

MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

FIRST REGULAR SESSION-1993

Legislative Document

No. 1415

S.P. 448

In Senate, May 3, 1993

An Act to Clarify the Extent of Insurable Interests.

Reference to the Committee on Banking and Insurance suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator HARRIMAN of Cumberland.
Cosponsored by Representatives: DiPIETRO of South Portland, PLOURDE of Biddeford,
REED of Dexter.

Be it enacted by the People of the State of Maine as follows:

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4 **Sec. 1. 24-A MRSA §2404, sub-§3, ¶C,** as amended by PL 1991, c. 548, Pt. C, §1, is further amended to read:

6 C. ~~An individual~~ A party to a contract or option for the
8 purchase or sale, including a redemption, of an interest in
10 a business proprietorship, partnership or firm, or of shares
12 of stock of a closed corporation or of an interest in these
14 shares, has an insurable interest in the life, body and
 health of each individual party to that contract or option,
 and for the purposes of that contract or option only, in
 addition to any insurable interest ~~which~~ that may otherwise
 exist as to that individual;

16 **Sec. 2. 24-A MRSA §2404, sub-§3, ¶E,** as enacted by PL 1991, c.
18 548, Pt. C, §3, is amended to read:

20 E. Any revocable or irrevocable trust has an insurable
 interest, provided any settlor or any beneficiary of the
22 trust has an insurable interest ~~as provided in paragraph A~~
 ~~or B.~~ A partnership has an insurable interest, provided any
24 partner has an insurable interest.

26 **Sec. 3. 24-A MRSA §2405, sub-§§1 and 2,** as enacted by PL 1969,
 c. 132, §1, are amended to read:

28 1. Life insurance contracts may be entered into in which
30 the person, trust or trustee paying the consideration for the
 insurance has no insurable interest in the life of the individual
32 insured, where charitable, benevolent, educational, or religious
 institutions, or their agencies, are designated irrevocably as
 the beneficiaries thereof.

34 2. In making such contracts, the person paying the premium
36 shall make and sign the application therefor as owner or as
 settlor of a trust, and shall designate a charitable, benevolent,
38 educational or religious institution, or any agency thereof,
 irrevocably as the beneficiary or beneficiaries of such contract.
40 The application shall must be signed also by the individual whose
 life is to be insured.

42 **Sec. 4. Application; retroactivity.** Those sections of this Act
44 that amend the Maine Revised Statutes, Title 24-A, section 2404
46 apply retroactively, so that if, on the effective date of this
48 Act, any person has an insurance contract upon the life or body
 of an insured, and if that person would have an insurable
50 interest in the life or body of the insured under the statutes as
 amended in this Act, then that person is deemed to have had an
 insurable interest at the time when the contract was made.

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Sec. 5. Certain beneficiaries; application. The section of this Act that amends the Maine Revised Statutes, Title 24-A, section 2405 applies to insurance contracts entered into after the effective date of this Act and insurance contracts transferred, after the effective date of this Act, to trusts of which the applicant is settlor for the benefit of charitable, benevolent, educational or religious institutional beneficiaries.

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STATEMENT OF FACT

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This bill clarifies that a partnership or corporation may have an insurable interest in a shareholder's or partner's life. The bill also provides that if an insurable interest exists in the life or body of any insured, then any trusts of which that individual is settlor would also have insurable interests.