

SB 5196 - DIGEST

(DIGEST AS ENACTED)

Provides for the regulation of insurable interests and employer-owned life insurance.

Finds that there is a long-standing principle that corporations have an insurable interest in the lives of key personnel. Nationally, some corporations have begun to insure the lives of personnel that have not met the insurable interest standard of Washington. Entry-level workers have been insured by their corporate employer for the benefit of the corporate employer. The legislature intends to clarify this subject and preclude corporations from insuring the lives of employees when the employees are not key personnel and the corporations have no insurable interest in the lives of those employees.

Requires the insurance commissioner to report to the legislature on or before December 31, 2006, on steps taken to implement this act and whether the protections afforded in this act are adequate to protect consumers.