
SENATE BILL 6206

State of Washington

52nd Legislature

1992 Regular Session

By Senator West

Read first time 01/21/92. Referred to Committee on Financial
Institutions & Insurance.

1 AN ACT Relating to insurable interests of employers; and amending
2 RCW 48.18.030.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 48.18.030 and 1973 1st ex.s. c 89 s 3 are each amended
5 to read as follows:

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

1 (2) If the beneficiary, assignee or other payee under any contract
2 made in violation of this section receives from the insurer any
3 benefits thereunder accruing upon the death, disablement or injury of
4 the individual insured, the individual insured or his executor or
5 administrator, as the case may be, may maintain an action to recover
6 such benefits from the person so receiving them.

7 (3) "Insurable interest" as used in this section and in RCW
8 48.18.060 includes only interests as follows:

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

11 (b) in the case of other persons, a lawful and substantial economic
12 interest in having the life, health or bodily safety of the individual
13 insured continue, as distinguished from an interest which would arise
14 only by, or would be enhanced in value by, the death, disablement or
15 injury of the individual insured.

16 (c) An individual heretofore or hereafter party to a contract or
17 option for the purchase or sale of an interest in a business
18 partnership or firm, or of shares of stock of a close corporation or of
19 an interest in such shares, has an insurable interest in the life of
20 each individual party to such contract and for the purposes of such
21 contract only, in addition to any insurable interest which may
22 otherwise exist as to the life of such individual.

23 (d) A guardian, trustee or other fiduciary has an insurable
24 interest in the life of any person for whose benefit the fiduciary
25 holds property, and in the life of any other individual in whose life
26 such person has an insurable interest.

27 (e) An employer has an insurable interest in, and may, with the
28 consent of the insured in accordance with the provisions of RCW
29 48.18.060, insure on an individual or group basis for its benefit or
30 for the benefit of an employer-sponsored trust for the benefit of its

1 employees, the lives of its directors, officers, managers, employees,
2 and its retired employees. An employer may insure the lives of the
3 persons under this subsection (3)(e) only if the coverage is limited to
4 an amount reasonably commensurate with the employer's projected
5 unfunded liabilities to the persons for employee welfare benefit plans,
6 calculated according to accepted actuarial principles. An employer may
7 not retaliate in any manner against an employee or a retired employee
8 for refusing consent to be insured. The proceeds of a policy or
9 certificate issued under this subsection (3)(e) is exempt from the
10 claims of a creditor or dependent of the insured. As used in this
11 subsection (3)(e), "employer" means an individual, sole proprietorship,
12 partnership, firm, corporation, association, or other legal entity,
13 that has one or more employees and is legally doing business in this
14 state. As used under this subsection (3)(e), "employee welfare benefit
15 plan" means a plan, fund, or program under which an employer provides
16 participants or their beneficiaries, through the purchase of insurance
17 or otherwise, medical, surgical, or hospital care or benefits, or
18 benefits in the event of sickness, accident, disability, or death.