

**511.40 Employer — insurable interest in employees.**

1. As used in [this section](#), “employees” includes officers, managers, and directors of an employer, and the shareholders, partners, members, proprietors, or other owners of the employer.

2. An employer and a trust established by the employer for the benefit of the employer or for the benefit of the employer’s active or retired employees has an insurable interest in each of the lives of the employer’s active or retired employees and may insure their lives on an individual or group basis.

3. The amount of coverage on the lives of nonmanagement or nonkey employees shall be reasonably related to the benefit provided to the employees.

4. On and after July 1, 2003, an employer or trust shall obtain the written consent of each employee being insured by an employer and trust pursuant to [this section](#) before insuring the employee’s life. The consent shall include an acknowledgment by the employee that the employer or trust may maintain the life insurance after the employee is no longer employed by the employer. An employer shall not retaliate in any manner against an employee who refuses to consent.

5. *a.* The gross amount of premiums received by a life insurance company or association for an employer-owned life insurance contract which has not been allocated to another state shall be allocated to this state for purposes of [section 432.1, subsection 1](#), if either of the following is applicable:

(1) The contract is issued or delivered in this state.

(2) The company or association is domiciled in this state.

*b.* To the extent that premiums are allocated to this state pursuant to paragraph “a”, the provisions of [section 505.14](#) are not applicable to those premiums.

*c.* As used in [this subsection](#), “*employer-owned life insurance contract*” means a policy which provides coverage on a life for which the employer has an insurable interest under [this section](#) or a similar provision of the laws of another state and the policy is owned by either the employer or a trust established by the employer for the benefit of the employer or the employer’s active or retired employees.

[2003 Acts, ch 91, §22; 2013 Acts, ch 124, §15](#)

Referred to in [§508E.13](#)