

HEALTH BENEFITS DIRECT CORPORATION
SHARES OF THE COMPANY'S PREFERRED STOCK
AND WARRANTS TO PURCHASE COMMON STOCK
OFFERED PURSUANT TO RIGHTS DISTRIBUTED TO
HOLDERS OF RECORD OF COMMON STOCK AND PREFERRED STOCK OF
HEALTH BENEFITS DIRECT CORPORATION

JANUARY 22, 2010

Dear Stockholder:

This letter is being distributed by Health Benefits Direct Corporation, a Delaware corporation (the "Company"), to all holders of record of shares of the Company's common stock and preferred stock at the close of business on January 1, 2010 (the "Record Date"), in connection with a distribution in a rights offering (the "Rights Offering") of non-transferable subscription rights (the "Rights") to subscribe for and purchase Units (the "Units") consisting of shares of the Company's Series A preferred stock and a warrant to purchase additional shares of the Company's common stock. The Rights are described in detail in the Company's Prospectus dated January 22, 2010 (the "Prospectus") which is attached.

The Rights will expire, if not exercised, at 5:00 p.m., New York City time, on February 26, 2010, unless extended in the sole discretion of the Company (as it may be extended, the "Expiration Time"). The Company may terminate the Rights Offering at any time prior to the Expiration Time for any reason.

As described in the accompanying Prospectus, record holders of the Company's common stock and preferred stock will receive one Right for every 12,256 shares of the Company's common stock and one Right for every 613 shares of the Company's Series A preferred stock held on the Record Date. Each Right will entitle you to subscribe for one Unit consisting of 250 shares of the Company's Series A preferred stock and a five-year warrant to purchase 5,000 additional shares of the Company's common stock at an exercise price of \$0.20 per share (the "Basic Subscription Right"). The subscription price (the "Subscription Price") for the Units is \$1,000 per Unit, payable in cash.

In addition, each holder of Rights who exercises his or her Basic Subscription Right in full will be eligible to subscribe (the "Over-Subscription Privilege") at the same cash price of \$1,000 per Unit for Units that are not otherwise purchased pursuant to the exercise of Rights under the Basic Subscription Right (the "Excess Units"), subject to availability and proration as described below.

The Over-Subscription Privilege gives a holder of Rights the opportunity to purchase Excess Units in the event that other stockholders do not exercise all of their Basic Subscription Rights. The Over-Subscription Privilege entitles each Rights holder to subscribe for additional Units at a Subscription Price of \$1,000 per Unit, subject to proration. If there are not enough Units available to fill all subscriptions for additional Units, the available Units will be allocated pro rata in proportion to the number of shares of common stock and preferred stock owned by a stockholder exercising the Over-Subscription Privilege, relative to the number of shares owned by all stockholders exercising the Over-Subscription Privilege on the record date. If this pro rata allocation results in any stockholder receiving a greater number of Units than the stockholder subscribed for pursuant to the exercise of the Over-Subscription Privilege, then such stockholder will be allocated only that number of Units for which the stockholder oversubscribed, and the remaining Units will be allocated among all other stockholders exercising the Over-Subscription Privilege on the same pro rata basis described above. The proration process will be repeated until all Units have been allocated.

The Over-Subscription Privilege will only be available to a holder of Rights if (1) other Company stockholders do not fully exercise their Basic Subscription Rights and (2) the holder of Rights exercises

his or her Rights pursuant to the Basic Subscription Right in full. Although each holder of Rights is guaranteed the right, pursuant to his or her Basic Subscription Right, to purchase that number of Units equal to the number of Rights received in the offering, the holder may not be able to purchase any of the Units that he or she seeks to purchase pursuant to the Over-Subscription Privilege. The actual number of Units available for purchase pursuant to each Rights holder's Over-Subscription Privilege will depend upon whether the holder fully exercises his or her Basic Subscription Right and the number of Units purchased by the other Record Holders pursuant to their Basic Subscription Rights. See "The Rights Offering — Over-Subscription Privilege."

As soon as practicable after February 26, 2010, the Company will determine the number of Units that you may purchase pursuant to the Over-Subscription Privilege. You will receive certificates representing the shares of the Company's preferred stock, as well as an executed version of any warrants, you have purchased as soon as practicable thereafter. Subject to state securities laws and regulations, the Company has the discretion to delay allocation and distribution of any and all Units to stockholders who are affected by such regulations and elect to participate in the Rights Offering, including Units that the Company issues with respect to your Basic Subscription Right or Over-Subscription Privilege, in order to comply with state securities laws. If you request and pay for more Units than are allocated to you, that overpayment will be held by the Company pending the completion of the Rights Offering and will be refunded to you, without interest, as soon as practicable.

The Rights will be evidenced by non-transferable Rights certificates (the "Subscription Rights Certificates") and will be null and void and cease to have value at or after the Expiration Time.

Enclosed are copies of the following documents:

1. Prospectus;
2. Subscription Rights Certificate;
3. Instructions for Use of Health Benefits Direct Corporation Subscription Rights Certificates (including a Notice of Guaranteed Delivery for Subscription Rights Certificates Issued by Health Benefits Direct Corporation); and
4. A return envelope addressed to the Company.

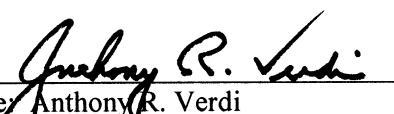
Your prompt action is requested. To exercise the Rights, you should properly complete and sign the Subscription Rights Certificate (or the Notice of Guaranteed Delivery if you are following the Guaranteed Delivery Procedures) and forward it, with payment of the Subscription Price in full for each Unit subscribed for pursuant to the Basic Subscription Right and the Over-Subscription Privilege, to the Company as indicated in the Prospectus. The Company must receive the Subscription Rights Certificate or Notice of Guaranteed Delivery with payment of the Subscription Price, including final clearance of any checks, prior to the Expiration Time.

A RIGHTS HOLDER CANNOT REVOKE THE EXERCISE OF ITS RIGHTS. RIGHTS NOT EXERCISED PRIOR TO THE EXPIRATION TIME WILL EXPIRE.

Additional copies of the enclosed materials may be obtained from the Company by calling (484) 654-2200 or by electronic mail at rightsoffering@HBDC.com.

Very truly yours,

Health Benefits Direct Corporation

By: 
Name: Anthony R. Verdi
Title: Chief Financial Officer and
Chief Operating Officer

