

1 **State of Arkansas**
2 **79th General Assembly**
3 **Regular Session, 1993**
4 **By: Representatives Stewart and McJunkin**

A Bill

HOUSE BILL 1791

For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE 23-79-103 (c) TO GRANT
9 CHARITABLE ENTITIES THE POWER TO HAVE AN INSURABLE
10 INTEREST IN THE LIFE OF ANY OF ITS DONORS; AND FOR OTHER
11 PURPOSES."

Subtitle

14 "AN ACT TO GRANT CHARITABLE ENTITIES THE POWER TO HAVE AN
15 INSURABLE INTEREST IN THE LIFE OF ANY OF ITS DONORS."

17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

19 SECTION 1. Arkansas Code 23-79-103 (c) is amended to read as follows:

20 "(c) Insurable interest with reference to personal insurance includes
21 only interests as follows:

22 (1) In the case of individuals related closely by blood or by law, a
23 substantial interest engendered by love and affection;

24 (2) In the case of other persons, a lawful and substantial economic
25 interest in having the life, health, or bodily safety of the individual
26 insured continue, as distinguished from an interest which would arise only by,
27 or would be enhanced in value by, the death, disablement, or injury of the
28 individual insured;

29 (3) An individual party to a contract or option for the purchase or
30 sale of an interest in a business partnership or firm, or of shares of stock
31 of a closed corporation or of an interest in such shares, as an insurable
32 interest in the life of each individual party to the contract and for the
33 purposes of the contract only, in addition to any insurable interest which may
34 otherwise exist as to the life of the individual;

35 (4) A publicly owned corporation has an insurable interest in the lives

1 of any of its directors, officers, and employees;

2 (5) Notwithstanding any other law or regulation to the contrary, any
3 religious, educational, charitable or benevolent institution, organization,
4 corporation, association or trust (including but not limited to charitable
5 remainder trusts) may be named beneficiary and/or owner of the policy or
6 contract by any applicant for insurance upon his or her own life in any policy
7 of life insurance issued by any life insurance company authorized to do
8 business in this state or in the state of domicile of the applicant for
9 insurance. The applicant for insurance shall be deemed to have an unlimited
10 insurable interest in his or her own life and is entitled to name any of said
11 institutions as beneficiary of such insurance, and said beneficiaries and/or
12 owners shall have the right to receive all death benefits provided for by such
13 policies and to exercise the rights of ownership if granted same. As to any
14 life insurance policies heretofore issued by insurers naming any of the
15 aforementioned institutions as beneficiaries and/or owners, if the applicant
16 for insurance was also the insured, said beneficiaries and/or owners shall be
17 entitled to receive all death benefits provided by the policy and to exercise
18 the rights of ownership if granted same.

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20 SECTION 2. All provisions of this act of a general and permanent
21 nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas
22 Code Revision Commission shall incorporate the same in the Code.

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24 SECTION 3. If any provision of this act or the application thereof to
25 any person or circumstance is held invalid, such invalidity shall not affect
26 other provisions or applications of the act which can be given effect without
27 the invalid provision or application, and to this end the provisions of this
28 act are declared to be severable.

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30 SECTION 4. All laws and parts of laws in conflict with this act are
31 hereby repealed.

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33 SECTION 5. EMERGENCY. It is hereby found and determined by the General
34 Assembly that the laws of this state concerning the insurance matters covered
35 in the subject of this act are inadequate for the protection of the public and

1 the immediate passage of this act is necessary in order to provide for the
2 protection of the public. Therefore, an emergency is hereby declared to exist
3 and this act being necessary for the immediate preservation of the public
4 peace, health and safety shall be in full force and effect from and after its
5 passage and approval.

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/s/Rep. Stewart, et al

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