

Insurtech Alert

April 20, 2018

Insurtech Companies Not Invited to Play in Arizona's Fintech Sandbox

Last month Arizona became the **first** U.S. state to enact a law ([H.B. 2434](#)) establishing a fintech regulatory sandbox program to facilitate the growth of innovative financial products and services. The Arizona law charges the Attorney General to "establish a regulatory sandbox program" which would, in general, require a person to file an application and register to be in the sandbox, but would relieve the person from the state's licensing requirements. In this way, innovators in financial services will have the opportunity to offer their products with a minimum of regulation, subject to meeting the other requirements of the law.

Based on the language of H.B. 2434, the new law's purpose is to "establish" a sandbox "to test innovative financial products. "Financial Products" are defined as a "product...that requires licensure under Title 6" of the Arizona Statutes (banks or financial institutions) or Title 44, Chapter 2.1 (motor vehicle sales) or Chapter 13 (investment managers).

In Arizona, Title 20 regulates insurance and that title is not mentioned in the statute's definition of Financial Products. Therefore, for now at least, insurance companies will not be permitted to play in the sandbox with their fintech colleagues.

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