The District of Columbia Financial Services Innovation and Regulatory Sandbox Creation Act of 2021 (Bill 24-0227) was introduced to the Council of the District of Columbia on April 26, 2021.

A public Hearing was held on March 14, 2022. The legislation is pending in the Committee on Business and Economic Development. Anticipate enactment in the fall of 2022.

Legislation authorizes a two-year testing period for innovative financial products and services. Includes insurance and securities products, investment advisors and broker dealers, banks, non-bank lenders, money transmitters, and ATM operators.

DC will encourage the development of innovative products and services that (1) satisfy customers’ demand and improve customers’ experience; (2) serves unserved or underserved segments of the financial services markets; (3) advances DC values such as equity and inclusion; and (4) accomplishes the first three objectives while ensuring consumer protection.

The Department is standing up a technology advisory group comprised of industry, consumer and government representatives. We intend to establish an Office of Innovation in the coming fiscal year. Lastly, we are reviewing our laws and regulations to ensure we are keeping pace with current developments.
Examples of Innovative Insurance Products and Services:

Simplified small face life insurance policies, micro insurance products, on demand and parametric insurance products.

Use of telematics and AI that do not use socioeconomic factors such as credit scores, educational attainment and occupation to predict risk in private passenger auto and homeowners’ insurance.

Wearables and other biosensor technology that monitor key health indicators, and encourages wellness behaviors.

AI and sensor technology to speed claims settlements and detect fraudulent activity.

Embedded insurance products, chatbot technology and mobile applications.

Blockchain and smart contracts for contract execution, financial reporting, compliance and audits.

Alternative marketing and distribution channels such as social media platforms, auto manufacturers, smart home service providers, healthcare providers, etc.

Peer-to-Peer Insurance and other forms of Decentralized Insurance.