

HOUSE BILL REPORT

HB 2211

As Reported by House Committee On:
Consumer Protection & Business

Title: An act relating to life insurance products or services that are intended to incent behavioral changes that improve the health and reduce the risk of death of the insured.

Brief Description: Concerning life insurance products or services that are intended to incent behavioral changes that improve the health and reduce the risk of death of the insured.

Sponsors: Representatives Kirby and Vick.

Brief History:

Committee Activity:

Consumer Protection & Business: 1/14/20, 1/15/20 [DP].

Brief Summary of Bill

- Exempts life insurers offering products or services that are intended to incentivize behavioral changes from insurance rebating and inducement statutes.

HOUSE COMMITTEE ON CONSUMER PROTECTION & BUSINESS

Majority Report: Do pass. Signed by 13 members: Representatives Kirby, Chair; Vick, Ranking Minority Member; Hoff, Assistant Ranking Minority Member; Barkis, Blake, Duerr, Dufault, Johnson, J., Ryu, Santos, Volz, Walen and Ybarra.

Staff: Serena Dolly (786-7150).

Background:

Rebating.

No insurer or insurance producer may, as an inducement for the sale of insurance, offer or pay to the insured or the insured's employee, any rebate, reduction of premium, commission, or any other valuable consideration not expressly provided for in the policy. The prohibition does not apply to advertising or promotional programs conducted by insurers, producers, or agents giving prizes, goods, wares, or merchandise, not exceeding \$100 in value per person

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in any 12-month period, to all insureds or prospective insureds under similar qualifying circumstances.

Illegal Inducements.

No insurer, insurance producer, title insurance agent, or other person, as an inducement for the sale of insurance, may provide in any policy for, offer, sell, buy, offer or promise to buy or give, promise, or allow to or on behalf of, the insured or prospective insured: (1) any shares of stock or other securities; (2) certain contracts or other agreements; or (3) any prizes, goods, wares, or merchandise exceeding \$100 in value.

Individual Life Insurance Noninsurance Benefits.

Permissible noninsurance benefits, as part of an individual life insurance policy, may include:

- will preparation services;
- financial and estate planning;
- probate and estate settlement services; and
- other services the Insurance Commissioner may identify by rule.

Summary of Bill:

Products or services related to life insurance policies intended to incent behavioral changes are exempt from inducement and rebating statutes. Life insurers are permitted to offer these products or services as noninsurance benefits as part of an individual life insurance policy with prior approval of the Insurance Commissioner.

Appropriation: None.

Fiscal Note: Requested on January 15, 2020.

Effective Date: The bill takes effect on July 1, 2020.

Staff Summary of Public Testimony:

(In support) Life insurance companies have programs that encourage people to live longer, healthier lives. These programs are allowed in many other states and are similar to wellness programs offered by health insurance companies. The programs are designed to incent people to engage in certain activities, such as exercising or seeing a doctor. Program participants are eligible for premium discounts, gift cards, workout clothes, exercise trackers, and other rewards. The interests of the life insurance companies and the insured are completely aligned in the offering of these programs. Insurance companies are not in the business to give away freebies. The individual must undertake specific activities.

(Opposed) None.

(Other) The Office of the Insurance Commissioner would like to be able to establish some reasonable guidelines on these programs through rulemaking.

Persons Testifying: (In support) Representative Kirby, prime sponsor; Ken Ross and Ann Delaney, John Hancock; and Mel Sorensen, John Hancock, American Council of Life Insurers, and National Association of Insurance and Financial Advisors.

(Other) Lonnie Johns-Brown, Office of the Insurance Commissioner.

Persons Signed In To Testify But Not Testifying: None.