

No. 2003-50

AN ACT

SB 483

Amending the act of May 17, 1921 (P.L.682, No.284), entitled "An act relating to insurance; amending, revising, and consolidating the law providing for the incorporation of insurance companies, and the regulation, supervision, and protection of home and foreign insurance companies, Lloyds associations, reciprocal and inter-insurance exchanges, and fire insurance rating bureaus, and the regulation and supervision of insurance carried by such companies, associations, and exchanges, including insurance carried by the State Workmen's Insurance Fund; providing penalties; and repealing existing laws," further providing for life insurance applications; and extending the expiration date of provisions relating to health care insurance individual accessibility.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Section 412 of the act of May 17, 1921 (P.L.682, No.284), known as The Insurance Company Law of 1921, amended April 3, 1992 (P.L.44, No.13), is amended to read:

Section 412. Application for Insurance; Insurable Interest.—No policy of life insurance shall be delivered in this Commonwealth except upon the application of the person insured. A person liable for the support of a child may take out a policy of insurance on such child; and persons, copartnerships, associations, [and] corporations, *and the trustee of a trust established by a person, copartnership, association or corporation providing benefits to its officers, directors, principals, partners or employes* may insure the lives and health of officers, directors, principals, partners, and employes, without the signing of a personal application as hereinbefore required: *Provided, That such persons, copartnerships, associations, corporations and the trustee of a trust established by a person, copartnership, association or corporation shall notify such officers, directors, principals, partners and employes in writing of the intent to purchase a policy of life insurance insuring the lives of such officers, directors, principals, partners or employes and obtain the prior written consent of such officers, directors, principals, partners or employes.* Any person may insure his own life for the benefit of any person, copartnership, association, [or] corporation, *or trustee of a trust established by a person, copartnership, association or corporation*, but no person shall cause to be insured the life of another, unless the beneficiary named in such policy or agreement of life insurance, whether himself or a third person, has an insurable interest in the life of the insured. If a policy of life insurance has been issued in conformity with this section, no transfer of such policy or any interest thereunder shall be invalid by reason of a lack of insurable interest of the transferee in the life of the insured or the payment of premiums thereafter by the transferee. The term "insurable interest" is

defined as meaning, in the case of persons related by blood or law, an interest engendered by love and affection, and, in the case of other persons, a lawful economic interest in having the life of the insured continue, as distinguished from an interest which would arise only by the death of the insured. A charitable organization that meets the requirements of section 501(c)(3) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 501(c)(3)), as amended, may own or purchase life insurance on an insured who consents to the ownership or purchase of that insurance.

Section 2. Section 1012-A of the act, amended December 20, 2000 (P.L.967, No.132), is amended to read:

Section 1012-A. Expiration.—This article shall expire on [**December 31, 2003**] *December 31, 2006*.

Section 3. This act shall take effect as follows:

(1) The amendment of section 412 of the act shall take effect in 60 days.

(2) The remainder of this act shall take effect immediately.

APPROVED—The 23rd day of December, A.D. 2003.

EDWARD G. RENDELL