

# HOUSE . . . . No. 1045

---

---

## The Commonwealth of Massachusetts

---

HOUSE OF REPRESENTATIVES, March 5, 1928.

The committee on Insurance, to whom was referred the petition (accompanied by bill, House, No. 562) of W. H. Sargent relative to exempting in certain cases the avails of life or endowment policies or annuity contracts from the claims of creditors, report the accompanying bill (House, No. 1045).

For the committee,

FRANK A. BRAINERD.

## The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Twenty-Eight.

An Act to exempt the Proceeds of Policies of Life or Endowment Insurance payable to Persons having an Insurable Interest in the Life Insured from Claims of Creditors of the Person effecting such Insurance.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 SECTION 1. Chapter one hundred and seventy-five  
2 of the General Laws is hereby amended by striking  
3 out section one hundred and twenty-five and inserting  
4 in place thereof the following:

5 *Section 125.* If a policy of life or endowment insur-  
6 ance is effected by any person on his own life or on  
7 another life, in favor of a person other than himself  
8 having an insurable interest therein, the lawful bene-  
8 ficiary thereof, other than himself or his legal repre-  
10 sentatives, shall be entitled to its proceeds or cash  
11 surrender value against the creditors and representa-  
12 tives of the person effecting the same, whether or not  
13 the right to change the named beneficiary is reserved  
14 by or permitted to such person; provided, that, sub-  
15 ject to the statute of limitations, the amount of any  
16 premiums for said insurance paid in fraud of creditor,  
17 with interest thereon, shall enure to their benefit from  
18 the proceeds of the policy; but the company issuing  
19 the policy shall be discharged of all liability thereon

20 by payment of its proceeds in accordance with its  
21 terms, unless before such payment the company shall  
22 have written notice, by or in behalf of a creditor, of  
23 a claim to recover for certain premiums paid in fraud  
24 of creditors, with specifications of the amount claimed.  
25 No court, and no trustee or assignee for the benefit of  
26 creditors, shall elect for the person effecting such in-  
27 surance to exercise such right to change the named  
28 beneficiary.

29 Any person to whom a policy of life or endowment  
30 insurance, issued subsequent to April eleventh, eight-  
31 een hundred and ninety-four, is made payable may  
32 maintain an action thereon in his own name.

1 SECTION 2. Section one hundred and twenty-six of  
2 said chapter one hundred and seventy-five is hereby  
3 amended by inserting after the word "person" in the  
4 sixth line the words: — , and whether or not the right  
5 to change the named beneficiary is reserved by or per-  
6 mitted to the person effecting such insurance, — and  
7 by adding at the end thereof the following new sen-  
8 tence: — No court, and no trustee or assignee for the  
9 benefit of creditors, shall elect for the person effecting  
10 such insurance to exercise such right to change the  
11 named beneficiary, — so as to read as follows: —  
12 *Section 126.* Every policy of life or endowment insur-  
13 ance made payable to or for the benefit of a married  
14 woman, or after its issue assigned, transferred or in  
15 any way made payable to a married woman, or to any  
16 person in trust for her or for her benefit, whether  
17 procured by herself, her husband or by any other  
18 person, and whether the assignment or transfer is  
19 made by her husband or by any other person, and  
20 whether or not the right to change the named bene-

21 ficiary is reserved by or permitted to the person effect-  
22 ing such insurance, shall enure to her separate use and  
23 benefit, and to that of her children, subject to the  
24 provisions of the preceding section relative to pre-  
25 miums paid in fraud of creditors and to sections one  
26 hundred and forty-four to one hundred and forty-  
27 eight, inclusive. No court, and no trustee or assignee  
28 for the benefit of creditors, shall elect for the person  
29 effecting such insurance to exercise such right to  
30 change the named beneficiary.

1 SECTION 3. This act shall not apply to claims of  
2 creditors of any person effecting any life or endowment  
3 insurance which arise out of or are based upon any  
4 obligation created before this act takes effect.