

### **304.3-700 Definitions for KRS 304.3-700 to 304.3-735.**

As used in KRS 304.3-700 to 304.3-735, unless context requires otherwise:

- (1) "Applicant" means a person that has filed an application under KRS 304.3-705;
- (2) "Beta test" means the phase of testing of an insurance innovation in the regulatory sandbox through the use, sale, license, or availability of the insurance innovation by or to clients or consumers under the supervision of the department;
- (3) "Client" means a person, other than a consumer, utilizing a participant's insurance innovation during a beta test to carry on some activity regulated by the department;
- (4) "Director" means the director of insurance innovation;
- (5) "Extended no-action letter" or "extended letter" means a public notice setting forth the conditions for an extended safe harbor beyond the beta test under which the department will not take any administrative or regulatory action against any person using the insurance innovation described in the extended no-action letter;
- (6) "Innovation's utility" means an evaluation by the commissioner of the insurance innovation's ability to adequately satisfy factors set forth in KRS 304.3-705(1)(b)1.;
- (7) "Insurance innovation" or "innovation" means any product, process, method, or procedure relating to the sale, solicitation, negotiation, fulfillment, administration, or use of any product or service regulated by the department:
  - (a) That has not been used, sold, licensed, or otherwise made available in this Commonwealth before the effective filing date of the application, whether or not the product or service is marketed or sold directly to consumers; and
  - (b) That has regulatory and statutory barriers that prevent its use, sale, license, or availability within this Commonwealth;
- (8) "Limited no-action letter" or "limited letter" means a letter setting forth the conditions of a beta test and establishing a safe harbor under which the department will not take any administrative or regulatory action against a participant or client of the participant concerning the compliance of the insurance innovation with Kentucky law so long as the participant or client abides by the terms and conditions established in the limited no-action letter;
- (9) "Participant" means an applicant that has been issued a limited no-action letter under KRS 304.3-715; and
- (10) "Regulatory sandbox" or "sandbox" means the process established under KRS 304.3-700 to 304.3-735 by which a person may apply to beta test and obtain a limited no-action letter for an innovation, potentially resulting in the issuance of an extended no-action letter.

**Effective:** June 27, 2019

**History:** Created 2019 Ky. Acts ch. 147, sec. 1, effective June 27, 2019.