

§2428. Exemption of proceeds -- life, endowment, annuity, accident contracts

1. Certain policies of insurance shall be exempt from claims of creditors, and the rights of beneficiaries and assignees thereof shall be protected, as set forth.

[PL 1969, c. 132, §1 (NEW).]

2. Except in cases of transfers with intent to defraud creditors, if a contract of life, endowment, annuity or accident insurance, whether heretofore or hereafter issued, is effected by any person on that person's own life or on another life, in favor of a person other than the person effecting that contract, or is assigned or in any way made payable to any other person, the lawful beneficiary or assignee thereof, other than the insured or the person so effecting such contract of insurance or executors or administrators of such insured or of the person so effecting such contract of insurance, is entitled to its proceeds and avails against the creditors and representatives of the insured and of the person effecting the same, whether or not the right to change the beneficiary is reserved or permitted and whether or not the contract of insurance is made payable to the person whose life is insured or to the executor or administrator of such person if the beneficiary or assignee predeceases such person, and such proceeds and avails are exempt from all liability for any debt of the beneficiary existing at the time the proceeds and avails are made available for the beneficiary's use. Subject to the statutes of limitations, the amount of any premiums for such contract of insurance paid with intent to defraud creditors, with interest thereon, inures to the benefit of the creditors from the proceeds of the contract of insurance; but the insurer issuing the contract must be discharged of all liability thereon by payment of its proceeds in accordance with its terms, unless before such payment the insurer has received written notice, by or in behalf of a creditor with specifications of the amount claimed along with such facts as will assist the insurer to ascertain the particular policy, of a claim to recover for transfer made or premiums paid with intent to defraud creditors, and unless such insurer has been served with trustee process for the cash surrender value of any such contract of insurance as required by law prior to making payment of the proceeds in accordance with the terms of the contract of insurance.

[RR 2013, c. 2, §37 (COR).]

3. For the purpose of subsection 2, a contract of insurance shall also be deemed to be payable to a person other than the insured if and to the extent that a facility-of-payment clause or similar clause in the contract permits the insurer to discharge its obligation after the death of the individual insured by paying the death benefits to a person as permitted by such clause.

[PL 1969, c. 132, §1 (NEW).]

SECTION HISTORY

PL 1969, c. 132, §1 (NEW). RR 2013, c. 2, §37 (COR).

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