

Stricken language would be deleted from and underlined language would be added to present law.
Act 880 of the Regular Session

State of Arkansas
90th General Assembly
Regular Session, 2015

As Engrossed: H3/17/15 H3/19/15
A Bill

HOUSE BILL 1797

By: Representative Wright

For An Act To Be Entitled

AN ACT TO REGULATE PREPAID FUNERAL BENEFITS CONTRACTS
UNDER THE ARKANSAS PREPAID FUNERAL BENEFITS LAW; AND
FOR OTHER PURPOSES.

Subtitle

TO REGULATE PREPAID FUNERAL BENEFITS
CONTRACTS UNDER THE ARKANSAS PREPAID
FUNERAL BENEFITS LAW.

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

SECTION 1. Arkansas Code § 23-40-112(g), concerning the notice provision in a prepaid contract under the Arkansas Prepaid Funeral Benefits Law, is amended to read as follows:

(g) The prepaid contract shall contain a provision in substantially the following form:

“NOTICE: If this contract is irrevocable and you choose to transfer this contract to a substitute provider, the entire amount of the contract will not be transferred, the seller may collect a fee that includes the cost of transferring the contract, and you may have to pay more to obtain 100% of the services provided for in the contract.”

SECTION 2. Arkansas Code § 23-40-122 is amended to read as follows:

23-40-122. Cancellation or transfer.

(a) A purchaser may cancel or transfer a prepaid contract ~~as provided~~ under this section, whether revocable or irrevocable, or whether ~~cash-funded~~ cash-funded or funded by insurance or an annuity, at any time ~~prior to~~ before



performance of the contract by the seller, ~~subject to~~ under the following conditions:

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

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

(B) After death, if the prepaid contract is revocable, the purchaser or his or her representative ~~shall be~~ is entitled to receive one hundred percent (100%) of the amount paid to the seller by the purchaser, not to exceed the contract price; or

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

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

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

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

(C)(i) ~~Prior to~~ Before the death of the contract beneficiary, if the contract is irrevocable, the prepaid contract purchaser shall not have the right to a refund of any funds paid to the seller but shall have the right to change the provider of the prepaid contract services and merchandise to a substitute provider, in which event the seller shall assign or transfer to the substitute provider, as directed by the contract

owner, the life insurance policy used to fund the prepaid contract or funds in an amount not less than one hundred percent (100%) of the cash surrender value of the policy used to fund the prepaid contract, not to exceed the premium paid by the purchaser.

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

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

(A) ~~Prior to~~ Before the death of the contract beneficiary, if the prepaid contract is revocable, the purchaser ~~shall be~~ is entitled to receive a refund of not less than one hundred percent (100%) of the annuity value, not to exceed the premium paid by the purchaser for the annuity funding the prepaid contract;

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

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

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

(b)(1) A seller or funding life insurance company may collect a fee for the transfer or cancellation of a prepaid contract to a substitute provider.

(2) The Insurance Commissioner by rule shall establish the fee

for a transfer or cancellation of a prepaid contract under subdivision (b)(1) of this section.

/s/Wright

APPROVED: 04/01/2015