

Stricken language would be deleted from and underlined language would be added to present law.
Act 500 of the Regular Session

State of Arkansas
92nd General Assembly
Regular Session, 2019

As Engrossed: H2/20/19 H2/28/19
A Bill

HOUSE BILL 1391

By: Representative Capp
By: Senator D. Wallace

For An Act To Be Entitled

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

Subtitle

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

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

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

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

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

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



cash payment if:

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

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

(2)(A) Within three (3) business days from the receipt of a notification of death of a contract beneficiary and a request for verification of benefits by an owner, beneficiary, or assignee, or the authorized representative of the owner, beneficiary, or assignee, an insurer shall verify the benefits for a contract beneficiary under a whole life insurance policy or annuity.

(B) The verification of benefits under subdivision (h)(2)(A) of this section shall include without limitation:

(i) Whether the deceased is a covered person under the policy or annuity;

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

(iii) Whether the policy or annuity is in the contestability period.

(C) The commissioner shall promulgate rules regarding verification of benefits under subdivision (h)(2)(A) of this section.

(D) The commissioner may impose a fine not to exceed five hundred dollars (\$500) for each failure to provide the verification required under this subdivision (h)(2) and not more than five thousand dollars (\$5,000) in the aggregate.

/s/Capp

APPROVED: 3/18/19