

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 606
Committee Substitute Favorable 4/26/95

Short Title: Trustee's Duties/Life Ins. Trusts.

(Public)

Sponsors:

Referred to:

March 29, 1995

A BILL TO BE ENTITLED

AN ACT TO CLARIFY THE DUTIES OF THE TRUSTEE OF AN IRREVOCABLE LIFE INSURANCE TRUST.

The General Assembly of North Carolina enacts:

Section 1. G.S. 36A-2 is amended by adding the following new subsections to read:

"(c) Notwithstanding the provisions of subsections (a) and (b) of this section, the duties of a trustee with respect to acquiring or retaining a contract of insurance upon the life of the settlor, or the lives of the settlor and the settlor's spouse, do not include a duty (i) to determine whether any such contract is or remains a proper investment; (ii) to exercise policy options available under any such contract; or (iii) to diversify any such contract. A trustee is not liable to the beneficiaries of the trust or to any other party for any loss arising from the absence of those duties upon the trustee.

(d) The trustee of a trust described under subsection (c) of this section established prior to October 1, 1995, shall notify the settlor in writing that, unless the settlor provides written notice to the contrary to the grantor within 60 days of the trustee's notice, the provisions of subsection (c) of this section shall apply to the trust. Subsection (c) of this section shall not apply if, within 60 days of the trustee's notice, the settlor notifies the trustee that subsection (c) of this section shall not apply."

1 Sec. 2. This act becomes effective October 1, 1995, and applies to trusts in
2 existence on or after that date.