

TRUSTS

CHAPTER 490

HOUSE BILL NO. 1135

(Judiciary Committee)

(At the request of the Commission on Uniform State Laws)

AN ACT to create and enact section 59-09-13 of the North Dakota Century Code, relating to the insurable interest of a trustee.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. Section 59-09-13 of the North Dakota Century Code is created and enacted as follows:

59-09-13. Insurable interest of trustee.

1. In this section, "settlor" means a person, including a person for which a fiduciary or agent is acting, that executes the trust instrument.
2. A trustee of a trust has an insurable interest in the life of an individual insured under a life insurance policy that is owned by the trustee of the trust acting in a fiduciary capacity or that designates the trust itself as owner if, on the date the policy is issued:
 - a. The insured is a settlor of the trust or an individual in whom a settlor of the trust has, or would have had if living at the time the policy was issued, an insurable interest; and
 - b. The life insurance proceeds must be primarily for the benefit of trust beneficiaries that have:
 - (1) An insurable interest in the life of the insured; or
 - (2) A substantial interest engendered by love and affection in the continuation of the life of the insured. If the trust beneficiaries do not already have an insurable interest under paragraph 1, the trust beneficiaries must be related within the third degree or closer, as measured by the civil law system of determining degrees of relation, either by blood or law, to the insured, or must be stepchildren of the insured.
3. This section does not authorize any practice that is prohibited by chapter 26.1-33.4.

Approved March 28, 2011

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