

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 606

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

(Public)

Sponsors: Representative Neely.

Referred to: Judiciary II.

March 29, 1995

A BILL TO BE ENTITLED

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

3 The General Assembly of North Carolina enacts:

4 Section 1. G.S. 36A-2 is amended by adding a new subsection to read:

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

12 Sec. 2. This act is effective upon ratification and applies to trusts established
13 or contracts of insurance acquired before or after that date.
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