

CF 7r2218

---

**By: Delegates Dembrow and Finifter**

Introduced and read first time: January 31, 1997

Assigned to: Judiciary

---

## A BILL ENTITLED

1 AN ACT concerning

2 **Estates and Trusts - Duties of Trustee**

3 FOR the purpose of limiting the duties of a trustee regarding the acquisition, retention,  
4 or ownership of a contract of insurance on the life of the grantor of the trust or on  
5 the lives of the grantor and the grantor's spouse or children; and providing for the  
6 application of this Act.

7 BY adding to

8 Article - Estates and Trusts

9 Section 15-115

10 Annotated Code of Maryland

11 (1991 Replacement Volume and 1996 Supplement)

12 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
13 MARYLAND, That the Laws of Maryland read as follows:

14 **Article - Estates and Trusts**

15 15-115.

16 NOTWITHSTANDING ANY OTHER PROVISION OF LAW, AND EXCEPT AS  
17 OTHERWISE PROVIDED IN THE GOVERNING INSTRUMENT, THE DUTIES OF A  
18 TRUSTEE REGARDING THE ACQUISITION, RETENTION, OR OWNERSHIP OF A  
19 CONTRACT OF INSURANCE ON THE LIFE OF THE GRANTOR OF THE TRUST, OR ON  
20 THE LIVES OF THE GRANTOR AND THE GRANTOR'S SPOUSE OR CHILDREN, INCLUDE  
21 A DUTY OF LOYALTY AND FAIR DEALING, BUT DO NOT INCLUDE A DUTY TO:

22 (1) DETERMINE WHETHER ANY CONTRACT OF INSURANCE IS OR  
23 REMAINS A PROPER INVESTMENT;

24 (2) DIVERSIFY THE INVESTMENT; OR

25 (3) EXERCISE ANY POLICY OPTIONS, RIGHTS, OR PRIVILEGES  
26 AVAILABLE UNDER ANY CONTRACT OF INSURANCE, INCLUDING ANY RIGHT TO  
27 BORROW THE CASH VALUE OR RESERVE OF THE POLICY, ACQUIRE A PAID-UP  
28 POLICY, OR CONVERT TO A DIFFERENT POLICY.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all  
30 trusts existing on or after the effective date of this Act.

2

1           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2 October 1, 1997.