

OUT OF OR BASED ON AN OBLIGATION CREATED AFTER JUNE 1, 1945, WHETHER OR NOT THE RIGHT TO CHANGE THE NAMED BENEFICIARY IS RESERVED OR ALLOWED TO THE INDIVIDUAL.

(B) PROCEEDS DESCRIBED.

FOR PURPOSES OF THIS SECTION, PROCEEDS INCLUDE DEATH BENEFITS, CASH SURRENDER AND LOAN VALUES, PREMIUMS WAIVED, AND DIVIDENDS, WHETHER USED TO REDUCE THE PREMIUMS OR USED OR APPLIED IN ANY OTHER MANNER, EXCEPT IF THE DEBTOR HAS, AFTER ISSUANCE OF THE POLICY, ELECTED TO RECEIVE THE DIVIDENDS IN CASH.

(C) EFFECT OF SECTION.

THIS SECTION DOES NOT PROHIBIT A CREDITOR FROM COLLECTING A DEBT OUT OF THE PROCEEDS OF A LIFE INSURANCE POLICY PLEDGED BY THE INSURED AS SECURITY FOR THE DEBT.

(D) EFFECT OF CHANGE OR TRANSFER.

A CHANGE OF BENEFICIARY, ASSIGNMENT, OR OTHER TRANSFER IS VALID EXCEPT FOR TRANSFER WITH ACTUAL INTENT TO HINDER, DELAY, OR FRAUD CREDITORS.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 385.

In subsection (a) of this section, the term "individual" is substituted for the former term "person" since a life insurance policy or annuity contract would be only on the life of an individual.

Also in subsection (a) of this section, the former language "heretofore or hereafter" is deleted as unnecessary since, absent a limitation, it is not necessary to describe when the life insurance policy or annuity contract could be made or assigned.

Defined terms: "Annuity contract" § 1-101

"Life insurance" § 1-101

"Policy" § 1-101

"Premium" § 1-101

16-112. PROHIBITED AGREEMENTS OR PLANS.

A LIFE INSURER MAY NOT DELIVER IN THE STATE, AS PART OF OR IN COMBINATION WITH AN INSURANCE, ENDOWMENT, OR ANNUITY CONTRACT, AND ADDITIONAL TO THE RIGHTS, DIVIDENDS, AND BENEFITS ARISING OUT OF THE CONTRACT, AN AGREEMENT OR PLAN THAT:

(1) PROVIDES FOR THE ACCUMULATION OF PROFITS OVER A PERIOD OF YEARS AND FOR PAYMENT OF ALL OR PART OF THE ACCUMULATED PROFITS ONLY TO MEMBERS OR POLICYHOLDERS OF A DESIGNATED GROUP OR CLASS WHO CONTINUE AS MEMBERS OR POLICYHOLDERS UNTIL THE END OF A SPECIFIED PERIOD OF YEARS;