

ADVISORY

TO: All Life Insurers As Defined In NCGS 58-58-1

FROM: Ted Hamby, Deputy Commissioner

DATE: September 12, 2011

RE: Use of Retained Asset Accounts

The purpose of this advisory is to remind life insurers operating in NC of the standards regarding the payment of life insurance benefits to a beneficiary by means of a “retained asset account.” “Retained Asset Account” means any mechanism whereby the settlement of proceeds payable under an insurance policy is accomplished by the insurer or an entity acting on behalf of the insurer depositing the proceeds into an account with check or draft writing privileges, where those proceeds are retained by the insurer.

North Carolina Administrative Code Title 11 Chapter 12 Subsection .1600 provides the relevant requirements to which life insurers must comply when utilizing retained asset accounts in the payment of life benefits. You are encouraged to review the regulatory requirements to assure your company is compliant and be able to demonstrate such compliance upon request, audit or examination by this Department.

The administrative code may be found at:

<http://reports.oah.state.nc.us/ncac.asp?folderName=\Title%2011%20%20Insurance\Chapter%2012%20-%20Life%20and%20Health%20Division>

Please refer any questions to:

Life & Health to Ted Hamby at LHInbox@ncdoi.gov