

**40-452. Life insurance; employer's insurable interest in employees; when.** (a) An employer, or a trust which is sponsored by an employer for the benefit of its employees, shall have an insurable interest in each of the lives of the employer's employees, directors or retired employees. Notwithstanding the provisions of K.S.A. 40-433, and amendments thereto, the employer or trust may insure such employees', directors' or retired employees' lives for such employer's or trust's benefit on an individual or group basis with the consent of the insured.

(b) The consent requirement of subsection (a) shall be deemed to be satisfied if: (1) The employee, director or retired employee is provided with a written notice that the employer or trust intends to obtain life insurance coverage with respect to such person's life; and (2) the employee, director or retired employee fails to provide written notification to the employer or trust, within 30 days from the date that the notice was transmitted, that such person does not consent to the employer obtaining life insurance coverage on such person's life. It shall be unlawful for the employer or trust to retaliate against any person for refusing to consent to the issuance of life insurance on such person's life.

(c) The extent of the employer's or trust's insurable interest in nonmanagement and retired employees shall be limited to an amount commensurate with the aggregate projected liabilities to such employees under all employee welfare benefit plans, as defined in 29 U.S.C. § 1002(1), calculated in accordance with generally accepted actuarial principles.

(d) For purposes of this section, "employer", means any individual, sole proprietorship, partnership, limited liability company, corporation or any other entity that is legally doing business in this state; the term shall also include all entities or persons which are controlled by or affiliated with any of the foregoing. The determination of whether any entity or person is controlled by or affiliated with another shall be made by applying the principles set forth in subsections (b) or (c) of section 414 of the internal revenue code of 1986, as in effect on January 1, 1993, except that all references therein to "80%" shall be changed to 51%.

(e) This section shall not be interpreted to define all instances in which an insurable interest exists.

(f) The provisions of this section shall apply to all insurance contracts in force on or after the effective date of this section.

**History:** L. 1993, ch. 190, § 1; April 22.