

TO: All Life Insurers Licensed to Write Business in [State]

FROM: [Commissioner, Director, Superintendent]

DATE: [Insert Date]

RE: Use of Retained Asset Accounts

The purpose of this bulletin is to establish disclosure 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 a life 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, pursuant to a supplementary contract not involving annuity benefits.

#### Section 1. Explanation of Settlement Options

The insurer shall provide the beneficiary, at the time a claim is made, written information describing the

provide the following written disclosures to the beneficiary before the account is selected, unless otherwise specified, if not:

Whether the full benefit amount is accomplished by delivery of the “draft book”/ “check book”.

Whether a check may be written to access the entire amount, including interest, of the retained asset account at any time.

Whether other available settlement options are preserved until the entire balance is withdrawn or the account drops below the insurer’s minimum balance requirements.

Whether the account is identified as either a checking or draft account and an explanation of how the account works.

Information about the account services provided and contact information where the beneficiary can go to get and obtain more details about such services.

Information about the amount of fees charged, if applicable.

Frequency of statements showing the current account balance, the interest credited, and any other account activity.

- H. The minimum interest rate to be credited to the account and how the actual interest rate will be determined.
- I. The interest earned on the account may be taxable.
- J. Retained asset account funds held by insurance companies are not guaranteed by the Federal Deposit Insurance Corporation (FDIC), but are guaranteed by the State Guaranty Associations. The beneficiary should be advised to contact the National Organization of Life and Health Insurance Guaranty Associations ([www.nolhga.com](http://www.nolhga.com)) to learn more about the coverage limitations to his or her account.
- K. A description of the insurer's policy regarding retained asset accounts that may become inactive.