SENATE BILL REPORT
SB 6052

As of January 13, 2020

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: Senators Mullet and Wilson, L.

Brief History:
Committee Activity: Financial Institutions, Economic Development & Trade: 1/14/20.

Brief Summary of Bill

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

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, ECONOMIC DEVELOPMENT & TRADE

Staff: Clint McCarthy (786-7319)

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 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.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

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; or
- 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 2, 2020.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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