

State of Arkansas
89th General Assembly
Regular Session, 2013

A Bill

SENATE BILL 806

By: Senator L. Chesterfield

For An Act To Be Entitled

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

Subtitle

TO REQUIRE FULL PAYMENT OF PREPAID
FUNERAL BENEFITS FUNDED BY A LIFE
INSURANCE POLICY.

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

SECTION 1. Arkansas Code § 23-40-122(2), concerning cancellation of prepaid contracts for funeral services, is amended to read as follows:

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

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

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

~~(A) Prior to 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 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 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~~