

1 State of Arkansas As Engrossed: H2/20/19 H2/28/19

2 92nd General Assembly

A Bill

3 Regular Session, 2019

HOUSE BILL 1391

4

5 By: Representative Capp

6 By: Senator D. Wallace

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For An Act To Be Entitled

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

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Subtitle

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

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

25 *23-40-104. Arkansas Insurance Code not affected.*

26 *~~Nothing in~~ Except as provided in § 23-40-112(h)(2), this chapter shall*
27 *not apply to any licensed insurance company or alter or affect any provisions*
28 *of the Arkansas Insurance Code.*

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30 *SECTION 2. Arkansas Code § 23-40-112(h), concerning prepaid funeral*

31 *benefits contracts that are funded by a whole life insurance policy or*

32 *annuity, is amended to read as follows:*

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



1 cash payment if:

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

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

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

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

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

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

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

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

23 (D) The commissioner may impose a fine not to exceed five
24 hundred dollars (\$500) for each failure to provide the verification required
25 under this subdivision (h)(2) and not more than five thousand dollars
26 (\$5,000) in the aggregate.

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/s/Capp

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APPROVED: 3/18/19

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