

Kentucky Adopts First Legislation Creating an InsurTech Innovation “Sandbox.”

April 4, 2019

[Kentucky House Bill 386](#) is the first comprehensive framework for an insurance regulatory “sandbox” in the nation. It allows companies, even those without an insurance license, to market their inventions in a tailored regulatory environment.

The legislation strikes a balance between innovation and balanced public-sector oversight by creating a temporary regulatory safe harbor.

Key requirements for admission to the “sandbox” include:

- An application to the Kentucky Department of Insurance for admission to the sandbox by submitting a detailed application to the department that (among other things) explains the innovation and the regulatory impediments to testing that innovation.
- Proposed terms and conditions to govern the applicant’s “beta test.”
- Proof of at least \$25,000 in assets is required along with detailed financial disclosures and the posting of a surety bond.

The statute provides a two-step sandbox for an initial “beta test” and, upon further review, an extended period of regulatory protection.

The statute states that if the innovation involves the use of software, hardware or other technology developed for the purpose of implementing or operating it, a technical white paper setting forth a description of the operation and general content of technology is to be utilized. Needless to say, care will have to be taken to protect proprietary technology from disclosure

akingump.com

Contact Information

If you have any questions concerning this alert, please contact:

Shawn Hanson

Partner
shanson@akingump.com
San Francisco
+1 415.765.9528

Courtney York

Partner
cyork@akingump.com
Dallas
+1 214.969.2855

Nicholas Gregory

Counsel
ngregory@akingump.com
San Francisco
+1 415.765.9562