

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

INTERIM STUDY PROPOSAL 2009-049

State of Arkansas

As Engrossed: H1/16/09 H3/18/09 H3/20/09

87th General Assembly

A Bill

Regular Session, 2009

HOUSE BILL 1100

By: Representatives Kerr, Hyde, R. Green, English, Woods

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

For An Act To Be Entitled

ACT TO REQUIRE THE DISCLOSURE AND RETENTION OF
ILLUSTRATIONS USED TO MARKET LIFE INSURANCE
POLICIES, ANNUITIES, AND PURE ENDOWMENT
CONTRACTS; AND FOR OTHER PURPOSES.

Subtitle

TO REQUIRE THE DISCLOSURE AND RETENTION
OF ILLUSTRATIONS USED TO MARKET LIFE
INSURANCE POLICIES, ANNUITIES, AND PURE
ENDOWMENT CONTRACTS.

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

SECTION 1. Arkansas Code Title 23, Chapter 81, Subchapter 1 is amended to add an additional section to read as follows:

23-81-137. Use and retention of illustrations used to market life insurance policies, annuities, and pure endowment contracts.

(a) As used in this section, "illustration" means a presentation or depiction of the projected performance of nonguaranteed elements of a life insurance policy, an annuity, or a pure endowment contract.

(b) If an illustration is used to market a life insurance policy, an annuity, or a pure endowment contract, the illustration shall:

(1) Include a conspicuous presentation of the guaranteed values of the life insurance policy, annuity, or pure endowment contract;



1 (2) Be prepared by an actuary who:

2 (A) Is a member in good standing with the American Academy
3 of Actuaries;

4 (B) Certifies to the accuracy of the illustration based on
5 the standard practice promulgated by the actuarial standards board; and

6 (C) Certifies that the scale and interest rates used in
7 the illustration conform to the actuarial standard of practice for compliance
8 with the National Association of Insurance Commissioners model regulation of
9 life insurance illustrations promulgated by the actuarial standards board;

10 (3)(A) Be signed, dated, and certified by the applicant and the
11 insurance producer or other authorized representative of the insurer.

12 (B) The applicant shall certify that he or she has
13 received a copy of the illustration and understands that any elements
14 illustrated that are not guaranteed by the insurer are subject to change and
15 could be either higher or lower than the projections contained in the
16 illustration.

17 (C) The insurance producer or other authorized
18 representative of the insurer shall certify that the insurance producer or
19 other authorized representative of the insurer has:

20 (i) Identified and explained the guaranteed elements
21 that are illustrated;

22 (ii) Explained that any elements illustrated that
23 are not guaranteed by the insurer are subject to change; and

24 (iii) Made no statements that are inconsistent with
25 the illustration;

26 (4) Be delivered to the insurer and the applicant at the time an
27 application for a life insurance policy, an annuity, or a pure endowment
28 contract is submitted to the insurer; and

29 (5) Be retained by the insurer until three (3) years after the
30 life insurance policy, the annuity, or the pure endowment contract is no
31 longer in force.

32 (c) A violation of this section is punishable under the Trade
33 Practices Act, § 23-66-201 et seq.

34 (d) This section does not apply to:

35 (1) A life insurance policy that does not develop a cash
36 surrender value; or

