Stricken language would be deleted from and underlined language would be added to present law.

Act 500 of the Regular Session

For An Act To Be Entitled

AN ACT TO AMEND THE ARKANSAS PREPAID FUNERAL BENEFITS LAW; TO CLARIFY THAT CERTAIN LIFE INSURANCE BENEFITS ARE TO BE VERIFIED WITHIN A CERTAIN AMOUNT OF TIME; AND FOR OTHER PURPOSES.

Subtitle

TO AMEND THE ARKANSAS PREPAID FUNERAL BENEFITS LAW; AND TO CLARIFY THAT CERTAIN LIFE INSURANCE BENEFITS ARE TO BE VERIFIED WITHIN A CERTAIN AMOUNT OF TIME.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 23-40-104 is amended to read as follows:

SECTION 2. Arkansas Code § 23-40-112(h), concerning prepaid funeral benefits contracts that are funded by a whole life insurance policy or annuity, is amended to read as follows:

(h)(1) Each seller shall provide advance written notice to the prepaid contract purchaser that the seller intends to procure a single payment whole life insurance policy or annuity on the contract beneficiary to fund the prepaid funeral benefit contract for less money than the total amount of the
cash payment if:

(1) (A) The prepaid funeral benefits contract was
originally intended by the contract purchaser to be fully paid in cash; and

(2) (B) The amount of the single premium payment to the
insurer by the seller is less than the cash payment provided to the seller by
the contract purchaser.

(2)(A) Within three (3) business days from the receipt of
a notification of death of a contract beneficiary and a request for
verification of benefits by an owner, beneficiary, or assignee, or the
authorized representative of the owner, beneficiary, or assignee, an insurer
shall verify the benefits for a contract beneficiary under a whole life
insurance policy or annuity.

(B) The verification of benefits under subdivision
(h)(2)(A) of this section shall include without limitation:

(i) Whether the deceased is a covered person under
the policy or annuity;

(ii) The death benefit amount under the policy or
annuity; and

(iii) Whether the policy or annuity is in the
contestability period.

(C) The commissioner shall promulgate rules regarding
verification of benefits under subdivision (h)(2)(A) of this section.

(D) The commissioner may impose a fine not to exceed five
hundred dollars ($500) for each failure to provide the verification required
under this subdivision (h)(2) and not more than five thousand dollars
($5,000) in the aggregate.

/s/Capp

APPROVED: 3/18/19