

Fifty-seventh
Legislative Assembly
of North Dakota

ENGROSSED 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.

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

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

6 **Life insurance policy ownership or retention by trust - Duties of trustee.**

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

- 11 1. Determine whether any life insurance policy in the trust is or remains a proper
12 investment;
- 13 2. Exercise a policy option, right, or privilege available under a life insurance policy;
14 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, except if a trustee purchases or
18 acquires a new or replacement policy for the trust which was not selected by the original
19 grantor under the trust instrument.