

11 NCAC 12 .1603 DISCLOSURE REQUIREMENTS

In conjunction with the use of a retained asset account as a mode of settlement, the insurer shall disclose the following, in writing, to any beneficiary or, in the case of a group contract, to the policy owner:

- (1) Any other settlement options available under the policy.
- (2) Any interest being paid under other options.
- (3) Whether the retained asset account is the equivalent of a checking or draft account.
- (4) An explanation of the account's features, including:
 - (a) What banking services are provided to the account holder.
 - (b) Which services are provided at no charge and which services involve a fee and the amount of the fee.
 - (c) The nature and frequency of account statements.
 - (d) A telephone number and address where the beneficiary can obtain additional information regarding the account.
 - (e) Any minimum or maximum benefit payment requirements under the account.
 - (f) The number of withdrawals permitted within any time period.
- (5) That payment of the total proceeds is accomplished by delivery of a "checkbook kit" or "draft kit" to the beneficiary.
- (6) That one check or draft can be written to access the entire proceeds and that other settlement options are preserved until the entire balance is withdrawn or the balance drops below the insurer's minimum payment requirements.
- (7) Any time delays the beneficiary should expect to encounter in completing any authorized transaction under a retained asset account and the anticipated amount of such time delay.
- (8) That interest earned on the account may be taxable and the beneficiary should consult a tax advisor.
- (9) The methodology used to determine the interest rate being paid under the retained asset account.

History Note: *Authority G.S. 58-2-40; 58-3-150; 58-58-1; 58-58-110;*
Eff. February 1, 1996;
Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. May 1,
2018.