

HOUSE BILL No. 5766

April 1, 2004, Introduced by Reps. Lipsey, Bieda, Anderson, Kolb, Tobocman, Gleason, Adamini, Gillard, Whitmer, Gaffney and LaSata and referred to the Committee on Judiciary.

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending section 2207 (MCL 500.2207).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2207. (1) ~~It shall be lawful for any husband to~~ An
2 **individual may** insure his **or her** life for the benefit of ~~his~~
3 ~~wife, and for any father to insure his life for the benefit of~~
4 ~~his children, or of any one or more of them; and in case that any~~
5 ~~money shall become payable under the insurance, the same shall be~~
6 ~~payable to the person or persons for whose benefit the insurance~~
7 ~~was procured, his, her or their representatives or assigns, for~~
8 ~~his, her or their own use and benefit, free from all claims of~~
9 ~~the representatives of such husband or father, or of any of his~~
10 ~~creditors; and any married woman, either in her own name or in~~
11 ~~the name of any third person as her trustee, may cause to be~~

~~1 insured the life of her husband, or of any other person, for any
2 definite period, or for the term of life, and the moneys that may
3 become payable on the contract of insurance, shall be payable to
4 her, her representatives or assigns, free from the claims of the
5 representatives of the husband, or of such other person insured,
6 or of any of his creditors; and in any contract of insurance, it
7 shall be lawful to provide that on the decease of the person or
8 persons for whose benefit it is obtained, before the sum insured
9 shall become payable, the benefit thereof shall accrue to any
10 other person or persons designated; and such other person or
11 persons shall, on the happening of such contingency, succeed to
12 all the rights and benefits of the deceased beneficiary or
13 beneficiaries of the policy of insurance, notwithstanding he, she
14 or they may not at the time have any such insurable interest as
15 would have enabled him, her or them to obtain a new insurance;
16 and the proceeds of any policy of life or endowment insurance,
17 which is payable to the wife, husband or children of the insured
18 or to a trustee for the benefit of the wife, husband or children
19 of the insured, including the cash value thereof, shall be exempt
20 from execution or liability to any creditor of the insured; and
21 said exemption shall apply to insurance heretofore or hereafter
22 issued; and shall apply to insurance payable to the above
23 enumerated persons or classes of persons, whether they shall have
24 become entitled thereto as originally designated beneficiaries,
25 by beneficiary designation subsequent to the issuance of the
26 policy, or by assignment (except in case of transfer with intent
27 to defraud creditors). (2) If a policy of insurance, or contract~~

~~1 of annuity (whether heretofore or hereafter issued) is effected
2 by any person on his own life or on another life in favor of a
3 person other than himself, or (except in cases of transfer with
4 intent to defraud creditors) if a policy of life insurance is
5 assigned or in any way made payable to any such person, the
6 lawful beneficiary or assignee thereof (other than the insured or
7 the person so effecting such insurance, or his executors or
8 administrators) shall be entitled to the proceeds and avails
9 (including the cash value thereof) against the creditors and
10 representatives of the insured and of the person effecting the
11 same, (whether or not the right to change the beneficiary is
12 reserved or permitted and whether or not the policy is made
13 payable in the event that the beneficiary or assignee shall
14 predecease such person, to the person whose life is insured or
15 the person effecting the insurance): Provided, That, subject to
16 the statute of limitations, the amount of any premiums for said
17 insurance paid with intent to defraud creditors, with interest
18 thereon, shall inure to their benefit from the proceeds of the
19 policy: Provided further, That proof that such transfer was made
20 and a particular debt or claim existed at the time of such
21 transfer shall be prima facie evidence of intent to defraud said
22 creditor as to said debt or claim; but the company issuing the
23 policy shall be discharged of all liability thereon by payment of
24 its proceeds in accordance with its terms, unless before such
25 payment the company shall have written notice at its home office,
26 by or in behalf of a creditor of a claim to recover for transfer
27 made or premiums paid with intent to defraud creditors, with~~

1 ~~specification of the amount claimed.~~ his or her spouse or
2 child. A married individual, in his or her own name or in the
3 name of a third person as trustee, may insure the life of a
4 spouse or any other person for a definite period or for the term
5 of life.

6 (2) A life insurance policy or the proceeds of a life
7 insurance policy payable to the individual insured or to the
8 designated beneficiary is not subject to legal or equitable
9 process to satisfy the liability of a person who has a right
10 under the policy.

11 (3) The proceeds of a life insurance policy that are not
12 payable to a named beneficiary or a third person under a
13 facility-of-payment clause are not an asset of the estate of the
14 individual insured for purposes of paying claims of creditors.

15 (4) If a life insurance policy is effected by a person on
16 the life of the person or on the life of another in favor of a
17 person other than the person who effected the policy who has an
18 insurable interest in the policy, or made payable by assignment,
19 change of beneficiary, or other means to a third person, the
20 beneficiary of the policy or the third person, other than the
21 person who effected the policy or the legal representatives of
22 the person who effected the policy, is entitled to the proceeds
23 of the policy against the creditors or representatives of the
24 person who effected the policy.