

HOUSE BILL REPORT

SSB 6052

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: Senate Committee on Financial Institutions, Economic Development & Trade (originally sponsored by Senators Mullet, Wilson, L. and Kuderer).

Brief History:

Committee Activity:

Consumer Protection & Business: 2/20/20 [DP].

Brief Summary of Substitute 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 12 members: Representatives Kirby, Chair; Vick, Ranking Minority Member; Hoff, Assistant Ranking Minority Member; Barkis, Blake, Duerr, Dufault, Johnson, J., Ryu, Santos, 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

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agents giving prizes, goods, wares, or merchandise, not exceeding \$100 in value per person 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 Benefits Noninsurance.

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. The Insurance Commissioner may adopt rules concerning minimum product or service standards to protect policyholder privacy rights, establish standards for ensuring that incentives result in improving risk, and implement consumer protections.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The only difference between this bill and its House companion is the granting of rulemaking authority for the Office of the Insurance Commissioner. This was a consensus amendment in the Senate.

(Opposed) None.

Persons Testifying: Mel Sorensen, John Hancock, American Council of Life Insurers, and National Association of Insurance & Financial Advisers; and Lonnie Johns-Brown, Office of the Insurance Commissioner.

Persons Signed In To Testify But Not Testifying: None.