

ARKANSAS SENATE
84th General Assembly - Regular Session, 2003
Amendment Form

Subtitle of House Bill No. 2192

"TO CONFORM INSURANCE TRADE PRACTICE LAWS APPLICABLE TO INSURERS
AND DEPOSITORY CORPORATION AFFILIATES WITH THE FEDERAL GRAMM-
LEACH-BLILEY ACT AND TO CONFORM THE INSURANCE SALES CONSUMER
PROTECTION ACT TO FEDERAL LAW."

Amendment No. 1 to House Bill No. 2192.

Amend House Bill No. 2192 as engrossed, H3/13/01:

Page 3, delete lines 9 through 36

AND

Page 4, delete lines 1 through 16 and substitute the following:

"(15)(A) "Unfair financial planning practices" include an insurance producer:

(i)(a) Holding himself or herself out, directly or indirectly, to the public as a financial planner, investment adviser, consultant, financial counselor, or any other specialist engaged in the business of giving financial planning or advice relating to investments, insurance, real estate, tax matters, or trust and estate matters, if the insurance producer is in fact engaged only in the sale of policies.

(b) However, subdivision (15)(A)(i)(a) of this section does not preclude a person who holds some form of formal recognized financial planning or consultant certification or designation from using the certification or designation when the person is only selling insurance.

(c) Subdivision (15)(A)(i)(a) of this section does not permit persons to charge an additional fee for services that are customarily associated with the solicitation, negotiation, or servicing of policies;

(ii)(a) Engaging in the business of financial planning without disclosing in writing to the client, prior to the execution of the agreement provided for in subdivision (15)(A)(iii) of this section, or solicitation of the sale of a product or service, that:

(1) He or she is also an insurance salesperson; and

(2) That a commission for the sale of an



insurance product will be received in addition to a fee for financial planning, if the sale involves a commission.

(b) The disclosure requirement under this subdivision (15)(A)(ii) may be met by including it in any written disclosure required by federal or state securities law; and

(iii)(a)(1) Charging fees other than commissions for financial planning by an insurance producer, unless the fees are based upon a written agreement that is signed by the party to be charged in advance of the performance of the services under the agreement.

(2) A copy of the agreement under subdivision (15)(A)(iii)(a)(1) of this section must be provided to the party to be charged at the time the agreement is signed by the party.

(3) The services for which the fee is to be charged must be specifically stated in the agreement.

(4) The amount of the fee to be charged or how it will be determined or calculated must be specifically stated in the agreement.

(5) The agreement must state that the client is under no obligation to purchase any insurance product through the insurance producer or financial consultant.

(b) The insurance producer shall retain a copy of the agreement for not less than three (3) years after completion of services, and a copy shall be available to the commissioner upon request.

(B) "Unfair financial planning practices" do not include funeral expense insurance and prepaid funeral benefits contracts;"

The Amendment was read the first time, rules suspended and read the second time and _____

By: Senator Malone
JDF/MHF - 032720030754
MHF479

Secretary