

ARKANSAS REGISTER

Transmittal Sheet



W. J. "Bill" McCuen
Secretary of State
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Little Rock, Arkansas 72201-1094

For Office

Use Only:

Effective Date 12/13/92 Code Number 024.00.92--001Name of Agency ARKANSAS BURIAL ASSOCIATION BOARD

Department _____

Contact Person RACHAEL F. MCGREWStatutory Authority for Promulgating Rules ARK. CODE. ANN. §23-78-108

Intended Effective Date		Date
<input type="checkbox"/> Emergency	Legal Notice Published	<u>Sept. 27, 28, 29, 1992</u>
<input checked="" type="checkbox"/> 20 Days After Filing	Final Date for Public Comment	<u>Oct. 21, 1992</u>
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	Reviewed by Legislative Council	<u>Nov. 12, 1992</u>
	Adopted by State Agency	<u>Oct. 21, 1992</u>

CERTIFICATION OF AUTHORIZED OFFICER

I Hereby Certify That The Attached Rules Were Adopted
In Compliance with Act 434 of 1967 As Amended.

Signature

EXECUTIVE SECRETARY

Title

NOVEMBER 23, 1992

Date

FILED

REGISTER DIV.

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RULES FOR ACT 443 OF 1987 ASSUMPTIONS BY INSURANCE COMPANIES.

V.J. "BILL" MCCUE
SECRETARY OF STATE
LITTLE ROCK, ARKANSAS

Burial Associations making application ~~to the Board~~ to have their Act 443 of 1987 business assumed by an insurance company, that business being all that was written after March 8, 1988, shall submit the following documents to the Arkansas Burial Association Board, at least 45 days prior to the proposed effective date of the assumption.

1. A notarize copy of the letter or other public notice informing the membership of the associations plan to be partially assumed by an insurance company. Such letter or notice shall contain, at least, the date, time, and place of the meeting at which the assumption will be considered and voted on.
2. A notarized copy of the minutes of the meeting at which the assumption was approved.

In order that an insurance company may assume the Act 443 of 1987 business of a burial association the following conditions must be met:

1. The insurer must be qualified to do business in the State of Arkansas.
2. The face amount of the policy issued by the insurance company in lieu of the membership certificate, shall be in the same amount and at the same premium rate as in the membership certificate.
3. The assuming insurance company must state in its Assumption Agreement, that all claims, in behalf of a policyholder, will be paid in cash and in an amount of not less than 100% of the face amount of the benefit that the member was entitled to under the certificate of membership in the burial association.
4. The insurance policy shall clearly state that the beneficiary of the policy shall have the exclusive right to select a funeral home or other funeral service and or merchandise provider of his/her own choosing without losing the rights to the face amount of the policy or a portion thereof.

5. The owner of the policy shall have the exclusive right to name the beneficiary of his choice , and may change said beneficiary at his option in writing.
6. The insurance provider shall not require the policyholder to select either services or merchandise from a particular provider of such services or merchandise in order for 100% of the face amount of the policy, issued in lieu of membership certificate, be payable.
7. All Act 443 reserves as of the December 31st semi-annual report, after all just claims, debts, obligations and the division of pro-rata shares, requested by members of the burial association are paid, shall be transferred to the assuming insurance company.
8. All holders of membership certificates in Act 443 business in a burial association shall be assumed by the insurance company in the same amount and at the same premium rate as under the membership certificate, without being required to submit proof of insurability.
9. The assuming insurance company shall pay to the ceding Burial association an amount equal to the annual collections of the association's Act 443 business for a one (1) year period.

Insurance companies wishing to assume an Associations Act 443 business shall submit the following documents to the Arkansas Burial Association Board at least 45 days prior to the proposed effective date of the assumption.

1. The Petition for Assumption (Reinsurance)
3. The Assumption (Reinsurance) Agreement
4. The Assumption (Reinsurance) Notice.

Upon receipt of the documents from both the burial association and the insurance company, the Executive Secretary shall review the documents submitted for compliance

with this rule and submit copies to the Insurance Department for compliance with Insurance Department regulations. The Executive Secretary shall then place the Petition on the agenda for the next regularly scheduled Board Meeting, at which each Board member shall be provided with a copy of the document. The Board will then table the Petition and take the matter under advisement for consideration at its next regularly scheduled meeting.

Assumption (Reinsurance) Agreement. The Assumption Agreement shall include:

1. That the benefits formerly contemplated under the membership certificate are now payable through the insurance company and that such benefits are payable in cash only.
2. That the insurance company shall have the right to assume all of the Association's Act 443 reserves as calculated as of the December 31st semi-annual report.
3. That if the holder of an Act 443 membership certificate in a burial association does not desire to be assumed by the insurance company he may, within 60 days, return the Assumption Notice and request his pro-rata share of the association's Act 443 reserves as certified by the audit of the association.
4. That the coverage provided through the insurance company shall be in the same amount and at the same premium rate as that held under the Act 443 certificate of membership in the association.
5. That those responsible for making the funeral arrangements for the deceased policyholder shall have the freedom to choose a funeral home or other funeral service and/or merchandise provider of their choice, and further that such choice shall not diminish the face amount of the policy of such insured, nor restrict the choice of funeral services and/or merchandise to a particular funeral service and/or merchandise provider.
6. That should the holder of an Act 443 membership certificate in a burial association not wish to be assumed by the insurance company, he must notify the

insurance company, in writing, within 60 days of the mailing of the Assumption Notice. He may, at this time, request that his pro rata share of the Associations Act 443 reserves, as certified by the audit of the association, be returned to him. Such pro rata share shall be based on the audit of the association conducted as of the date immediately preceding the date of assumption.

Assumption (Reinsurance) Notice. The Assumption Notice shall be provided to each Act 443 member of the association being assumed. Said Notice of Assumption shall be provided to each member in good standing on the effective date of the assumption without proof of insurability. The Assumption Notice shall also provide that said members shall have uninterrupted insurance coverage in the same amount and at the same premium rate as under the membership certificate. This notice shall further state that the proceeds of the insurance policy are payable in cash, for 100% of the face amount of the policy, regardless of the provider of funeral services and/or merchandise on behalf of the deceased policyholder.

Any funds already expended on behalf of an Association's Act 443 Business shall not be refundable.