

Mr. Philip Wagner, Executive Secretary
Employees' Retirement System

(continued)

"Upon the receipt of proper proofs of the death of a member in service there shall be paid to his estate or to such person having an insurable interest in his life as he shall have nominated by written designation duly executed and filed with the Board of Trustees."

Under these provisions, the designated beneficiaries must also have an insurable interest in the deceased in order to qualify as such; in the event they do not have such an interest, the money is payable to the estate.

It should be noted that Mr. Natale left no will and there has been no administrator appointed for Mr. Natale's estate except that Mr. Michael Verderamo was appointed administrator under Section 162 of Article 93 of the Annotated Code of Maryland, relating to "Settlement of Small Estates." By virtue of this appointment, Mr. Michael Verderamo does not have the authority to file a claim on behalf of the estate inasmuch as he is limited by the above section to act only with regard to an estate up to \$1000.00, and the sum of money involved here amounts to approximately \$7000.00.

Section 167 of Article 48A of the Annotated Code of Maryland (1957) defines the insurable interest which must exist in order for one to procure life insurance on the life of another, as follows:

"(1) In the case of individuals related closely by blood or by law, a substantial interest engendered by love and affection; and

"(2) 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. * * *

While this definition relates to cases where one insures the life of another, we believe the definition is in consonance with the general law as to what constitutes an insurable interest.