

INTERIM STUDY PROPOSAL 2013-005

1
2 State of Arkansas
3 89th General Assembly
4 Regular Session, 2013

A Bill

SENATE BILL 806

5
6 By: Senator L. Chesterfield

7 Filed with: Interim Senate Committee on Insurance and Commerce
8 pursuant to A.C.A. §10-3-217.

For An Act To Be Entitled

9
10 AN ACT TO REQUIRE FULL PAYMENT OF PREPAID FUNERAL
11 BENEFITS FUNDED BY A LIFE INSURANCE POLICY; AND FOR
12 OTHER PURPOSES.

Subtitle

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15 TO REQUIRE FULL PAYMENT OF PREPAID
16 FUNERAL BENEFITS FUNDED BY A LIFE
17 INSURANCE POLICY.
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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23 SECTION 1. Arkansas Code § 23-40-122(2), concerning cancellation of
24 prepaid contracts for funeral services, is amended to read as follows:

25 (2) ~~In the case of a:~~ If a purchaser of a prepaid contract
26 funded by life insurance or his or her designee changes the provider of the
27 prepaid contract services and merchandise to a substitute provider, the
28 seller shall assign or transfer to the substitute provider:

29 (A) The life insurance policy used to fund the prepaid
30 contract; or

31 (B) Funds in the amount not less than one hundred percent
32 (100%) of the cash surrender value of the life insurance policy used to fund
33 the prepaid contract or the life insurance policy proceeds; or

34 ~~(A) Prior to the death of the contract beneficiary, if the~~
35 ~~prepaid contract is revocable, the purchaser shall have the right to receive~~
36 ~~not less than one hundred percent (100%) of the cash surrender value of the~~

1 ~~policy used to fund the prepaid contract, not to exceed the premium paid by~~
2 ~~the purchaser;~~

3 ~~(B) After the death of the contract beneficiary, if the~~
4 ~~prepaid contract is revocable, the purchaser or his or her designee shall be~~
5 ~~entitled to receive not less than one hundred percent (100%) of the policy~~
6 ~~proceeds paid to the seller, not to exceed the original face amount of the~~
7 ~~policy; or~~

8 ~~(C)(i) Prior to the death of the contract beneficiary, if~~
9 ~~the contract is irrevocable, the prepaid contract purchaser shall not have~~
10 ~~the right to a refund of any funds paid to the seller but shall have the~~
11 ~~right to change the provider of the prepaid contract services and merchandise~~
12 ~~to a substitute provider, in which event the seller shall assign or transfer~~
13 ~~to the substitute provider, as directed by the contract owner, the life~~
14 ~~insurance policy used to fund the prepaid contract or funds in an amount not~~
15 ~~less than one hundred percent (100%) of the cash surrender value of the~~
16 ~~policy used to fund the prepaid contract, not to exceed the premium paid by~~
17 ~~the purchaser.~~

18 ~~(ii) After the death of the contract beneficiary,~~
19 ~~the seller shall transfer to the substitute provider not less than one~~
20 ~~hundred percent (100%) of the policy proceeds paid to the seller, not to~~
21 ~~exceed the original face amount of the policy; or~~

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24 Referred by the Arkansas Senate

25 Prepared by: ANS/VJF

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