

(ii) An individual party to a contract or option described in subparagraph (i) of this paragraph has an insurable interest in the life of each individual party to the contract or option.

(iii) The insurable interest specified in subparagraph (ii) of this paragraph:

1. is only for the purposes of the contract or option; and
2. is in addition to any other insurable interest that may exist on the life of an individual party to the contract or option.

(c) (1) This subsection applies only to a charitable, benevolent, educational, governmental, or religious institution that is described in § 170(b)(1)(A) or § 501(c)(3) of the Internal Revenue Code, or a trust for the benefit of that institution that is qualified as a pooled income fund under § 642(c)(5) or a charitable remainder trust under § 664 of the Internal Revenue Code.

(2) An institution or trust described in paragraph (1) of this subsection may procure or cause to be procured an insurance policy on the life of an individual if:

(i) the institution or trust is designated irrevocably as the beneficiary of the insurance policy; and

(ii) the application for the insurance policy is signed by the individual whose life is to be insured or the individual's legal guardian.

(3) This subsection does not prohibit the institution or individual from being the beneficiary or owner of the policy or paying the premiums for the policy.

(d) If a beneficiary, assignee, or other payee under an insurance contract made in violation of this section receives from the insurer benefits that accrue on the insured's death, disablement, or injury, the insured or the insured's executor or administrator may bring an action to recover benefits from the payee that receives them.

(e) Notwithstanding subsection (b)(4) of this section, a corporate employer with an insurable interest in employees described in subsection (b)(3) or (4) of this section may not retaliate against an employee who refuses to consent to an insurance contract being purchased in the employee's name.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2001.

Approved April 20, 2001.

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