

NOTE: This bill has been prepared for the signature of the appropriate legislative officers and the Governor. To determine whether the Governor has signed the bill or taken other action on it, please consult the legislative status sheet, the legislative history, or the Session Laws.



SENATE BILL 11-175

BY SENATOR(S) Carroll, Guzman;
also REPRESENTATIVE(S) Levy, Fields, Hullinghorst, Kagan, Wilson.

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

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Article 16 of title 15, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PART to read:

PART 5
INSURABLE INTEREST OF TRUSTEE

15-16-501. Insurable interest of trustee - definition. (1) IN THIS PART 5, "SETTLOR" MEANS A PERSON THAT EXECUTES A TRUST INSTRUMENT. THE TERM INCLUDES A PERSON FOR WHICH A FIDUCIARY OR AGENT IS ACTING.

(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 THE OWNER IF, ON THE DATE THE

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

POLICY IS ISSUED:

(a) THE INSURED IS:

(I) A SETTLOR OF THE TRUST; OR

(II) 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 ARE PRIMARILY FOR THE BENEFIT OF ONE OR MORE TRUST BENEFICIARIES THAT HAVE:

(I) AN INSURABLE INTEREST IN THE LIFE OF THE INSURED; OR

(II) A SUBSTANTIAL INTEREST ENGENDERED BY LOVE AND AFFECTION IN THE CONTINUATION OF THE LIFE OF THE INSURED AND, IF NOT ALREADY INCLUDED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH (b), WHO ARE:

(A) RELATED WITHIN THE FIFTH DEGREE OR CLOSER, AS MEASURED BY THE CIVIL LAW SYSTEM OF DETERMINING DEGREES OF RELATION, EITHER BY BLOOD OR LAW, TO THE INSURED;

(B) STEPCHILDREN OF THE INSURED OR THEIR DESCENDANTS; OR

(C) INDIVIDUALS WHO ARE DESIGNATED AS BENEFICIARIES OF INSURANCE POLICIES FOR LIFE INSURANCE COVERAGE ON THE LIFE OF THE INSURED UNDER A DESIGNATED BENEFICIARY AGREEMENT EXECUTED PURSUANT TO ARTICLE 22 OF THIS TITLE.

(3) THIS SECTION DOES NOT LIMIT OR ABRIDGE ANY INSURABLE INTEREST OR RIGHT TO INSURE UNDER THE COMMON LAW OR ANY OTHER STATUTE.

SECTION 2. Inclusion of official comments. There shall be included in the publication of the "Colorado Probate Code", as nonstatutory matter, following section 15-16-501, Colorado Revised Statutes, the full text of the official comments to that section contained in the official volume containing the official text of the "Insurable Interest Amendments to the

Uniform Trust Code" issued by the national conference of commissioners on uniform state laws, with any changes in the official comments to correspond to Colorado changes in the uniform act. The revisor of statutes shall prepare the comments for approval by the committee on legal services.

SECTION 3. Effective date - applicability. This act shall take effect July 1, 2011, and shall apply to any trust existing before, on, or after July 1, 2011, regardless of the effective date of the governing instrument under which the trust was created.

SECTION 4. Safety clause. The general assembly hereby finds,

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

Brandon C. Shaffer
PRESIDENT OF
THE SENATE

Frank McNulty
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Cindi L. Markwell
SECRETARY OF
THE SENATE

Marilyn Eddins
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

APPROVED _____

John W. Hickenlooper
GOVERNOR OF THE STATE OF COLORADO