

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 87th General Assembly  
3 Regular Session, 2009  
4

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

# A Bill

HOUSE BILL 1100

5 By: Representatives Kerr, Hyde, R. Green, English, Woods  
6  
7

## For An Act To Be Entitled

9 ACT TO REQUIRE THE DISCLOSURE AND RETENTION OF  
10 ILLUSTRATIONS USED TO MARKET LIFE INSURANCE  
11 POLICIES, ANNUITIES, AND PURE ENDOWMENT  
12 CONTRACTS; AND FOR OTHER PURPOSES.  
13

### Subtitle

15 TO REQUIRE THE DISCLOSURE AND RETENTION  
16 OF ILLUSTRATIONS USED TO MARKET LIFE  
17 INSURANCE POLICIES, ANNUITIES, AND PURE  
18 ENDOWMENT CONTRACTS.  
19  
20

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

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

25 23-81-137. Use and retention of illustrations used to market life  
26 insurance policies, annuities, and pure endowment contracts.

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

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

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

34 (2) Be prepared by an actuary who:

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



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

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

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

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

14 (C) The insurance producer or other authorized  
15 representative of the insurer shall certify that the insurance producer or  
16 other authorized representative of the insurer has:

17 (i) Identified and explained the guaranteed elements  
18 that are illustrated;

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

21 (iii) Made no statements that are inconsistent with  
22 the illustration;

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

26 (5) Be retained by the insurer and the insurance producer or  
27 other authorized representative of the insurer until three (3) years after  
28 the life insurance policy, the annuity, or the pure endowment contract is no  
29 longer in force.

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

32 (d) This section does not apply to:

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

35 (2) A life insurance policy, annuity, or pure endowment contract  
36 that is:

