
By: Senator Stone

Introduced and read first time: January 31, 1997

Assigned to: Judicial Proceedings

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 11, 1997

CHAPTER ____

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~~ life insurance in the trust on the life of the
5 grantor of the trust or on the lives of the grantor and the grantor's spouse ~~or~~
6 ~~children, children, or grandchildren~~; and providing for the 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,~~
21 CHILDREN, OR GRANDCHILDREN, DO NOT INCLUDE A DUTY TO:

22 (1) DETERMINE WHETHER ANY CONTRACT OF ~~INSURANCE LIFE~~

23 INSURANCE IN THE TRUST IS OR REMAINS A PROPER INVESTMENT;

2

1 (2) DIVERSIFY THE INVESTMENT; OR

2 (3) EXERCISE ANY POLICY OPTIONS, RIGHTS, OR PRIVILEGES
3 AVAILABLE UNDER ANY CONTRACT OF ~~INSURANCE~~ LIFE INSURANCE IN THE TRUST,
4 INCLUDING ANY RIGHT TO BORROW THE CASH VALUE OR RESERVE OF THE POLICY,
5 ACQUIRE A PAID-UP POLICY, OR CONVERT TO A DIFFERENT POLICY.

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

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