



February 25, 2022

Rep. Bart Rowland  
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Annex Room 416D  
Frankfort, KY 40601

Rep. Wendi Thomas  
153A East Wing  
PO Box 202178  
Harrisburg, PA 17120-2178

*Sent via email*

AITC Support for NCOIL Insurance Regulatory Sandbox Model Act

Rep. Rowland and Rep. Thomas:

Thank you for the opportunity to provide public comments on the Insurance Regulatory Sandbox Model Act. This comment letter is submitted on behalf of the American InsurTech Council (“AITC”). AITC is the independent voice for insurtechs, traditional insurance companies and agencies, and other stakeholders sharing common goals and objectives before state insurance regulators and the National Association of Insurance Commissioners, federal and state legislators, other policymakers, the media and the general public. Our team has experience in life, health, and property and casualty insurance as well as experience as regulators, legislators, strategic advisors, and c-suite executives.

It is almost impossible to overstate the impact of insurtech on the insurance industry. Each year the insurance industry has made billions of dollars of investments in insurtech companies. It is estimated that there were at least \$5 billion dollars in insurtech investment in 2019, and despite the pandemic, insurtech investment in 2020 was estimated to be over \$15 billion. Investment in 2021 is also estimated to be over \$15 billion. These numbers obscure the even larger impact of insurtech on consumers.

Insurtech is already changing the way consumers interact with their insurance companies. Insurtech is making policies easier to buy and easier to understand. It has expanded consumer choices by moving toward customized insurance. It has changed the way insurance is priced, and as a result expanded access. It is making the claims process easier and faster and more cost efficient. In short, insurtech is in the process of changing insurance in the same way fintech has changed the way we bank.

NCOIL’s Insurance Regulatory Sandbox Model Act provides states with an important opportunity. Insurance companies are consistently looking for states to develop new products, expand product offerings, and find new ways to meet consumer needs. The bill would expand consumer choice, creating access to new products and increasingly competitive insurance markets. It could also mean new investment in states translating to new technology jobs.

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While insurtech promises enormous opportunities, ensuring meaningful consumer protections is essential. This NCOIL model strikes an appropriate balance between consumer protection, regulatory flexibility, and insurer accountability. Wisconsin, where I served as the Deputy Commissioner of Insurance, had a similar law in place. As a result, a number of new products are now available to Wisconsinites and several have launched nationally.

The process worked very simply. First, we needed to understand which – if any – insurance laws or regulations needed to be waived. After those had been identified our legal and market regulation teams would discuss the parameters of their request. This would a review of their proposed forms, and a timeline for the company to report to the Department the success or failure of the new product. We also negotiated terms necessary to ensure protection of consumers.

While our law required a public disclosure of the waiver, many of terms of the agreement were kept confidential. Confidentiality was very important for two reasons. First and most obvious, insurers want to protect their trade secret information. Without confidentiality, insurers lose any advantage in developing new products and their competitors can steal their unprotected products. But it is not the only reason to keep some information on the experiment confidential. In a number of cases, we negotiated consumer protections that – if made public – would have made it impossible for the insurer to evaluate success or failure. For example, in one case we negotiated a return of premium since the product would not be in place for a full policy term. Without an agreement of confidentiality, insurers would have been loathe to offer certain consumer protections.

AITC supports the confidentiality standards and requirements set forth in the proposed NCOIL model. We believe the standards strike the right balance between the needs of the industry to protect proprietary information and the public's right to information.

In closing, AITC strongly supports the forward thinking developed by Rep. Bart Rowland (KY) and Rep. Wendi Thomas (PA). We appreciate their effort to protect consumers while expanding choice and competition in the market. Mr. Chairman thank you for your efforts on this important legislation, NCOIL for its hard work in putting together a well-balanced bill. The Model provides the industry a path towards innovation but still keeps the protection of consumers front and center.

We look forward to continue working with Insurance Department and the legislature on this and other insurtech issues. If you have any questions, please feel free to contact me directly at 920-784-4486 or [jpwieske@americaninsurtech.com](mailto:jpwieske@americaninsurtech.com).

Sincerely

A handwritten signature in blue ink, appearing to read 'JP Wieske', with a long horizontal flourish extending to the right.

JP Wieske  
Co-founder

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Cc: Rep. Bart Rowland (KY), Rep. Wendi Thomas (PA)