

Act 773 of the 1989 Regular Session.

Act 773

HB1824

By: Representative Hawkins

"AN ACT TO AMEND ARKANSAS CODE 23-79-103 PERTAINING TO AN INSURABLE INTEREST UNDER PERSONAL INSURANCE; AND FOR OTHER PURPOSES."

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

SECTION 1. Arkansas Code 23-79-103 is hereby amended to read as follows:
" 23-79-103. Insurable interest - Personal insurance.

(a) Any individual of competent legal capacity may procure or effect an insurance contract upon his own life or body for the benefit of any person. However, no person shall procure or cause to be procured any insurance contract upon the life or body of another individual unless the benefits under the contract are payable to the individual insured or his personal representatives, or to a person having, at the time when the contract was made, an insurable interest in the individual insured.

(b) 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, disablement, or injury of the individual insured, the individual insured or his executor or administrator, as the case may be, may maintain an action to recover the benefits from the person so receiving them.

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

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

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

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

(4) A publicly owned corporation has an insurable interest in the lives of any of its directors, officers, and employees."

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

SECTION 3. All laws and parts of laws in conflict with this Act are hereby repealed.

APPROVED: March 21, 1989
