

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

# **A Bill**

**ACT 1015 OF 1993**  
**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  
36 of any of its directors, officers, and employees;

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

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

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

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30 hereby repealed.

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

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

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*/s/Rep. Stewart, et al*

APPROVED: 4/12/93

