

Third Division
September 25, 2013

No. 1-12-2593

NOTICE: This order was filed under Supreme Court Rule 23 and may not be cited as precedent by any party except in the limited circumstances allowed under Rule 23(3)(1).

IN THE
APPELLATE COURT OF ILLINOIS
FIRST JUDICIAL DISTRICT

IN RE MARRIAGE OF FAITH PAVLICK,)	Appeal from the
)	Circuit Court of
Plaintiff-Appellee,)	Cook County.
)	
v.)	08 D 1269
)	
MICHAEL PAVLICK,)	Honorable
)	Timothy Murphy,
Defendant-Appellant.)	Judge Presiding.

JUSTICE NEVILLE delivered the judgment of the court.
Justices Pucinski and Mason concurred in the judgment.

ORDER

¶ 1 *Held:* In a divorce action, the trial court has the power to allocate to one party the proceeds of policy insuring the life of the other party's parents, even though the assignee of the proceeds no longer has an insurable interest in the lives of the other party's parents.

¶ 2 The parties to the dissolution of the marriage of Faith and Michael Pavlick settled all issues except for the allocation of the expected proceeds from a policy insuring the life of Michael's mother, Evelyn Pavlick. The trial court ordered the payment to Faith of half of the proceeds upon the death

of Evelyn. In this appeal, Michael argues that the trial court lacked authority to assign this interest in the proceeds to Faith because Faith no longer has an insurable interest in Evelyn's life. We hold that the trial court has the power to assign the right to receive the proceeds of a life insurance policy to persons with no insurable interest in the insured life. Accordingly, we affirm the trial court's judgment.

¶ 3

BACKGROUND

¶ 4 Faith married Michael in 1980. They had three children. In 1998, Michael obtained life insurance that named Evelyn as the insured and Michael as the owner of the policy. The insurer promised to pay Michael and his sister, Nancy, a total of \$1.3 million on Evelyn's death. In exchange for the promised payment, the insurer required premiums of \$9,825 per year for the first 15 years of the policy, and premiums of \$152,565 per year thereafter.

¶ 5 Faith filed a petition for divorce in 2008. Over four very contentious years, Faith and Michael eventually reached an acceptable division of almost all of their property. The judgment for dissolution of the marriage, entered on June 4, 2012, incorporated the parties' agreement, and left unresolved only the issue of whether, when Evelyn died, Faith would receive any of the proceeds from the policy insuring Evelyn's life.

¶ 6 The trial court held an evidentiary hearing concerning the policy. Faith testified that she considered the insurance policy an investment. She agreed to pay half of the premiums yet to be paid in exchange for half of the proceeds Michael expected to receive from the policy. Michael testified that Nancy remained a policy beneficiary, to the extent of 7% of the proceeds, although Nancy had not paid policy premiums.

¶ 7 The trial court held that it had the power to assign to Faith an interest in the proceeds of the policy as part of the division of marital assets. The court awarded Faith half of Michael's interest, so that she will receive 46.5% of the policy benefits when the insurer pays them. Michael now appeals.

¶ 8 ANALYSIS

¶ 9 The trial court has broad discretion to apportion marital property, and we will not overturn a property distribution absent abuse of discretion. *In re Marriage of Benkendorf*, 252 Ill. App. 3d 429, 432 (1993). We review the trial court's findings of fact under the manifest weight of the evidence standard. *In re Marriage of Rosen*, 126 Ill. App. 3d 766, 773 (1984). However, we review rulings on questions of law *de novo*. *In re Marriage of Suriano*, 324 Ill. App. 3d 839, 846 (2001).

¶ 10 Michael argues that this appeal presents only a question of law. That is, he does not contest the trial court's factual findings or the equitability of the decision to award Faith half of Michael's interest in the proceeds of the insurance on Evelyn's life. Michael admits that he purchased the policy during the marriage, so it is part of the marital estate. He argues only that, as a matter of law, the court lacked the authority to award Faith any interest in the proceeds of the insurance policy, because Faith has no insurable interest in Evelyn's life. Faith does not contest Michael's argument that, after the trial court entered the judgment of dissolution, Faith no longer had an insurable interest in Evelyn's life. See *Bajwa v. Metropolitan Life Insurance Co.*, 333 Ill. App. 3d 558 (2002) (citing *Liberty National Life Insurance Co. v. Weldon*, 100 So. 2d 696 (1957)). Evelyn, the grandmother of Faith's children, does not bear a family relationship with Faith close enough for Faith to have an insurable interest in Evelyn's life. See *Weldon*, 100 So. 2d 696.

¶ 11 Under Illinois law, an insurer must not sell a life insurance policy to an individual who has no insurable interest in the life of the insured. *Bajwa*, 333 Ill. App. 3d at 567 (2002). However, a beneficiary of a life insurance policy does not need to have an insurable interest in the insured's life. *Bajwa*, 333 Ill. App. 3d at 568. In particular, Illinois law permits the assignment of a beneficiary's interest in a life insurance policy to persons with no insurable interest in the life of the insured. *Colgrove v. Lowe*, 343 Ill. 360, 363 (1931); *Gray v. Penn Mutual Life Insurance Co.*, 5 Ill. App. 2d 541, 550 (1955).

¶ 12 Therefore, we agree with the trial court that it had the power to assign to Faith part of Michael's interest in the life insurance policy at issue here, even though she no longer has an insurable interest in Evelyn's life. See 750 ILCS 5/503(d) (West 2012). Accordingly, we affirm the trial court's judgment.

¶ 13 Affirmed.