurance.

15 "Director" means the Director of Insurance.

16 "Enforceable compliance agreement" means a contractual

1 agreement described in subsection (a) of Section 25.

2 "Insurance innovation" means an innovative service or
3 product that is or may be subject to regulation by the
4 Department of Insurance.

5 "Innovation Division" means the Innovation Division in the
6 Department of Insurance.

7 Section 10. Innovation Division.

8 (a) Subject to appropriation, the Department shall
9 establish an Innovation Division to promote insurance product
10 innovations and to assist a covered person whose petition has
11 been approved under Section 20.

12 (b) The Director shall appoint an individual to serve as
13 the Deputy Director of the Innovation Division.

14 (c) The duties of the Deputy Director shall include:

15 (1) supporting the Department in the development of
16 insurance innovations; and

17 (2) establishing procedures to reduce the time and cost
18 of offering an insurance innovation to the public and
19 enable greater access to insurance innovations.

20 (d) With respect to a covered person whose petition has
21 been approved under Section 20, the Insurance Division shall:

22 (1) work with the covered person to address issues of
23 how existing regulatory frameworks apply to the insurance
24 innovation that is the subject of the petition; and

25 (2) assist the covered person in complying with the

1 requirements of State statutes and rules adopted by the
2 Department that apply to the insurance innovation.

3 Section 15. Petition to the Department.

4 (a) A covered person may submit a petition to the
5 Department, through the Innovation Division, in such form and
6 in such manner as the Innovation Division may require, to
7 request to enter into an enforceable compliance agreement
8 pursuant to Section 25 with the Department with respect to an
9 insurance innovation the covered person offers or intends to
10 offer.

11 (b) A petition submitted under this Section, shall
12 demonstrate that the insurance innovation:

13 (1) would serve the public interest;

14 (2) improves access to insurance products or services;

15 and

16 (3) does not present systemic risk to the State and
17 promotes consumer protection.

18 (c) One or more covered persons that offers or intends to
19 offer similar insurance innovations may jointly submit a
20 petition under this Section.

21 (d) The Department shall maintain the confidentiality of
22 any nonpublicly available data or information in any petition
23 submitted under this Section. The Department shall give
24 reasonable consideration to maintaining the confidentiality of
25 data or information identified by the covered person in the

1 petition submitting under this Section as nonpublicly
2 available data or information.

3 Section 20. Department determination of petition.

4 (a) No later than 60 days after receipt of a petition under
5 Section 15, the Director shall complete a review of the
6 petition and notify the covered person, in writing, of the
7 Department's determination of the petition.

8 (b) If the covered person submitting the petition meets the
9 requirements of Section 15, the Department shall:

10 (1) approve the petition; and

11 (2) enter into an enforceable compliance agreement
12 with the covered person in accordance with the requirements
13 of Section 25.

14 (c) If the Department rejects a petition, the Director
15 shall provide the covered person with a written notice
16 explaining the reason for rejecting the petition, including:

17 (1) an identification of the rules of the Department or
18 State statutes applicable to the covered person with
19 respect to the insurance innovation; and

20 (2) a description of:

21 (A) any beneficial effects, including an
22 identification of persons likely to benefit, from
23 rejecting the petition;

24 (B) any potential costs, including an
25 identification of persons likely to bear the costs, of

1 rejecting the petition; and

2 (C) the baseline used by the Department to measure
3 the likely economic consequences of rejecting the
4 petition.

5 (d) No later than 90 days after receiving a notice of
6 disapproval, a covered person may revise and resubmit a
7 petition to the agency under Section 15.

8 Section 25. Enforceable compliance agreement.

9 (a) If the Department approves a petition under Section 20,
10 the covered person may enter into an enforceable compliance
11 agreement with the Department, which shall include the terms
12 under which the covered person may develop or offer the
13 approved insurance innovation to the public and any
14 requirements of the covered person and the Department with
15 respect to the insurance innovation.

16 (b) The Department, by rule, may establish requirements
17 relating to enforceable compliance agreements that include,
18 but are not limited to:

19 (1) procedures for modifying the terms of the
20 agreement;

21 (2) consequences for failure to comply with the terms
22 of the agreement;

23 (3) a compliance examination process that solicits
24 feedback from other agencies on the agreement and occurs
25 not less frequently than annually;

- 1 (4) a termination date for the agreement;
- 2 (5) procedures for extending the termination date;
- 3 (6) procedures for judicial review; and
- 4 (7) procedures for maintaining the confidentiality of
- 5 any information disclosed to the Department in making the
- 6 agreement.

7 (c) This Act is controlling to the extent of any conflict

8 of statutory provisions of laws now in force or hereafter

9 enacted.

10 Section 30. Report to the General Assembly. No later than

11 one year after the effective date of this Act, and annually

12 thereafter, the Department shall submit to the General Assembly

13 a report on the aggregate impact of enforceable compliance

14 agreements entered into under this Act, which shall include:

- 15 (1) the number and characteristics of the agreements;
- 16 (2) the most innovative and least burdensome tools that
- 17 the Innovation Division has implemented for achieving
- 18 regulatory ends;
- 19 (3) the existing State laws, rules, or practices that
- 20 the Department identifies as the most burdensome to
- 21 innovation in developing or providing insurance products
- 22 and services, that adversely affect competition in the
- 23 insurance industry, or that restrict improvements for
- 24 consumers of insurance products or services; and
- 25 (4) an identification of the overlap or fragmentation

1 of regulation of insurance products or services and
2 recommendations for reducing, consolidating, or
3 eliminating such overlap or fragmentation.

4 Section 35. Funding. The Department, by rule, may establish
5 the cost of each application for petition.

6 Section 99. Effective date. This Act takes effect January
7 1, 2018."