

ENROLLED ACT NO. 52, SENATE

SIXTY-SIXTH LEGISLATURE OF THE STATE OF WYOMING
2022 BUDGET SESSION

AN ACT relating to insurance; creating the insurance sandbox for the testing of products and services in Wyoming; authorizing limited waivers of specified statutes and rules; establishing standards and procedures for sandbox applications, operations and supervision; authorizing reciprocity agreements with other regulators; creating an account; imposing fees; requiring a consumer protection bond; specifying standards for the suspension and revocation of sandbox authorization; authorizing rules and orders; creating an account; providing an appropriation; and providing for effective dates.

Be It Enacted by the Legislature of the State of Wyoming:

Section 1. W.S. 26-55-101 through 26-55-109 are created to read:

CHAPTER 55
INSURANCE SANDBOX ACT

26-55-101. Short title.

This chapter may be cited as the "Insurance Sandbox Act."

26-55-102. Definitions:

(a) As used in this chapter:

(i) "Consumer" means a person, whether a natural person or a legal entity, in Wyoming who purchases or enters into an agreement to receive an innovative insurance product or service made available through the insurance sandbox act;

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(ii) "Innovative" means the use or incorporation of a new idea or emerging technology, or a new use of existing technology, to address a problem, provide a benefit or otherwise offer a product, service, business model or delivery mechanism;

(iii) "Insurance product or service" means a product or service related to insurance that is subject to the statutory or rule requirements identified in W.S. 26-55-103(a) and is under the jurisdiction of the commissioner;

(iv) "Insurance sandbox" means the program created by this chapter that allows a person to make an innovative insurance product or service available to consumers during a sandbox period through a waiver of existing statutory and rule requirements, or portions thereof, by the commissioner;

(v) "Sandbox period" means the period of time, initially not longer than twenty-four (24) months, in which the commissioner has authorized an innovative insurance product or service to be made available to consumers, which shall also encompass any extension granted under W.S. 26-55-108.

26-55-103. Insurance sandbox waiver; applicability of criminal and consumer protection statutes; referral to investigatory agencies; civil liability.

(a) Notwithstanding any other provision of law, a person who makes an innovative insurance product or service available to consumers pursuant to this chapter may be granted a waiver of specified requirements imposed by statute or rule, or portions thereof, if these statutes or

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rules do not currently permit the product or service to be made available to consumers. A waiver under this subsection shall exempt no more statutory or regulatory provisions than necessary to accomplish the purposes and standards set forth in this act, as determined by the commissioner. Except as provided in subsection (e) of this section, the following statutes, and the rules adopted under them, or portions of these statutes and rules, may be waived by the commissioner for the sandbox period, upon receipt and approval of an application made pursuant to W.S. 26-55-104:

- (i) W.S. 26-3-101 through 26-3-503;
- (ii) W.S. 26-4-101 through 26-4-105;
- (iii) W.S. 26-5-101 through 26-5-119;
- (iv) W.S. 26-6-101 through 26-6-403;
- (v) W.S. 26-7-101 through 26-7-116;
- (vi) W.S. 26-8-101 through 26-8-204;
- (vii) W.S. 26-9-201 through 2-9-235;
- (viii) W.S. 26-11-101 through 26-11-124;
- (ix) W.S. 26-12-101 through 26-12-303;
- (x) W.S. 26-13-101 through 26-13-305;
- (xi) W.S. 26-14-101 through 26-14-118;
- (xii) W.S. 26-15-101 through 26-15-201;

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- (xiii) W.S. 26-16-101 through 26-16-505;
- (xiv) W.S. 26-17-101 through 26-17-130;
- (xv) W.S. 26-18-101 through 26-18-307;
- (xvi) W.S. 26-19-101 through 26-19-312;
- (xvii) W.S. 26-20-101 through 26-20-701;
- (xviii) W.S. 26-21-101 through 26-21-114;
- (xix) W.S. 26-22-101 through 26-22-505;
- (xx) W.S. 26-23-101 through 26-23-406;
- (xxi) W.S. 26-24-101 through 26-24-151;
- (xxii) W.S. 26-25-101 and 26-25-109;
- (xxiii) W.S. 26-27-101 through 26-27-129;
- (xxiv) W.S. 26-28-101 through 26-28-131;
- (xxv) W.S. 26-29-201 through 26-29-239;
- (xxvi) W.S. 26-31-101 through 26-31-117;
- (xxvii) W.S. 26-32-101 through 26-32-201;
- (xxviii) W.S. 26-33-101 through 26-33-111;
- (xxix) W.S. 26-34-101 through 26-34-135;
- (xxx) W.S. 26-35-101 through 26-35-204;

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- (xxxix) W.S. 26-36-101 through 26-36-116;
- (xxxix) W.S. 26-37-101 through 26-37-128;
- (xxxix) W.S. 26-38-101 through 26-38-209;
- (xxxix) W.S. 26-39-101 through 26-39-104;
- (xxxix) W.S. 26-40-101 through 26-40-201;
- (xxxix) W.S. 26-41-101 through 26-41-103;
- (xxxix) W.S. 26-42-101 through 26-42-118;
- (xxxix) W.S. 26-43-101 through 26-43-114;
- (xxxix) W.S. 26-44-101 through 26-44-119;
- (xl) W.S. 26-45-101 through 26-45-108;
- (xli) W.S. 26-46-101 through 26-46-107;
- (xlii) W.S. 26-47-101 through 26-47-113;
- (xliii) W.S. 26-48-101 through 26-48-212;
- (xliv) W.S. 26-49-101 through 26-49-111;
- (xlv) W.S. 26-51-101 through 26-51-110;
- (xlvi) W.S. 26-52-101 through 26-52-104;
- (xlvii) W.S. 26-53-101 through 26-53-103;

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(xlviii) W.S. 26-54-101 through 26-54-108.

(b) A person who makes an innovative insurance product or service available to consumers pursuant to this chapter is:

(i) Not immune from civil damages for acts and omissions relating to this chapter; and

(ii) Subject to all criminal and consumer protection laws.

(c) If necessary, the commissioner may refer suspected violations of law relating to conduct undertaken pursuant to this chapter to appropriate state or federal agencies for investigation, prosecution, civil penalties and other appropriate enforcement actions.

(d) If service of process on a person making an innovative insurance product or service available to consumers in the insurance sandbox is not feasible, service on the secretary of state shall be deemed service on the person.

(e) No waiver or element of a waiver shall be granted under this chapter if the waiver or element would jeopardize the state's NAIC accreditation or would violate any requirements associated with NAIC accreditation.

26-55-104. Insurance sandbox application; standards for approval; consumer protection bond.

(a) A person shall apply to the commissioner to make an innovative insurance product or service available to consumers in the insurance sandbox. The person shall

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specify in an application the statutory or regulatory requirements for which a waiver is sought and the reasons why these requirements prohibit the innovative insurance product or service from being made available to consumers. No application under this section shall request to waive every statute specified in W.S. 26-55-103(a). The application shall also contain all information required by the commissioner to evaluate the application pursuant to subsection (f) of this section. The commissioner shall prescribe by rule a method of application.

(b) A person may apply under this section without a current valid license in the product or service area for which the person is applying, but the application submitted pursuant to subsection (f) of this section shall not be considered complete until the person has obtained a valid license.

(c) A business entity making an application under this section shall be a licensed domestic corporation or other licensed organized domestic entity with a physical presence, in addition to that of a registered office or agent, in Wyoming.

(d) Before a person applies on behalf of a business entity intending to make an innovative insurance product or service available through the insurance sandbox, the person shall obtain the consent of the business entity.

(e) An application made under this section shall be accompanied by a fee of ten thousand dollars (\$10,000.00). The fee shall be deposited into the insurance sandbox account as provided in W.S. 26-55-105. Nothing in this chapter shall be construed as conferring a right or privilege on any person or entity:

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(i) To offer an innovative insurance product or service under this act;

(ii) For the waiver of any statute or rule specified in this act.

(f) The commissioner shall approve or deny an insurance sandbox application in writing within ninety (90) days of receiving the complete application. The commissioner and the person who has made an application may jointly agree to extend the time for approval or denial of the application beyond ninety (90) days. The commissioner may impose conditions on any application approval, consistent with this act. In deciding to approve or deny an application under this subsection, the commissioner shall consider each of the following:

(i) The nature of the innovative insurance product or service proposed to be made available to consumers in the sandbox, including all relevant technical details;

(ii) The potential risk to consumers and methods that will be used to protect consumers and resolve complaints during the sandbox period;

(iii) A business plan proposed by the applicant, including a statement of arranged capital;

(iv) Whether the applicant has the necessary personnel, adequate financial and technical expertise and a sufficient plan to test, monitor and assess the innovative insurance product or service;

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(v) Whether any person substantially involved in the development, operation or management of the innovative insurance product or service has been convicted of, or is currently under investigation for, fraud, state or federal insurance violations or any property based offense;

(vi) A copy of the disclosures required under W.S. 26-55-106(c) that will be provided to consumers;

(vii) If an application seeks a waiver of a statute or rule relating to W.S. 26-55-103(a)(i), (iii), (iv), (xxi), (xxiii) through (xxvi), (xxix), (xxxi), (xxxvi), (xxxvii), (xxxix) through (xliii), (xlv) or (xlviii) the commissioner shall coordinate the terms of the waiver with the NAIC prior to approving the waiver to ensure there is no violation of W.S. 26-55-103(e);

(viii) Any other factor that the commissioner determines to be relevant.

(g) If an application is approved under subsection (f) of this section, the commissioner shall specify the statutory or rule requirements, or portions thereof, for which a waiver is granted and the length of the initial sandbox period, consistent with W.S. 26-55-102(a)(v). The commissioner shall also post on the department's website notice of the approval of a sandbox application under this subsection, a summary of the innovative insurance product or service and the contact information of the person making the product or service available through the sandbox.

(h) A person authorized under subsection (f) of this section to participate in the insurance sandbox shall post a consumer protection bond with the commissioner as security for potential losses suffered by consumers. The

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bond amount shall be determined by the commissioner in an amount not less than one hundred thousand dollars (\$100,000.00) and shall be commensurate with the risk profile of the innovative insurance product or service. The commissioner may require that a bond under this subsection be increased or decreased at any time based on risk profile. Unless a bond is enforced under W.S. 26-55-109(b)(ii), the commissioner shall cancel or allow the bond to expire not later than two (2) years after the date of the conclusion of the sandbox period.

(j) Authorization under subsection (f) of this section to participate in the insurance sandbox shall not be construed to create a property right.

26-55-105. Insurance sandbox account.

(a) There is created the insurance sandbox account. Funds within the account shall only be expended by legislative appropriation. All funds within the account shall be invested by the state treasurer and all investment earnings from the account shall be credited to the general fund.

(b) Subject to legislative appropriation, application fees remitted to the account pursuant to W.S. 26-55-104(e) shall be deposited into the account. These funds, and any additional funds appropriated by the legislature, shall be used only for the purposes of administering this act, including processing of sandbox applications and monitoring, examination and enforcement activities relating to this act.

26-55-106. Operation of insurance sandbox.

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(a) Except as otherwise provided by W.S. 26-55-108, a person authorized under W.S. 26-55-104(f) to participate in the insurance sandbox may make an innovative insurance product or service available to consumers during the sandbox period.

(b) The commissioner may, on a case-by-case basis, specify the maximum number of consumers permitted to receive an innovative insurance product or service, after consultation with the person authorized under W.S. 26-55-104(f) to make the product or service available in the insurance sandbox.

(c) Before a consumer purchases or enters into an agreement to receive an innovative insurance product or service through the insurance sandbox, the person making the product or service available shall provide a written statement of the following to the consumer:

(i) The name and contact information of the person making the product or service available to consumers;

(ii) That the product or service has been authorized to be made available to consumers for a temporary period by the commissioner under the laws of Wyoming;

(iii) That the state of Wyoming does not endorse the product or service and is not subject to liability for losses or damages caused by the product or service;

(iv) That the product or service is undergoing testing, may not function as intended and may entail financial risk;

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(v) That the person making the product or service available to consumers is not immune from civil liability for any losses or damages caused by the product or service;

(vi) The expected end date of the sandbox period;

(vii) The name and contact information of the commissioner and notification that suspected legal violations, complaints or other comments related to the product or service may be submitted to the commissioner;

(viii) Any other statements or disclosures required by rule of the commissioner that are necessary to further the purposes of this act.

(d) A person authorized to make an innovative insurance product or service available to consumers in the insurance sandbox shall maintain comprehensive records relating to the innovative insurance product or service. The person shall keep these records for not less than five (5) years after the conclusion of the sandbox period. The commissioner may specify further records requirements under this subsection by rule.

(e) The commissioner may examine the records maintained under subsection (d) of this section at any time, with or without notice. All direct and indirect costs of an examination conducted under this subsection shall be paid by the person making the innovative insurance product or service available in the insurance sandbox. Records made available to the commissioner under this subsection shall be confidential and shall not be subject to disclosure

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under the Wyoming Public Records Act but may be released to appropriate state and federal agencies for the purposes of investigation.

(f) Unless granted an extension pursuant to W.S. 26-55-108, not less than thirty (30) days before the conclusion of the sandbox period, a person who makes an innovative insurance product or service available in the insurance sandbox shall provide written notification to consumers regarding the conclusion of the sandbox period and shall not make the product or service available to any new consumers after the conclusion of the sandbox period until legal authority outside of the sandbox exists to make the product or service available to consumers. The person shall wind down operations with existing consumers within sixty (60) days after the conclusion of the sandbox period, except that, after the sixtieth day, the person may:

(i) Collect and receive money owed to the person based on agreements with consumers made before the conclusion of the sandbox period;

(ii) Take necessary legal action; and

(iii) Take other actions authorized by the commissioner or by rule that are not inconsistent with this subsection.

(g) The commissioner may enter into agreements with state, federal or foreign regulatory agencies to allow persons who make an innovative insurance product or service available in Wyoming through the insurance sandbox to make their products or services available in other jurisdictions and to allow persons operating in similar insurance sandboxes in other jurisdictions to make innovative

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insurance products and services available in Wyoming under the standards of this chapter.

26-55-107. Revocation or suspension of insurance sandbox authorization.

(a) The commissioner may, by order, revoke or suspend authorization granted to a person under W.S. 26-55-104(f) if:

(i) The person has violated or refused to comply with this chapter or any lawful rule, order or decision adopted by the commissioner;

(ii) A fact or condition exists that, if it had existed or become known at the time of the insurance sandbox application, would have warranted denial of the application or the imposition of material conditions;

(iii) A material error, false statement, misrepresentation or material omission was made in the insurance sandbox application;

(iv) Continued authorized waiver of a statute or rule would jeopardize the state of Wyoming's NAIC accreditation; or

(v) After consultation with the person, continued testing of the innovative insurance product or service would:

(A) Be likely to harm consumers; or

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(B) No longer serve the purposes of this chapter because of the financial or operational failure of the product or service.

(b) Written notification of a revocation or suspension order made under subsection (a) of this section shall be served using any means authorized by law, and if the notice relates to a suspension, include any conditions or remedial action that shall be completed before the suspension will be lifted by the commissioner.

26-55-108. Extension of sandbox period.

(a) A person granted authorization under W.S. 26-55-104(f) may apply for an extension of the initial sandbox period for not more than twelve (12) additional months. An application for an extension shall be made not later than sixty (60) days before the conclusion of the initial sandbox period specified by the commissioner. The commissioner shall approve or deny the application for extension in writing not later than thirty-five (35) days before the conclusion of the initial sandbox period. An application for extension by a person shall cite one (1) of the following reasons as the basis for the application and provide all relevant supporting information that:

(i) Statutory or rule amendments are necessary to conduct business in Wyoming on a permanent basis; or

(ii) An application for other authorization required to conduct business in Wyoming on a permanent basis has been filed with the appropriate office and approval is currently pending.

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26-55-109. Rules and orders; enforcement of bond; restitution; applicability of Wyoming Administrative Procedure Act.

(a) The commissioner shall adopt rules to implement this act. The rules adopted by the commissioner under this subsection shall be as consistent as reasonably possible, but shall account for differences in the statutes and programs administered by the commissioner.

(b) The commissioner may issue:

(i) All necessary orders to enforce this act, including ordering the payment of restitution, and enforcing these orders in any court of competent jurisdiction;

(ii) An order under paragraph (i) of this subsection to enforce the bond posted under W.S. 26-55-104(h), or a portion of the bond, and use proceeds from the bond to offset losses suffered by consumers as a result of an innovative insurance product or service.

(c) All actions of the commissioner under this chapter shall be subject to the Wyoming Administrative Procedure Act.

Section 2. There is appropriated up to five hundred thousand dollars (\$500,000.00) from the special revenue funds generated pursuant to W.S. 26-55-104 to the department of insurance for purposes of administering applications, reviews and enforcement of the insurance sandbox created by this act. Appropriations made under this section are for the period from the effective date of this act and ending June 30, 2024. Notwithstanding any

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other provision of law, these funds shall not be transferred or expended for any other purpose.

Section 3. Consistent with W.S. 26-55-109(a), the insurance commissioner shall adopt rules to implement this act on or before January 1, 2023, provided these rules shall not take effect until January 1, 2023.

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Section 4.

(a) Except as otherwise provided by subsection (b) of this section, this act is effective January 1, 2023.

(b) Sections 3 and 4 of this act are effective immediately upon completion of all acts necessary for a bill to become law as provided by Article 4, Section 8 of the Wyoming Constitution.

(END)

Speaker of the House

President of the Senate

Governor

TIME APPROVED: _____

DATE APPROVED: _____

I hereby certify that this act originated in the Senate.

Chief Clerk