

Life Insurance That Benefits the Living

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For decades, life insurance has been viewed as just providing benefits to those named as the beneficiary. As we enter the new decade, insurers are changing this narrative. Insurers are looking to offer insureds a range of value-added products and services with the life insurance products as well as benefit riders that permit insureds to receive part of the death benefit or take loans from their policies allowing them to use the proceeds to improve their life.

Insurers are developing programs under which insureds are given access to health care apps, devices, such as smartwatches or smart speakers, and telemedicine services, which allow beneficiaries to manage chronic medical conditions, track their medication, be more active, and maintain healthy lifestyles. However, while these products and services can be valuable to both insurers and insureds, life insurers have to consider several legal issues when structuring these programs.

- Will the value-added product or service run afoul of state anti-rebating prohibitions?
- Do your partners have appropriate safeguards and policies to protect the insureds' information?

To the extent that access to health providers is made available, these programs may involve the provision of health care services. Thus, a life insurer must consider whether the value-added services are viewed as a form of health insurance under state law. States vary in their definitions of health insurance, but a policy that provides medical benefits in exchange for a premium could be considered health insurance. Life insurance companies would then need to comply with the requirements pertaining to health insurers. Those additional requirements would add numerous regulatory challenges and burdens for life insurers.

However, to avoid classification as a health insurer, life insurance companies can structure health services programs under statutory protections afforded to concierge medicine practices. Concierge medicine practices, which allow patients to directly contract with health care practitioners for the

provision of health care services in exchange for an annual or periodic fee, are specifically exempt from the definition of health insurance in numerous states.

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