

CHAPTER 516

(Senate Bill 300)

AN ACT concerning

Life Insurance - Insurable Interests - Trustees, Partnerships, Limited Partnerships, and Limited Liability Companies

FOR the purpose of providing that the trustee of a trust has an insurable interest in the life of an individual insured under a life insurance policy owned by the trust or the trustee of a trust if, on the date on which the policy is issued, certain conditions are met; providing that a partnership, limited partnership, or limited liability company has an insurable interest in the life of an individual insured under a life insurance policy owned by the partnership, limited partnership, or limited liability company if, on the date on which the policy is issued, certain conditions are met; providing that this Act shall apply to all trusts existing before, on, or after a certain date, regardless of the effective date of a certain governing instrument, but only as to certain life insurance policies; and generally relating to insurable interests in the life of an individual insured under a life insurance policy.

BY repealing and reenacting, with amendments,

Article - Insurance

Section 12-201(b)

Annotated Code of Maryland

(2003 Replacement Volume and 2005 Supplement)

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

Article - Insurance

12-201.

(b) (1) With reference to personal insurance, an insurable interest includes only the interests described in this subsection.

(2) (i) For individuals related closely by blood or law, a substantial interest engendered by love and affection is an insurable interest.

(ii) For the prospective parent of a prospective adoptive child, an insurable interest exists in the life of the child as of the date of the earlier of:

1. a placement for adoption, as defined in § 5-301 of the Family Law Article, provided that:

A. any consents required under § 5-311 of the Family Law Article have been given; or