

Mr. Philip Wagner, Executive Secretary
Employees' Retirement System

(continued)

44 C.J.S. Insurance, Sec. 203, states the general law as follows:

"A person has an insurable interest in the life of another when there is a reasonable probability that he will gain by the latter's staying alive or lose by his death. Stated more comprehensively, an insurable interest exists where there is reasonable ground, founded on the relations of the parties to each other, either pecuniary or contractual or by blood or affinity, to expect some benefit or advantage from the continuance of the life of the insured * * *."

See also 2 Appleman - Insurance, Sec. 762; Warnock vs. Davis, 104 104 U.S. 775.

It would appear, therefore, that absent a close relationship by blood or law, an insurable interest exists only if the beneficiary has a reasonable expectation of advantage from the continuance of the insured's life, or would lose by his death. "Since any pecuniary interest in the life of the insured is insurable, it is particularly desirable that such expectation of loss or gain be of a directly pecuniary character. It is not, however, indispensable that such interest be capable of pecuniary estimation. And it is not necessary that such expectation be based upon some ground enforceable in either a court of law or a court of equity * * *. Likewise an intention clearly demonstrated on the part of the insured to care for the beneficiary has been held adequate to constitute an insurable interest." 2 Appleman - Insurance, Section 762.

While it has been held that a person has no insurable interest, per se, in a cousin, (2 Appleman - Insurance, Section 822), from the facts which have been presented, we believe that both designated beneficiaries had a substantial economic interest in the continued life of Mr. Natale. If the member had continued to live, James Verderano's son, Robert, would have continued to receive