

**Sixty-fifth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 3, 2017**

HOUSE BILL NO. 1286
(Representatives Kasper, Keiser, K. Koppelman, Louser, Rohr, D. Ruby)
(Senators Casper, Dever, Klein, Kreun, Laffen, Roers)

AN ACT to amend and reenact section 26.1-29-09.1 of the North Dakota Century Code, relating to insurable interests in personal insurance.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

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

1. An individual of competent legal capacity may procure or effect an insurance contract upon that individual's own life or body for the benefit of any person. ~~No~~A person may not procure or cause to be procured an insurance contract upon the life or body of another ~~person~~individual unless the benefits under the contract are payable to the individual insured or that individual's personal representatives, or to a person having, at the time the contract was made, an insurable interest in the individual insured.
2. If the beneficiary, assignee, or other payee under a contract made in violation of this section receives from the insurer any benefits from the contract upon the death, disablement, or injury of the individual insured, the individual insured or that individual's executor or administrator may maintain an action to recover the benefits from the person receiving ~~them~~the benefits.
3. "Insurable interest", with reference to personal insurance, includes only the following interests:
 - a. In the case of ~~individuals~~an individual related closely by blood or by law, a substantial interest engendered by love and affection.
 - b. In the case of ~~persons~~a person other than ~~these~~an individual described in subdivision a, a lawful and substantial economic interest in having the life, health, or bodily safety of the individual insured continue, as distinguished from an interest that would arise only by, or would be enhanced in value by, the death, disablement, or injury of the individual insured.
 - c. In the case of ~~an~~ individual ~~parties~~party to a contract or option for the purchase or sale of an interest in a business partnership or firm, of a membership interest in a limited liability company, or of shares of stock of a closed corporation or of an interest in the shares, an interest in the life of each individual party to the contract for the purpose of the contract only, in addition to an insurable interest that may otherwise exist as to the life of the individual.
 - d. In the case of ~~a~~ religious, educational, eleemosynary, charitable, or benevolent ~~organizations~~organization, a lawful interest in the life of the individual insured if that individual ~~has~~ executed a written consent to the insurance contract.
 - e. In the case of ~~a corporation~~an employer or the trustee of a trust providing life, health, disability, retirement, or similar benefits to employees of one or more ~~corporations~~employers, and acting in a fiduciary capacity with respect to the employees, retired employees, or ~~their~~the employees' dependents or beneficiaries, ~~a corporation~~an employer or the trustee of a trust has an insurable interest in the lives of employees for whom the benefits are to be provided and the ~~corporation~~employer or trustee of a trust may purchase, accept, or otherwise acquire an interest in personal insurance as a

beneficiary or owner. Written consent of the insured individual is required if the personal insurance purchased names the ~~corporation~~employer or the trustee of a trust as a beneficiary.

f. In the case of a service recipient or the trustee of a trust providing a nonqualified deferred compensation plan, as defined by section 409A(d)(1) of the Internal Revenue Code [26 U.S.C. 409A(d)(a)], to a service provider, an insurable interest in the life of the service provider for whom the nonqualified deferred compensation plan is provided. The service recipient or the trustee of a trust may purchase, accept, or otherwise acquire an interest in personal insurance with the trust as a beneficiary or owner. Written consent of the insured individual is required. As used in this subdivision:

- (1) "Service provider" means an individual, other than an employee, who provides significant services to a service recipient.
- (2) "Service recipient" means the entity for which services are performed by a service provider.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-fifth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1286.

House Vote: Yeas 91 Nays 0 Absent 3

Senate Vote: Yeas 44 Nays 1 Absent 2

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2017.

Approved at _____ M. on _____, 2017.

Governor

Filed in this office this _____ day of _____, 2017,

at _____ o'clock _____ M.

Secretary of State