

ESTATES AND PROTECTED INDIVIDUALS CODE (EXCERPT)
Act 386 of 1998

700.7114 Trustee having insurable interest under life insurance policy; conditions.

Sec. 7114. 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 policy is issued, both of the following are true:

(a) The insured is 1 of the following:

(i) A settlor of the trust.

(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.

(b) The life insurance proceeds are primarily for the benefit of 1 or more trust beneficiaries that have 1 of the following:

(i) An insurable interest in the life of the insured.

(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), who are 1 of the following:

(A) Related within the third degree or closer, as measured by the civil law system of determining degrees of relation, either by blood or affinity, to the insured.

(B) Stepchildren of the insured.

History: Add. 2014, Act 8, Imd. Eff. Feb. 11, 2014.

Popular name: EPIC