

**HOUSE BILL No. 2028**

By Committee on Judiciary

1-18

1 AN ACT concerning trusts; relating to insurable interests of trustees.

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*Be it enacted by the Legislature of the State of Kansas:*

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Section 1. (a) 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.

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(b) 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:

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(1) The insured is:

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(A) A settlor of the trust; or

(B) 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

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(2) the life insurance proceeds are primarily for the benefit of one or more trust beneficiaries ~~that have:~~

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(A) ***That have*** an insurable interest in the life of the insured; or

(B) ~~a substantial interest engendered by love and affection in the continuation of the life of the insured and,~~ if not already included under subparagraph (A), who are:

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(i) Related within a 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

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(ii) stepchildren of the insured, **or children of the insured's stepchild, either by blood or law.**

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**(c) This section shall be part of the supplemental to the Kansas uniform trust code.**

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Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.