

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.

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005

A Bill

SENATE BILL 1048

4
5 By: Senator T. Smith
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For An Act To Be Entitled

8
9 AN ACT TO AMEND THE ARKANSAS PREPAID FUNERAL
10 BENEFITS LAW TO REQUIRE THE PAYMENT OF A FEE TO
11 THE TRANSFERRING PROVIDER OF A PREPAID FUNERAL
12 BENEFIT CONTRACT; AND FOR OTHER PURPOSES.
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Subtitle

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15 AN ACT TO AMEND THE ARKANSAS PREPAID
16 FUNERAL BENEFITS LAW TO REQUIRE THE
17 PAYMENT OF A FEE TO THE TRANSFERRING
18 PROVIDER OF A PREPAID FUNERAL BENEFIT
19 CONTRACT.
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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 § 23-40-122 is amended to read as follows:
25 23-40-122. Cancellation.

26 (a) A purchaser may cancel or transfer a prepaid contract as provided
27 under this section, whether revocable or irrevocable, or whether cash funded
28 or funded by insurance or an annuity, at any time prior to performance of the
29 contract by the seller, subject to the following conditions:

30 (1) In the case of a cash or trust funded prepaid contract:

31 (A) Prior to the death of the contract beneficiary, if the
32 prepaid contract is revocable, the purchaser shall be entitled to receive a
33 refund of not less than one hundred percent (100%) of all sums paid to the
34 seller by the purchaser, not to exceed the contract price;

35 (B) After death, if the prepaid contract is revocable, the
36 purchaser or his or her representative shall be entitled to receive one



1 hundred percent (100%) of the amount paid to the seller by the purchaser, not
 2 to exceed the contract price; or

3 (C) If the prepaid contract is irrevocable, the purchaser
 4 shall not have the right to a refund of any funds paid by him or her or
 5 proceeds paid to the seller, but shall have the right to change the provider
 6 of the contract services and merchandise to a substitute provider, in which
 7 event the seller shall transfer to the substitute provider not less than one
 8 hundred percent (100%) of the amount paid to the seller by the purchaser, not
 9 to exceed the contract price;

10 (2) In the case of a prepaid contract funded by life insurance:

11 (A) Prior to the death of the contract beneficiary, if the
 12 prepaid contract is revocable, the purchaser shall have the right to receive
 13 not less than one hundred percent (100%) of the cash surrender value of the
 14 policy used to fund the prepaid contract, not to exceed the premium paid by
 15 the purchaser;

16 (B) After the death of the contract beneficiary, if the
 17 prepaid contract is revocable, the purchaser or his or her designee shall be
 18 entitled to receive not less than one hundred percent (100%) of the policy
 19 proceeds paid to the seller, not to exceed the original face amount of the
 20 policy; or

21 (C)(i) Prior to the death of the contract beneficiary, if
 22 the contract is irrevocable, the prepaid contract purchaser shall not have
 23 the right to a refund of any funds paid to the seller but shall have the
 24 right to change the provider of the prepaid contract services and merchandise
 25 to a substitute provider, in which event the seller shall assign or transfer
 26 to the substitute provider, as directed by the contract owner, the life
 27 insurance policy used to fund the prepaid contract or funds in an amount not
 28 less than one hundred percent (100%) of the cash surrender value of the
 29 policy used to fund the prepaid contract, not to exceed the premium paid by
 30 the purchaser.

31 (ii) After the death of the contract beneficiary,
 32 the seller shall transfer to the substitute provider not less than one
 33 hundred percent (100%) of the policy proceeds paid to the seller, not to
 34 exceed the original face amount of the policy; or

35 (3) In the case of a prepaid contract funded by an annuity:

36 (A) Prior to the death of the contract beneficiary, if the

1 prepaid contract is revocable, the purchaser shall be entitled to receive a
2 refund of not less than one hundred percent (100%) of the annuity value, not
3 to exceed the premium paid by the purchaser for the annuity funding the
4 prepaid contract;

5 (B) After the death of the contract beneficiary, if the
6 prepaid contract is revocable, the purchaser or his or her designee shall be
7 entitled to receive not less than one hundred percent (100%) of the annuity
8 proceeds received by the seller, not to exceed the premium paid by the
9 purchaser; or

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

19 (ii) After the death of the contract beneficiary,
20 the seller shall transfer to the substitute provider not less than one
21 hundred percent (100%) of the annuity proceeds received by the seller, not to
22 exceed the premiums paid by the purchaser.

23 (b) Notwithstanding anything in this section to the contrary, upon the
24 transfer of a prepaid contract to a substitute provider within a market area
25 of thirty (30) miles of the transferring provider's establishment, the
26 substitute provider shall pay the transferring provider an amount equal to
27 fifteen percent (15%) of the contract price.

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