




**The State of New Hampshire
Insurance Department**
21 South Fruit Street, Suite 14
Concord, NH 03301

David J. Bettencourt
Acting Commissioner

BULLETIN Docket No. INS 23-023-AB

TO: All Life Insurance Companies
FROM: David J. Bettencourt 
Acting Insurance Commissioner
DATE: July 7, 2023
RE: Wellness Reward Programs associated with Life Insurance Products

I. Introduction

New Hampshire has recently reviewed its bulletin INS-17-007-AB, which pertains to life insurance policies that offer discounted premium rates, aka rewards, to consumers based upon their participation in healthy reward programs. Such programs encourage consumers for engagement in specific healthy activities, such as physical activity or nutrition classes, or for obtaining specific healthy objectives, such as maintaining a healthy weight. The purpose of this revised bulletin is to rescind the previous one and provide carriers with updated guidance about permissible wellness reward programs that are offered with life insurance products in New Hampshire.

II. Legal Authority

RSA 408:4 endows the Commissioner with the power to disapprove a filing if it “contains a provision or provisions which are unjust, unfair, inequitable, misleading, deceptive, or encourage misrepresentation of such policy.” Therefore, the Commissioner has authority to disapprove wellness reward programs offered as part of life insurance policies when those programs are unjust, unfair or inequitable for consumers or are misleading, deceptive or misrepresent the terms of the policy. Wellness programs that are not disclosed in the contract must comply with RSA 417:4, IX.

III. Approval Requirements of Wellness Reward Programs associated with Life Insurance Products

After careful consideration, the Department sets forth the following criteria that life insurance companies need to meet for the filings to be approved in accordance with RSA 408:4:

A. Definition of Rewards and Incentives

Rewards shall be considered as offsets to premiums or discounts to cost of insurance rates. Rewards shall be awarded for participation in wellness programs and/or the achievement of certain health-based objectives. Rewards must be based upon actuarial or other scientific studies that establish anticipated mortality improvements based on (1) participation in specific wellness activities, such as regular exercise or refraining from smoking, (2) achievement of certain health objectives, such as maintaining a healthy weight or having blood pressure within a normal range, or (3) any combination thereof. Rewards cannot discriminate among a class of insureds.

Incentives may be provided to encourage enrollment or to recognize long term participation. Incentives are prizes or considerations other than premium offsets or cost of insurance discounts. If provided, incentives obtained from these programs, such as fitness trackers, gym memberships, or discounted hotels, that are unrelated to reduced life insurance premiums, must be given based on participation in wellness programs or achievement of specific, biometric health objectives.

B. Policy Clarity

Wellness policies and policy riders and other consumer documents that describe these programs must clearly specify how rewards and incentives are achieved, including what activity or activities are required to obtain specific rewards and/or incentives.

C. Class Differentiation & Associated Premiums

Insureds who elect to participate in wellness programs shall be considered to be in the same class as insureds who do not elect to participate in such programs. Neither premiums, nor cost of insurance, between these insureds can vary at issue. Participation in wellness programs may lead to lower premium payments through rewards. For example, two individuals with the same mortality risk characteristics who apply for coverage under a specific, term life insurance product must be charged the same premium. However, if one of these insureds participates in a wellness reward program offered with the life insurance policy, that insured may benefit from lower premium payments in subsequent years compared to the insured who did not participate in the rewards program.

D. Disclosures

Incentives may be considered taxable income. Applications, riders, and advertisements relating to these programs shall contain a disclosure that states that prizes and/or cash equivalent incentives obtained from these programs may be considered taxable income by the IRS and consumers should consult a qualified tax consultant for any tax questions related to such incentives.

E. Availability

Participation in wellness reward programs must be optional and non-discriminatory. Programs must not place an increased burden on those that do not participate. If offered with a specific life insurance product, wellness reward programs must be offered to all policyholders of that product. In addition, policyholders shall be permitted to cancel participation in the program at any time, without additional cost or penalty. If a policyholder cancels participation in a wellness program,

that policyholder shall not be placed in a different risk classification. In addition, accumulated rewards for the policyholder must remain to run their natural course.

F. Legal Compliance

All wellness programs covered by the Americans With Disabilities Act shall be compliant with the Act, See 42 U.S.C. §12101 et. seq., as well as any other applicable federal law.

G. Privacy

To administer these programs, wellness programs frequently collect medical and other health related information from participants. Carriers, third party administrators and third-party program directors must ensure that all personal information of participants is kept confidential.

H. Program Costs

Insurers may charge a reasonable fee to insureds for participation in wellness programs. The fee may cover the cost of program incentives and administration of the program. Program costs shall not be used to fund rewards.

I. Reserves

A qualified actuary shall certify that reserves are calculated in accordance with standards established for such programs by the State of Domicile. Absent any specific requirements established by the State of Domicile, the actuary shall certify that reserves held for wellness program participants are calculated in the same manner as reserves for non-participants. Further, the actuary shall certify that, to the extent rewards cause the collected premium to fall below the net valuation premium, deficiency reserves are held.

J. Illustrations

Rewards shall be considered non-guaranteed elements for purposes of required illustrations.

IV. Contact Information

Any questions should be directed via email to INS-Requests@ins.nh.gov with the subject heading of "Wellness Reward Programs associated with Life Insurance Products."