

1 State of Arkansas
2 89th General Assembly
3 Regular Session, 2013
4

A Bill

SENATE BILL 806

5 By: Senator L. Chesterfield
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For An Act To Be Entitled

8 AN ACT TO REQUIRE FULL PAYMENT OF PREPAID FUNERAL
9 BENEFITS FUNDED BY A LIFE INSURANCE POLICY; AND FOR
10 OTHER PURPOSES.

Subtitle

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13 TO REQUIRE FULL PAYMENT OF PREPAID
14 FUNERAL BENEFITS FUNDED BY A LIFE
15 INSURANCE POLICY.
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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21 SECTION 1. Arkansas Code § 23-40-122(2), concerning cancellation of
22 prepaid contracts for funeral services, is amended to read as follows:

23 (2) ~~In the case of a~~ If a purchaser of a prepaid contract
24 funded by life insurance or his or her designee changes the provider of the
25 prepaid contract services and merchandise to a substitute provider, the
26 seller shall assign or transfer to the substitute provider:

27 (A) The life insurance policy used to fund the prepaid
28 contract; or

29 (B) Funds in the amount not less than one hundred percent
30 (100%) of the cash surrender value of the life insurance policy used to fund
31 the prepaid contract or the life insurance policy proceeds; or

32 ~~(A) Prior to the death of the contract beneficiary, if the~~
33 ~~prepaid contract is revocable, the purchaser shall have the right to receive~~
34 ~~not less than one hundred percent (100%) of the cash surrender value of the~~
35 ~~policy used to fund the prepaid contract, not to exceed the premium paid by~~
36 ~~the purchaser;~~



1 ~~(B) After the death of the contract beneficiary, if the~~
2 ~~prepaid contract is revocable, the purchaser or his or her designee shall be~~
3 ~~entitled to receive not less than one hundred percent (100%) of the policy~~
4 ~~proceeds paid to the seller, not to exceed the original face amount of the~~
5 ~~policy; or~~

6 ~~(C)(i) Prior to the death of the contract beneficiary, if~~
7 ~~the contract is irrevocable, the prepaid contract purchaser shall not have~~
8 ~~the right to a refund of any funds paid to the seller but shall have the~~
9 ~~right to change the provider of the prepaid contract services and merchandise~~
10 ~~to a substitute provider, in which event the seller shall assign or transfer~~
11 ~~to the substitute provider, as directed by the contract owner, the life~~
12 ~~insurance policy used to fund the prepaid contract or funds in an amount not~~
13 ~~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 ~~(ii) After the death of the contract beneficiary,~~
17 ~~the seller shall transfer to the substitute provider not less than one~~
18 ~~hundred percent (100%) of the policy proceeds paid to the seller, not to~~
19 ~~exceed the original face amount of the policy; or~~

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