

Sixty-fifth  
Legislative Assembly  
of North Dakota

**HOUSE BILL NO. 1286**

Introduced by

Representatives Kasper, Keiser, K. Koppelman, Louser, Rohr, D. Ruby

Senators Casper, Dever, Klein, Kreun, Laffen, Roers

1 A BILL for an Act to amend and reenact section 26.1-29-09.1 of the North Dakota Century  
2 Code, relating to insurable interests in personal insurance.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 26.1-29-09.1 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **26.1-29-09.1. Insurable interest in personal insurance.**

- 7 1. An individual of competent legal capacity may procure or effect an insurance contract  
8 upon that individual's own life or body for the benefit of any person. ~~No~~A person may  
9 not procure or cause to be procured an insurance contract upon the life or body of  
10 another ~~person~~individual unless the benefits under the contract are payable to the  
11 individual insured or that individual's personal representatives, or to a person having,  
12 at the time the contract was made, an insurable interest in the individual insured.
- 13 2. If the beneficiary, assignee, or other payee under a contract made in violation of this  
14 section receives from the insurer any benefits from the contract upon the death,  
15 disablement, or injury of the individual insured, the individual insured or that  
16 individual's executor or administrator may maintain an action to recover the benefits  
17 from the person receiving ~~them~~the benefits.
- 18 3. "Insurable interest", with reference to personal insurance, includes only the following  
19 interests:
- 20 a. In the case of ~~individuals~~an individual related closely by blood or by law, a  
21 substantial interest engendered by love and affection.
- 22 b. In the case of ~~persons~~a person other than ~~these~~an individual described in  
23 subdivision a, a lawful and substantial economic interest in having the life, health,  
24 or bodily safety of the individual insured continue, as distinguished from an

1 interest that would arise only by, or would be enhanced in value by, the death,  
2 disablement, or injury of the individual insured.

3 c. In the case of an individual partiesparty to a contract or option for the purchase or  
4 sale of an interest in a business partnership or firm, of a membership interest in a  
5 limited liability company, or of shares of stock of a closed corporation or of an  
6 interest in the shares, an interest in the life of each individual party to the contract  
7 for the purpose of the contract only, in addition to an insurable interest that may  
8 otherwise exist as to the life of the individual.

9 d. In the case of a religious, educational, eleemosynary, charitable, or benevolent  
10 organizationsorganization, a lawful interest in the life of the individual insured if  
11 that individual has executed a written consent to the insurance contract.

12 e. In the case of a corporationan employer or the trustee of a trust providing life,  
13 health, disability, retirement, or similar benefits to employeeesservice providers of  
14 one or more corporationsemployers, and acting in a fiduciary capacity with  
15 respect to the employeeesservice providers, retired employeeesservice providers,  
16 or ~~their~~the service providers' or retired service providers' dependents or  
17 beneficiaries, ~~a corporationan employer~~ or the trustee of a trust has an insurable  
18 interest in the lives of employeeesservice providers for whom the benefits are to  
19 be provided and the ~~corporationemployer~~ or trustee of a trust may purchase,  
20 accept, or otherwise acquire an interest in personal insurance as a beneficiary or  
21 owner. Written consent of the insured individual is required if the personal  
22 insurance purchased names the ~~corporationemployer~~ or the trustee of a trust as  
23 a beneficiary. As used in this subdivision:

24 (1) "Employer" means a service recipient that compensates the service provider  
25 for the service provider's services to or for the benefit of that service  
26 recipient.

27 (2) "Service provider" means:

28 (a) An employee;

29 (b) An individual who provides services to an employer; or

30 (c) A key employee, partner, or member who provides such services for  
31 an entity that provides services to an employer.