

GENERAL ASSEMBLY OF NORTH CAROLINA
1995 SESSION

CHAPTER 153
HOUSE BILL 606

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 trustee 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."

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

In the General Assembly read three times and ratified this the 1st day of June, 1995.

Dennis A. Wicker
President of the Senate

Harold J. Brubaker
Speaker of the House of Representatives