

1 State of Arkansas  
2 92nd General Assembly  
3 Regular Session, 2019  
4  
5 By: Representative Capp  
6 By: Senator D. Wallace  
7

As Engrossed: H2/20/19

# A Bill

HOUSE BILL 1391

## For An Act To Be Entitled

9 AN ACT TO AMEND THE ARKANSAS PREPAID FUNERAL BENEFITS  
10 LAW; TO CLARIFY THAT CERTAIN LIFE INSURANCE BENEFITS  
11 ARE TO BE VERIFIED WITHIN A CERTAIN AMOUNT OF TIME;  
12 AND FOR OTHER PURPOSES.

## Subtitle

16 TO AMEND THE ARKANSAS PREPAID FUNERAL  
17 BENEFITS LAW; AND TO CLARIFY THAT CERTAIN  
18 LIFE INSURANCE BENEFITS ARE TO BE  
19 VERIFIED WITHIN A CERTAIN AMOUNT OF TIME.

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

24 *SECTION 1. Arkansas Code § 23-40-104 is amended to read as follows:*  
25 *23-40-104. Arkansas Insurance Code not affected.*

26 *~~Nothing in~~ Except as provided in § 23-40-112(h)(2), this chapter shall*  
27 *not apply to any licensed insurance company or alter or affect any provisions*  
28 *of the Arkansas Insurance Code.*

30 *SECTION 2. Arkansas Code § 23-40-112(h), concerning prepaid funeral*  
31 *benefits contracts that are funded by a whole life insurance policy or*  
32 *annuity, is amended to read as follows:*

33 (h)(1) Each seller shall provide advance written notice to the prepaid  
34 contract purchaser that the seller intends to procure a single payment whole  
35 life insurance policy or annuity on the contract beneficiary to fund the  
36 prepaid funeral benefit contract for less money than the total amount of the



1 cash payment if:

2 ~~(1)~~(A) The prepaid funeral benefits contract was  
3 originally intended by the contract purchaser to be fully paid in cash; and

4 ~~(2)~~(B) The amount of the single premium payment to the  
5 insurer by the seller is less than the cash payment provided to the seller by  
6 the contract purchaser.

7 (2)(A) An insurer shall verify the benefits for a contract  
8 beneficiary under a whole life insurance policy or an annuity three (3)  
9 business days from the notification of death of a contract beneficiary by a  
10 funeral home, a cemetery performing funeral services, or an assignment  
11 funding company that is contracted by the funeral home or cemetery on behalf  
12 of a contract beneficiary.

13 (B) Verification of benefits for a contract beneficiary  
14 under subdivision (h)(2)(A) of this section shall include without limitation:

15 (i) Whether the deceased is the insured or a  
16 beneficiary based on a rider on the policy or annuity;

17 (ii) The death benefit amount under the policy or  
18 annuity;

19 (iii) Contestability or reinstatement of the policy  
20 or annuity;

21 (iv) Date of birth of the deceased;

22 (v) Loans or premiums due under the policy or  
23 annuity;

24 (vi) Current beneficiaries of record under the  
25 policy or annuity; and

26 (vii) Any exclusion that would prevent the benefits  
27 under the policy or annuity.

28 (C) As used in this section:

29 (i) "Insurer" means a legal entity engaged in the  
30 business of insurance in this state; and

31 (ii) "Notification" means a statement of the death  
32 of a contracted beneficiary that is issued to an insurer by:

33 (a) A funeral home;

34 (b) A cemetery performing funeral services; or

35 (c) An assignment funding company that is  
36 contracted by the funeral home or cemetery on behalf of a contract

1 beneficiary.

2 (D) The commissioner shall promulgate rules regarding  
3 verification of benefits for a contract beneficiary.

4 (E) The commissioner may impose a fine of not less than  
5 five hundred dollars (\$500) and not more than one thousand dollars (\$1,000)  
6 on an insurer that fails to provide the verification required this  
7 subdivision (h)(2).

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/s/Capp

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