

40-450. Life insurance; insurable interests; assignments to charitable, benevolent, educational and religious institutions. (a) A person of competent legal capacity may insure such person's own life and, either at the time the contract of insurance is entered into or thereafter, name any person as the beneficiary thereof irrespective of whether the person named has an insurable interest in the life of the insured. However, except as provided in this section, no person shall procure or cause to be procured any insurance policy upon the life of another person unless the benefits under such policy are payable to the personal representative of the person insured, or to a person having, at the time such contract of insurance was entered into, an insurable interest in the person insured.

(b) A charitable, benevolent, educational and religious institution qualified under section 501(c) of the internal revenue code shall be deemed to have an insurable interest in the life of an individual insured who has executed a written consent to the assignment of the insurance contract to such institution if such institutional assignee is named as the irrevocable beneficiary thereof.

(c) If the beneficiary, assignee or other payee under any contract made in violation of this section receives from the insurer any benefits thereunder accruing upon the death of the person insured, the personal representative of the insured may maintain an action to recover such benefits from the person so receiving the benefits.

(d) Life insurance contracts may be entered into in which the person paying the consideration has no insurable interest in the life of the person insured if a charitable, benevolent, educational or religious institution qualified under section 501(c) of the internal revenue code is irrevocably designated as the beneficiary. In making such contracts the person paying the premium shall make and sign the application therefor as owner. The application must also be signed by the person whose life is to be insured. Such a contract shall be valid and binding among the parties thereto notwithstanding the absence otherwise of an insurable interest in the life of the person insured.

(e) The provisions of this section shall apply to all insurance contracts in force on and after the effective date of this act and to the procurement, assignment and designation of beneficiaries thereof whenever made.

History: L. 1991, ch. 123, § 1; April 25.