

SESSION OF 2011

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2028

As Amended by Senate Committee on
Judiciary

Brief*

HB 2028 would create a new section to be part of the Kansas Uniform Trust Code giving the trustee of a trust an insurable interest in the life of an individual insured under a life insurance policy owned by the trustee acting in a fiduciary capacity or that designates the trust itself as the owner under certain circumstances. Pursuant to the bill, the trustee has an insurable interest if, when the policy is issued, the insured is either 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. Additionally, to have an insurable interest, the bill requires the life insurance proceeds be primarily for the benefit of one or more trust beneficiaries who have an insurable interest in the life of the insured, or are related within a third degree, either by blood or law, or are the insured's stepchildren or the children of the insured's stepchild, either by blood or law.

Background

In the House Committee on Judiciary, a representative of the Kansas Judicial Council, who also requested introduction of HB 2028, appeared in support of the bill. No opponents were present at the hearing.

The House Committee on Judiciary amended the bill by clarifying that it is intended to be part of and supplemental to the Kansas Uniform Trust Code, and by adding "children of

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

the insured's stepchild, either by blood or law” to the list of persons who may be beneficiaries of the life insurance proceeds.

In the Senate Committee on Judiciary, a representative of the Kansas Judicial Council offered testimony in support of the bill. No opponents provided testimony. The Senate Committee on Judiciary amended the bill by striking the test requiring that in some circumstances, trust beneficiaries have “a substantial interest engendered by love and affection in the continuation of the life of the insured.”

The fiscal note indicates HB 2028, as introduced, would have no fiscal effect.