

SB 6623 - S AMD 624

By Senator Prentice

ADOPTED 02/12/2004

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 48.18.010 and 1947 c 79 s .18.01 are each amended to
4 read as follows:

5 ~~((The applicable provisions of this chapter shall apply to~~
6 ~~insurances other than ocean marine and foreign trade insurances. This~~
7 ~~chapter shall not apply to life or disability insurance policies not~~
8 ~~issued for delivery in this state nor delivered in this state.)) This
9 chapter applies to insurances other than ocean marine and foreign trade
10 insurances.~~

11 **Sec. 2.** RCW 48.18.030 and 1992 c 51 s 1 are each amended to read
12 as follows:

13 (1) Any individual of competent legal capacity may ~~((procure or~~
14 ~~effect an insurance contract upon)) insure his or her own life or body
15 for the benefit of any person. ~~((But no)) A person ~~((shall procure or~~~~
16 ~~cause to be procured any insurance contract upon)) may not insure the
17 life or body of another individual unless the benefits under ~~((such))~~
18 the contract are payable to the individual insured or ~~((his))~~ the
19 individual's personal representative~~((s))~~, or to a person having, at
20 the time when ~~((such))~~ the contract was made, an insurable interest in
21 the individual insured.~~~~

22 (2) If the beneficiary, assignee or other payee under any contract
23 made in violation of this section receives from the insurer any
24 benefits ~~((thereunder))~~ accruing upon the death, ~~((disablement))~~
25 disability, or injury of the individual insured, the individual insured
26 or ~~((his))~~ the individual's executor or administrator~~((, as the case~~
27 ~~may be,))~~ may maintain an action to recover ~~((such))~~ any benefits from
28 the person ~~((so))~~ receiving them.

1 (3)(a) "Insurable interest" as used in this section and in RCW
2 48.18.060 includes only the following interests (~~(as follows)~~):
3 (~~(a)~~) (i) In the case of individuals related closely by blood or
4 by law, a substantial interest engendered by love and affection; and
5 (~~(b)~~) (ii) In the case of other persons, a lawful and substantial
6 economic interest in having the life, health, or bodily safety of the
7 individual insured continue, as distinguished from an interest
8 (~~(which)~~) that would arise only by, or would be enhanced in value by,
9 the death, (~~(disablement)~~) disability, or injury of the individual
10 insured.
11 (~~(c)~~) (b) An individual (~~(heretofore or hereafter)~~) who is party
12 to a contract or option for the purchase or sale of an interest in a
13 business partnership or firm, or of shares of stock of a close
14 corporation or of an interest in (~~(such)~~) those shares, has an
15 insurable interest in the life of each individual party to (~~(such)~~) the
16 contract and for the purposes of (~~(such)~~) that contract only, in
17 addition to any insurable interest (~~(which)~~) that may otherwise exist
18 as to the life of such individual.
19 (~~(d)~~) (c) A guardian, trustee, or other fiduciary has an
20 insurable interest in the life of any person for whose benefit the
21 fiduciary holds property, and in the life of any other individual in
22 whose life (~~(such)~~) the person has an insurable interest.
23 (~~(e)~~) (d) Subject to rules adopted under subsection (4) of this
24 section, upon joint application with a nonprofit organization for, or
25 transfer to a nonprofit organization of, an insurance policy on the
26 life of a person naming the organization as owner and beneficiary, a
27 nonprofit organization's interest in the life of a person if:
28 (i) The nonprofit organization was established exclusively for
29 religious, charitable, scientific, literary, or educational purposes,
30 or to promote amateur athletic competition, to conduct testing for
31 public safety, or to prevent cruelty to children or animals; and
32 (ii) The nonprofit organization:
33 (A) Has existed for a minimum of five years; or
34 (B) Has been issued a certificate of exemption to conduct a
35 charitable gift annuity business under RCW 48.38.010, or is authorized
36 to conduct a charitable gift annuity business under RCW 28B.10.485; or

1 (C) Has been organized, and at all times has been operated,
2 exclusively for benefit of, to perform the functions of, or to carry
3 out the purposes of one or more nonprofit organizations described in
4 ~~((e))~~ (d)(ii)(A) or (B) of this subsection and is operated,
5 supervised, or controlled by or in connection with one or more ~~((such))~~
6 of those nonprofit organizations; and

7 (iii) For a joint application, the person is not an employee,
8 officer, or director of the organization who receives significant
9 compensation from the organization and who became affiliated with the
10 organization in that capacity less than one year before the joint
11 application.

12 (4) The commissioner may adopt rules governing joint applications
13 for, and transfers of, life insurance under subsection (3)~~((e))~~ (d)
14 of this section. The rules may include:

15 (a) Standards for full and fair disclosure that set forth the
16 manner, content, and required disclosure for the sale of life insurance
17 issued under subsection (3)~~((e))~~ (d) of this section; and

18 (b) For joint applications, a grace period of thirty days during
19 which the insured person may direct the nonprofit organization to
20 return the policy and the insurer to refund any premium paid to the
21 party that, directly or indirectly, paid the premium; and

22 (c) Standards for granting an exemption from the five-year
23 existence requirement of subsection (3)~~((e))~~ (d)(ii)(A) of this
24 section to a private foundation that files with the insurance
25 commissioner documents, stipulations, and information as the insurance
26 commissioner may require to carry out the purpose of subsection
27 (3)~~((e))~~ (d) of this section.

28 (5) Nothing in this section permits the personal representative of
29 the insured's estate to recover the proceeds of a policy on the life of
30 a deceased insured person that was applied for jointly by, or
31 transferred to, an organization covered by subsection (3)~~((e))~~ (d) of
32 this section, where the organization was named owner and beneficiary of
33 the policy.

34 This subsection applies to all life insurance policies applied for
35 by, or transferred to, an organization covered by subsection (3)~~((e))~~
36 (d) of this section, regardless of the time of application or transfer

1 and regardless of whether the organization would have been covered at
2 the time of application or transfer.

3 NEW SECTION. **Sec. 3.** A new section is added to chapter 48.18 RCW
4 to read as follows:

5 (1) "Employer-owned life insurance policy" as used in this section
6 and section 5 of this act means an insurance policy purchased by an
7 employer on the life of an employee, for the benefit of a person other
8 than the employee or the employee's personal representative.

9 (2) An employer-owned life insurance policy may not be made or take
10 effect unless at the time the contract is made the individual insured
11 consents to the contract in writing.

12 (3) An employer may not retaliate in any manner against an employee
13 for providing written notice that he or she does not want to be insured
14 under an employer-owned life insurance policy.

15 (4) No later than thirty days after the date on which an employer
16 purchases an employer-owned life insurance policy on an employee, the
17 employer must provide to the employee a written notice that contains
18 the following information:

19 (a) A statement that the employer carries an employer-owned life
20 insurance policy on the life of the employee;

21 (b) The identity of the insurance carrier of the policy;

22 (c) The benefit amount of the policy; and

23 (d) The identity of the beneficiary of the policy.

24 **Sec. 4.** RCW 48.18.060 and 1947 c 79 s .18.06 are each amended to
25 read as follows:

26 ~~((No))~~ A life or disability insurance contract upon an
27 individual ~~((, except a contract of group life insurance or of group or
28 blanket disability insurance as defined in this code, shall))~~ may not
29 be made or ~~((effectuated))~~ take effect unless at the time ~~((of the
30 making of))~~ the contract is made the individual insured ~~((, being of
31 competent legal capacity to contract, in writing applies therefor or
32 consents thereto,))~~ applies for or consents to the contract in writing,
33 except in the following cases:

34 (1) A spouse may ~~((effectuate such insurance upon))~~ insure the life
35 of the other spouse.

1 (2) Any person having an insurable interest in the life of a minor,
2 or any person upon whom a minor is dependent for support and
3 maintenance, may (~~effectuate insurance upon~~) insure the life of the
4 minor.

5 (3) A contract of group or blanket disability insurance may be
6 effectuated upon an individual.

7 (4) A contract of group life insurance may be effectuated upon an
8 individual, except as otherwise provided in section 3 of this act.

9 NEW SECTION. Sec. 5. A new section is added to chapter 48.18 RCW
10 to read as follows:

11 With respect to employer-owned life insurance policies, this act
12 shall apply only to policies issued and delivered after the effective
13 date of this act.

14 NEW SECTION. Sec. 6. This act is necessary for the immediate
15 preservation of the public peace, health, or safety, or support of the
16 state government and its existing public institutions, and takes effect
17 immediately."

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18 On page 1, line 2 of the title, after "insurance;" strike the
19 remainder of the title and insert "amending RCW 48.18.010, 48.18.030,
20 and 48.18.060; adding new sections to chapter 48.18 RCW; and declaring
21 an emergency."

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