

386B.1-120 Insurable interest of trustee.

- (1) As used in this section, "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 policy is issued:
 - (a) The insured is:
 1. A settlor of the trust; or
 2. 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 (1) or more trust beneficiaries that have:
 1. An insurable interest in the life of the insured; or
 2. A substantial interest engendered by love and affection in the continuation of the life of the insured and, if not already included under subparagraph 1. of this paragraph, who are:
 - a. Related within the third degree or closer, as measured by the civil law system of determining degrees of relation, either by blood or law, to the insured; or
 - b. Stepchildren of the insured.

Effective: July 15, 2014

History: Created 2014 Ky. Acts ch. 25, sec. 12, effective July 15, 2014.