

**Nebraska Department of Insurance**  
**Guidance Document**  
**IGD - - A1**

Title: Use of Retained Asset Accounts

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This guidance document establishes 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 a check or draft writing privileges, where those proceeds are retained by the insurer, pursuant to a supplementary contract not involving annuity benefits.

#### Explanation of Settlement Options

The insurer must provide the beneficiary, at the time a claim is made, with written information describing the settlement options available under the policy or how to obtain specific details relevant to the options.

#### Supplement Contract

If the insurer settles benefits through a retained asset account, the insurer must provide the beneficiary with a supplemental contract that clearly discloses the rights of the beneficiary and obligations of the insurer under the supplemental contract.

#### Disclosures for Retained Asset Accounts to Beneficiaries

The insurer must provide the following written disclosures to the beneficiary before the account is selected, if optional, or established, if not:

- Payment of the full benefit amount is accomplished by delivery of the "draft book"/"checkbook"
- One draft or 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- Whether other available settlement options are preserved until the entire balance is withdrawn or the balance drops below the insurer's minimum balance requirements.
- A statement identifying the account 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 may request and obtain more details about such services.
- A description of fees charged, if applicable.
- The frequency of statements showing the current account balance, the interest credited, drafts/checks written, and any other account activity.
- The minimum interest rate to be credited to the account and how the actual interest rate will be determined.
- The interest earned on the account may be taxable.
- Retained asset account funds held by insurance companies are not guaranteed by the Federal Deposit Insurance Corporation (FDIC).
- A description of the insurer's policy regarding retained asset accounts that may become inactive.

Questions regarding this guidance document should be directed to the Life and Health Division at 402-471-2201.