

# SENATE BILL No. 32

January 16, 2013, Introduced by Senator SCHUITMAKER and referred to the Committee on Judiciary.

A bill to amend 1998 PA 386, entitled "Estates and protected individuals code," (MCL 700.1101 to 700.8206) by adding section 7114.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           SEC. 7114. A TRUSTEE OF A TRUST HAS AN INSURABLE INTEREST IN  
2 THE LIFE OF AN INDIVIDUAL INSURED UNDER A LIFE INSURANCE POLICY  
3 THAT IS OWNED BY THE TRUSTEE OF THE TRUST ACTING IN A FIDUCIARY  
4 CAPACITY OR THAT DESIGNATES THE TRUST ITSELF AS THE OWNER IF, ON  
5 THE DATE THE POLICY IS ISSUED, BOTH OF THE FOLLOWING ARE TRUE:

6           (A) THE INSURED IS 1 OF THE FOLLOWING:

7           (i) A SETTLOR OF THE TRUST.

8           (ii) AN INDIVIDUAL IN WHOM A SETTLOR OF THE TRUST HAS, OR WOULD  
9 HAVE HAD IF LIVING AT THE TIME THE POLICY WAS ISSUED, AN INSURABLE  
10 INTEREST.

11           (B) THE LIFE INSURANCE PROCEEDS ARE PRIMARILY FOR THE BENEFIT

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1 OF 1 OR MORE TRUST BENEFICIARIES THAT HAVE 1 OF THE FOLLOWING:

2 (i) AN INSURABLE INTEREST IN THE LIFE OF THE INSURED.

3 (ii) A SUBSTANTIAL INTEREST ENGENDERED BY LOVE AND AFFECTION IN  
4 THE CONTINUATION OF THE LIFE OF THE INSURED AND, IF NOT ALREADY  
5 INCLUDED UNDER SUBPARAGRAPH (i), WHO ARE 1 OF THE FOLLOWING:

6 (A) RELATED WITHIN THE THIRD DEGREE OR CLOSER, AS MEASURED BY  
7 THE CIVIL LAW SYSTEM OF DETERMINING DEGREES OF RELATION, EITHER BY  
8 BLOOD OR AFFINITY, TO THE INSURED.

9 (B) STEPCHILDREN OF THE INSURED.

10 Enacting section 1. This amendatory act does not take effect  
11 unless Senate Bill No. 31

12 of the 97th Legislature is enacted into law.