

SENATE BILL NO. 509

BY SENATOR CLOUD

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AN ACT

To amend and reenact R.S. 22:901(C)(2), relative to bank-owned life insurance; to provide for an insurable interest; to provide for the exchange of bank-owned life insurance policies; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. R.S. 22:901(C)(2) is hereby amended and reenacted to read as follows:

§901. Insurable interest required; personal insurance; intentional acts exclusion

* * *

C. "Insurable interest" as used in this Section and in R.S. 22:856 includes only interest as follows:

* * *

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

(b)(i) A bank shall be deemed to maintain its insurable interest in a former employee for the purposes of exchanging one bank-owned life insurance policy for another.

(b)(ii) The commissioner shall determine the method and manner in which a bank may obtain consent for the exchange. In making such a determination, the commissioner shall consider whether the life insurance policy is funding benefits afforded to the bank's employees, applicable consent

