

*(v) 30% for [1998 and 1999] 2001 AND 2002; [and]*

*(vi) [40%] 35% for [2000] 2003 AND 2004; AND*

*(VII) 40% FOR 2005 and all subsequent calendar years.*

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

Approved May 22, 1997.

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**CHAPTER 607**

**(Senate Bill 632)**

AN ACT concerning

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

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

BY adding to

Article - Estates and Trusts

Section 15-115

Annotated Code of Maryland

(1991 Replacement Volume and 1996 Supplement)

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

**Article - Estates and Trusts**

15-115.

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

(1) DETERMINE WHETHER ANY CONTRACT OF ~~INSURANCE~~ LIFE INSURANCE IN THE TRUST IS OR REMAINS A PROPER INVESTMENT;

(2) DIVERSIFY THE INVESTMENT; OR