



DEPARTMENT OF INSURANCE  
STATE OF NORTH DAKOTA

Glenn Pomeroy  
Commissioner of Insurance

**BULLETIN 98-3**

TO: All Life Insurance Carriers Writing Business in North Dakota  
FROM: Glenn Pomeroy, Commissioner   
DATE: September 28, 1998  
SUBJECT: Interest-Bearing Accounts as a Settlement Option

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Recently, the Department has been made aware that it is common industry practice for many life insurance carriers to place death proceeds into an interest-bearing account when notice or proof of loss are received or the beneficiary requests payment of proceeds.

This practice of placing death proceeds in an interest-bearing account is prohibited unless the consumer ultimately chooses to place the settlement amount into such an account. For an affirmative choice to be given, the claimant statement form must offer the consumer a choice of all settlement options in the contract. The choices must include a lump sum settlement. An option can include a lump sum settlement to be placed into an interest-bearing account. This option must be separate and distinct from the lump sum settlement options. Money cannot be placed in an interest-bearing account unless the consumer affirmatively indicates that he would have chosen this option.

GP/njb