

SENATE BILL NO. 2246

Introduced by

Senators Lee, Watne

Representatives Carlson, Rennerfeldt

1 A BILL for an Act to create and enact a new section to chapter 26.1-33 of the North Dakota
2 Century Code, relating to the duties of a trustee of a life insurance trust; and to provide for
3 retroactive application.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1.** A new section to chapter 26.1-33 of the North Dakota Century Code is
6 created and enacted as follows:

7 **Life insurance policy acquisition, ownership or retention by trust - Duties of**
8 **trustee.** Notwithstanding any other provision of law, the duties of a trustee regarding the
9 acquisition, retention, or ownership of a life insurance policy upon the life of any one or more of
10 the grantor of the trust, the grantor's spouse, children, grandchildren, or parents include a duty
11 of loyalty and fair dealing, but do not include a duty to:

- 12 1. Determine whether any life insurance policy in the trust is or remains a proper
13 investment;
- 14 2. Exercise a policy option, right, or privilege available under a life insurance policy; or
- 15 3. Diversify the investment.

16 A trustee is not liable to the beneficiaries under the trust instrument or to any other person for a
17 loss that is claimed to result from the absence of these duties.

18 **SECTION 2. RETROACTIVE APPLICATION OF ACT.** Unless the trust instrument
19 specifically provides otherwise, this Act applies retroactively to any trust established before
20 August 1, 2000, and to any life insurance policy acquired by a trustee before August 1, 2000.