

ILLINOIS DEPARTMENT OF INSURANCE

DIVISION OF INNOVATION & MARKET ANALYSIS

We are an independent Division established in April of 2018; we were the first independent Innovation Division established within a state insurance department

Mission Statement:

To provide analytical data and innovative insurance/regulatory solutions to all stakeholders.

Vision Statement:

To play a dedicated role in fostering the most creative and flexible insurance environment supported by a concentration on data analysis.

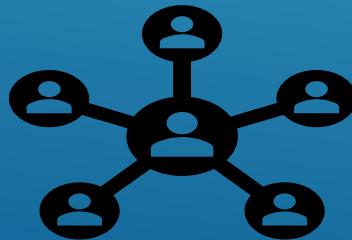


- C.J. Metcalf, MCM – Deputy Director
- Susan Lamb, ASA, MAAA, FLMI, MBA – Associate Actuary
- Daniel Maibenco – Methods & Procedures Intern

INNOVATION & MARKET ANALYSIS - WHO WE ARE

INNOVATION - WHAT WE DO

- ▶ We serve as the liaison between DOI and external stakeholders in the development of new, innovative products. Some examples of product proposals that we've seen:
 - Insurance to guard against underemployment for new college graduates
 - Cryptocurrency insurance
 - Insurance designed for insurtech startups
 - On-demand insurance that can be turned on and off via an app (auto, drone, flight)
- ▶ We pull together the appropriate DOI team to access the innovative proposal. This could include staff from Corporate, Compliance, Financial, Producer, etc. depending on the particular product.



INNOVATION - WHAT WE DO (cont'd)

- ▶ We research and follow emerging innovation issues such as:
 - Cannabis insurance
 - Use of artificial intelligence
 - Use of data analytics/data mining
 - Blockchain
 - Drone Coverage
 - Accelerated Underwriting

- ▶ We are involved in various industry seminars/educational events and we look for opportunities to educate DOI staff
 - Insurtech Connect
 - InsurTech on the Silicon Prairie
 - Illinois State University – Katie School of Insurance events
 - AAIS open IDL Design Thinking Session

Advantages:

- With a dedicated Innovation staff we are accessible and able to respond in a timely fashion to questions and requests from innovators
 - We've talked to more than fifty different entities regarding innovative products
 - We've worked with new entities interested in forming insurance companies (both domesticating in IL or becoming licensed in IL)
 - We've worked with existing insurance companies who want to issue innovative products in IL
 - We've worked with agencies and tech companies that want to partner with insurance companies
- We've attended numerous innovation events either as panelists, speakers, or for our own education, giving innovators an opportunity to approach us in person
- We're open to bringing together various stakeholders for discussions on emerging insurance issues (for example, cannabis insurance)



CONSIDER WORKING WITH IL INNOVATION DIVISION

- ▶ Idea is to allow companies to test innovative products that don't fit into the existing regulatory framework in a live environment monitored by regulators
 - ▶ Considerations for regulators
 - Can any laws or regulations that impede the innovative product be waived?
 - Can the state insurance department keep the product confidential? Are there enough state insurance department resources with appropriate experience to support the sandbox?
 - Are consumers clearly informed regarding the length of the testing period, what happens at the end of the testing period, and how any complaints or unintended consequences will be resolved?
- ▶ AZ, KY, UT, VT, and WY have passed regulatory sandbox legislation
- ▶ IL does not have a regulatory sandbox
 - ▶ Legislation has been proposed twice and failed both times. We've found that helping companies find ways to issue products that are compliant with our existing laws and regulations has worked well.

REGULATORY SANDBOX

