First Regular Session Sixty-eighth General Assembly STATE OF COLORADO

REENGROSSED

This Version Includes All Amendments Adopted in the House of Introduction

LLS NO. 11-0161.01 Thomas Morris

SENATE BILL 11-175

SENATE SPONSORSHIP

Carroll,

HOUSE SPONSORSHIP

Levy,

Senate Committees

House Committees

Judiciary

A BILL FOR AN ACT

101 CONCERNING ENACTMENT OF THE INSURABLE INTEREST AMENDMENTS 102 TO THE UNIFORM TRUST CODE.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://www.leg.state.co.us/billsummaries.)

Colorado Commission on Uniform State Laws. The bill enacts the insurable interest amendments to the uniform trust code, drafted by the national conference of commissioners on uniform state laws, and specifies when a trustee of a trust has an insurable interest in the settlor of the trust or an individual in whom the settlor of the trust has or had an Reading Unam ended March 8,2011

SENATE 3 m

1	Be it enacted by the General Assembly of the State of Colorado:
2	SECTION 1. Article 16 of title 15, Colorado Revised Statutes, is
3	amended BY THE ADDITION OF A NEW PART to read:
4	PART 5
5	INSURABLE INTEREST OF TRUSTEE
6	15-16-501. Insurable interest of trustee - definition. (1) IN
7	THIS PART 5, "SETTLOR" MEANS A PERSON THAT EXECUTES A TRUST
8	INSTRUMENT. THE TERM INCLUDES A PERSON FOR WHICH A FIDUCIARY OR
9	AGENT IS ACTING.
10	(2) A TRUSTEE OF A TRUST HAS AN INSURABLE INTEREST IN THE
11	LIFE OF AN INDIVIDUAL INSURED UNDER A LIFE INSURANCE POLICY THAT
12	IS OWNED BY THE TRUSTEE OF THE TRUST ACTING IN A FIDUCIARY
13	CAPACITY OR THAT DESIGNATES THE TRUST ITSELF AS THE OWNER IF, ON
14	THE DATE THE POLICY IS ISSUED:
15	(a) THE INSURED IS:
16	(I) A SETTLOR OF THE TRUST; OR
17	(II) AN INDIVIDUAL IN WHOM A SETTLOR OF THE TRUST HAS, OR
18	WOULD HAVE HAD IF LIVING AT THE TIME THE POLICY WAS ISSUED, AN
19	INSURABLE INTEREST; AND
20	(b) THE LIFE INSURANCE PROCEEDS ARE PRIMARILY FOR THE
21	BENEFIT OF ONE OR MORE TRUST BENEFICIARIES THAT HAVE:
22	(I) AN INSURABLE INTEREST IN THE LIFE OF THE INSURED; OR
23	(II) A SUBSTANTIAL INTEREST ENGENDERED BY LOVE AND
24	AFFECTION IN THE CONTINUATION OF THE LIFE OF THE INSURED AND, IF
25	NOT ALREADY INCLUDED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH

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1	(b), WHO ARE:
2	(A) RELATED WITHIN THE FIFTH DEGREE OR CLOSER, AS MEASURED
3	BY THE CIVIL LAW SYSTEM OF DETERMINING DEGREES OF RELATION,
4	EITHER BY BLOOD OR LAW, TO THE INSURED;
5	(B) STEPCHILDREN OF THE INSURED OR THEIR DESCENDANTS; OR
6	(C) Individuals who are designated as beneficiaries of
7	INSURANCE POLICIES FOR LIFE INSURANCE COVERAGE ON THE LIFE OF THE
8	INSURED UNDER A DESIGNATED BENEFICIARY AGREEMENT EXECUTED
9	PURSUANT TO ARTICLE 22 OF THIS TITLE.
10	(3) This section does not limit or abridge any insurable
11	INTEREST OR RIGHT TO INSURE UNDER THE COMMON LAW OR ANY OTHER
12	STATUTE.
13	SECTION 2. Inclusion of official comments. There shall be
14	included in the publication of the "Colorado Probate Code", as
15	nonstatutory matter, following section 15-16-501, Colorado Revised
16	Statutes, the full text of the official comments to that section contained in
17	the official volume containing the official text of the "Insurable Interest
18	Amendments to the Uniform Trust Code" issued by the national
19	conference of commissioners on uniform state laws, with any changes in
20	the official comments to correspond to Colorado changes in the uniform
21	act. The revisor of statutes shall prepare the comments for approval by
22	the committee on legal services.
23	SECTION 3. Effective date - applicability. This act shall take
24	effect July 1, 2011, and shall apply to any trust existing before, on, or
25	after July 1, 2011, regardless of the effective date of the governing
26	instrument under which the trust was created.
27	SECTION 4. Safety clause. The general assembly hereby finds,

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- determines, and declares that this act is necessary for the immediate
- 2 preservation of the public peace, health, and safety.

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