

CERTIFICATION OF ENROLLMENT

SUBSTITUTE SENATE BILL 6052

Chapter 197, Laws of 2020

66th Legislature
2020 Regular Session

LIFE INSURANCE--BEHAVIORAL CHANGE INCENTIVES

EFFECTIVE DATE: July 1, 2020

Passed by the Senate January 31, 2020
Yeas 45 Nays 0

CYRUS HABIB

President of the Senate

Passed by the House March 3, 2020
Yeas 96 Nays 0

LAURIE JINKINS

**Speaker of the House of
Representatives**

Approved March 27, 2020 2:39 PM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Brad Hendrickson, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 6052** as passed by the Senate and the House of Representatives on the dates hereon set forth.

BRAD HENDRICKSON

Secretary

FILED

March 27, 2020

**Secretary of State
State of Washington**

SUBSTITUTE SENATE BILL 6052

Passed Legislature - 2020 Regular Session

State of Washington 66th Legislature 2020 Regular Session

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

READ FIRST TIME 01/22/20.

1 AN ACT Relating to life insurance products or services that are
2 intended to incent behavioral changes that improve the health and
3 reduce the risk of death of the insured; amending RCW 48.30.140,
4 48.30.150, 48.30.155, and 48.23.525; and providing an effective date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 48.30.140 and 2019 c 253 s 1 are each amended to
7 read as follows:

8 (1) Except to the extent provided for in an applicable filing
9 with the commissioner then in effect, no insurer, insurance producer,
10 or title insurance agent shall, as an inducement to insurance, or
11 after insurance has been effected, directly or indirectly, offer,
12 promise, allow, give, set off, or pay to the insured or to any
13 employee of the insured, any rebate, discount, abatement, or
14 reduction of premium or any part thereof named in any insurance
15 contract, or any commission thereon, or earnings, profits, dividends,
16 or other benefit, or any other valuable consideration or inducement
17 whatsoever which is not expressly provided for in the policy.

18 (2) Subsection (1) of this section shall not apply as to
19 commissions paid to a licensed insurance producer, or title insurance
20 agent for insurance placed on that person's own property or risks.

1 (3) This section shall not apply to the allowance by any marine
2 insurer, or marine insurance producer, to any insured, in connection
3 with marine insurance, of such discount as is sanctioned by custom
4 among marine insurers as being additional to the insurance producer's
5 commission.

6 (4) This section shall not apply to advertising or promotional
7 programs conducted by insurers or insurance producers whereby prizes,
8 goods, wares, gift cards, gift certificates, or merchandise, not
9 exceeding one hundred dollars in value per person in the aggregate in
10 any twelve-month period, are given to all insureds or prospective
11 insureds under similar qualifying circumstances. This subsection does
12 not apply to title insurers or title insurance agents.

13 (5) This section does not apply to an offset or reimbursement of
14 all or part of a fee paid to an insurance producer as provided in RCW
15 48.17.270.

16 (6) (a) Subsection (1) of this section shall not be construed to
17 prohibit a health carrier or disability insurer from including as
18 part of a group or individual health benefit plan or contract
19 containing health benefits, a wellness program which meets the
20 requirements for an exception from the prohibition against
21 discrimination based on a health factor under the health insurance
22 portability and accountability act (P.L. 104-191; 110 Stat. 1936) and
23 regulations adopted pursuant to that act.

24 (b) For purposes of this subsection: (i) "Health carrier" and
25 "health benefit plan" have the same meaning as provided in RCW
26 48.43.005; and (ii) "wellness program" has the same meaning as
27 provided in 45 C.F.R. 146.121(f).

28 (7) Subsection (1) of this section does not apply to a payment by
29 an insurer to offset documented expenses incurred by a group
30 policyholder in changing coverages from one insurer to another.
31 Insurers shall describe any such payment in the group insurance
32 policy or in an applicable filing with the commissioner. If an
33 implementation credit is given to a group, the implementation credit
34 is part of the premium for the purposes of RCW 48.14.020 and
35 48.14.0201. This exception to subsection (1) of this section does not
36 apply to "medicare supplemental insurance" or "medicare supplemental
37 insurance policies" as defined in chapter 48.66 RCW.

38 (8) Subsection (7) of this section does not apply to small groups
39 as defined in RCW 48.43.005.

1 (9) Subsection (1) of this section does not apply to products or
2 services related to any policy of life insurance that are intended to
3 incent behavioral changes that improve the health and reduce the risk
4 of death of the insured.

5 **Sec. 2.** RCW 48.30.150 and 2019 c 253 s 2 are each amended to
6 read as follows:

7 (1) No insurer, insurance producer, title insurance agent, or
8 other person shall, as an inducement to insurance, or in connection
9 with any insurance transaction, provide in any policy for, or offer,
10 or sell, buy, or offer or promise to buy or give, or promise, or
11 allow to, or on behalf of, the insured or prospective insured in any
12 manner whatsoever:

13 (a) Any shares of stock or other securities issued or at any time
14 to be issued on any interest therein or rights thereto; or

15 (b) Any special advisory board contract, or other contract,
16 agreement, or understanding of any kind, offering, providing for, or
17 promising any profits or special returns or special dividends; or

18 (c) Any prizes, goods, wares, gift cards, gift certificates, or
19 merchandise of an aggregate value in excess of one hundred dollars
20 per person in the aggregate in any consecutive twelve-month period.
21 This subsection (1)(c) does not apply to title insurers or title
22 insurance agents.

23 (2) Subsection (1) of this section shall not be deemed to
24 prohibit the sale or purchase of securities as a condition to or in
25 connection with surety insurance insuring the performance of an
26 obligation as part of a plan of financing found by the commissioner
27 to be designed and operated in good faith primarily for the purpose
28 of such financing, nor shall it be deemed to prohibit the sale of
29 redeemable securities of a registered investment company in the same
30 transaction in which life insurance is sold.

31 (3)(a) Subsection (1) of this section shall not be deemed to
32 prohibit a health carrier or disability insurer from including as
33 part of a group or individual health benefit plan or contract
34 providing health benefits, a wellness program which meets the
35 requirements for an exception from the prohibition against
36 discrimination based on a health factor under the health insurance
37 portability and accountability act (P.L. 104-191; 110 Stat. 1936) and
38 regulations adopted pursuant to that act.

1 (b) For purposes of this subsection: (i) "Health carrier" and
2 "health benefit plan" have the same meaning as provided in RCW
3 48.43.005; and (ii) "wellness program" has the same meaning as
4 provided in 45 C.F.R. 146.121(f).

5 (4) Subsection (1) of this section does not prohibit an insurer
6 from issuing any payment to offset documented expenses incurred by a
7 group policyholder in changing coverages from one insurer to another
8 as provided in RCW 48.30.140. If an implementation credit is given to
9 a group, the implementation credit is part of the premium for the
10 purposes of RCW 48.14.020 and 48.14.0201. This exception to
11 subsection (1) of this section does not apply to "medicare
12 supplemental insurance" or "medicare supplemental insurance policies"
13 as defined in chapter 48.66 RCW.

14 (5) Subsection (4) of this section does not apply to small groups
15 as defined in RCW 48.43.005.

16 (6) Subsection (1) of this section does not apply to products or
17 services related to any policy of life insurance that are intended to
18 incent behavioral changes that improve the health and reduce the risk
19 of death of the insured.

20 **Sec. 3.** RCW 48.30.155 and 1957 c 193 s 19 are each amended to
21 read as follows:

22 No life or disability insurer shall directly or indirectly
23 participate in any plan to offer or effect any kind or kinds of
24 insurance in this state as an inducement to the purchase by the
25 public of any goods, securities, commodities, services or
26 subscriptions to publications. This section shall not apply to group
27 or blanket insurance issued pursuant to this code. This section does
28 not apply to products or services related to any policy of life
29 insurance that are intended to incent behavioral changes that improve
30 the health and reduce the risk of death of the insured.

31 **Sec. 4.** RCW 48.23.525 and 2009 c 76 s 1 are each amended to read
32 as follows:

33 (1) A life insurer may include the following noninsurance
34 benefits as part of a policy of individual life insurance, with the
35 prior approval of the commissioner:

- 36 (a) Will preparation services;
- 37 (b) Financial planning and estate planning services;
- 38 (c) Probate and estate settlement services; (~~and~~)

1 (d) Products or services related to any policy of individual life
2 insurance that are intended to incent behavioral changes that improve
3 the health and reduce the risk of death of the insured; and

4 (e) Such other services as the commissioner may identify by rule.

5 (2) For products and services referenced in subsection (1)(d) of
6 this section, the commissioner may adopt rules that include minimum
7 product or service standards to protect policyholder privacy rights;
8 establish standards for ensuring that incentives, in the aggregate,
9 are directed to sharing the benefit of improving risk experience; and
10 implement consumer protection design and administration of such
11 product or service.

12 (3) The commissioner may adopt rules to ensure disclosure of the
13 noninsurance benefits permitted under this section, including but not
14 limited to guidelines concerning the provision of the coverage.

15 (~~(3)~~) (4) Those providing the services listed in subsection (1)
16 of this section must be appropriately licensed.

17 (~~(4)~~) (5) This section does not require the commissioner to
18 approve any particular proposed noninsurance benefit. The
19 commissioner may disapprove any proposed noninsurance benefit that
20 the commissioner determines may tend to promote or facilitate the
21 violation of any other section of this title.

22 (~~(5)~~) (6) This section does not expand, limit, or otherwise
23 affect the authority and ethical obligations of those who are
24 authorized by the state supreme court to practice law in this state.
25 This section does not limit the prohibition against the unauthorized
26 practice of law under chapter 2.48 RCW.

27 (~~(6)~~) (7) This section does not affect the application of
28 chapter 21.20 RCW.

29 NEW SECTION. **Sec. 5.** This act takes effect July 1, 2020.

 Passed by the Senate January 31, 2020.

 Passed by the House March 3, 2020.

 Approved by the Governor March 27, 2020.

 Filed in Office of Secretary of State March 27, 2020.

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