

2026 Regular Session

SENATE BILL NO. 509

BY SENATOR CLOUD

INSURANCE DEPARTMENT. Provides relative to bank-owned life insurance. (8/1/26)

1 AN ACT

2 To enact R.S. 22:920, relative to bank-owned life insurance; to provide for an insurable
3 interest; to provide for the exchange of bank-owned life insurance policies; to
4 provide for definitions; to provide for consent to the exchange; and to provide for
5 related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 22:920 is hereby enacted to read as follows:

8 **§920. Exchange of bank-owned life insurance**

9 **A. For purposes of this Section, "bank-owned life insurance" means life**
10 **insurance purchased by a bank on the life of a bank employee for either of the**
11 **following reasons:**

12 **(1) To provide an endorsement split dollar death benefit to the insured's**
13 **beneficiary.**

14 **(2) To offset the cost of an employee's benefit plan.**

15 **B.(1)(a) A bank-owned life insurance policy insuring a former employee**
16 **of the bank may be exchanged for another bank-owned life insurance policy of**
17 **the same type and death benefit amount.**

1 **(b) The bank will be deemed to maintain its insurable interest in the**
2 **former employee for purposes of the exchange.**

3 **(2) The exchange may occur only if the former employee provides**
4 **written consent to the exchange.**

The original instrument and the following digest, which constitutes no part of the legislative instrument, were prepared by Senate Legislative Services. The keyword, summary, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

DIGEST

SB 509 Engrossed

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Present law allows a bank to purchase a life insurance policy on an employee when the bank has a lawful and substantial economic interest in the employee's continued life, health, or bodily safety. Proposed law retains present law.

Proposed law defines policies held by the bank on the life of its employees as bank-owned life insurance.

Proposed law provides that a bank continues to have an insurable interest in the life of a former employee for purposes of bank-owned life insurance.

Proposed law allows the exchange of a bank-owned life insurance policy with another life insurance policy of the same type and death benefit amount with the written consent of the former employee.

Effective August 1, 2026.

(Adds R.S. 22:920)