



Testimony

House Bill 2017 Innovation Waivers

Testimony Before the Texas House Insurance Committee

By Rod Bordelon, Distinguished Senior Fellow for Regulatory Affairs

Chairman Oliverson and Members of the Committee:

My name is Rod Bordelon, and I am appearing on behalf of the Texas Public Policy Foundation (TPPF) testifying in support of House Bill 2017 relating to innovation waivers for insurance laws and regulations.

Regulations can often be burdensome and confusing for new and innovative products or services. Costly legal and compliance expenses often thwart innovations before they begin, especially among smaller businesses. Additionally, some regulations may be outdated and in need of repeal or revision. Innovations in technology are evolving at an ever-increasing speed, and government regulations cannot hope to keep up. The state of Texas now has over 263,000 regulatory restrictions in the Texas Administrative Code, according to the Mercatus Center at George Mason University. In addition, the Texas Comptroller lists over 800 unique licenses required in Texas, including 53 in the Insurance Code alone. Without a waiver program, many businesses with innovative products or services are unable to begin operations and must often wait years for statutory or regulatory restrictions to be amended or repealed.

HB 2017 would provide relief by creating a waiver program for innovative insurance products and services in Texas. Based on a Model Act from the National Conference of Insurance Legislators (NCOIL), the innovation waiver program (also known as Sandbox Waivers) would provide a temporary waiver of certain regulations and allow entrepreneurs and innovators an opportunity to test new products or services and begin operations in a temporary oversight setting. Regulators would monitor and oversee the operations to ensure consumers are protected from harm and the business complies with its stated plans. The Legislature would then be able to review the operations and determine if the statutory restrictions should be amended or repealed.

Eleven states have implemented these waiver programs with several other states currently considering them. The first such program in the United States was implemented in 2018 in Arizona in financial technology, but others include insurance, legal services and broad based or universal services. Arizona and Utah now have universal programs. These waivers would benefit innovative businesses and their customers and help keep Texas the leader in economic development.

Thank you, and we would be happy to work with your committee on this important topic.

Rod Bordelon is a distinguished senior fellow for regulatory affairs at the Texas Public Policy Foundation. He is an attorney and former state regulator with over 30 years of experience in regulatory and legislative affairs. He is an 11-term gubernatorial appointee, former commissioner of Workers' Compensation, and former public insurance counsel.

