

# ARKANSAS REGISTER



## Transmittal Sheet

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W. J. "BILL" McCUEN  
SECRETARY OF STATE  
LITTLE ROCK, ARKANSAS

W. J. "Bill" McCuen  
Secretary of State  
State Capitol Rm. 010  
Little Rock, Arkansas 72201-1094

For Office Use Only: Effective Date 10/1/93 Code Number 054.00.93--005

Name of Agency Arkansas Insurance Department

Department Legal Division

Contact Person Dean Langford, 686-2999

Statutory Authority for Promulgating Rules Act 5525-15-201 et seq. 523-61-108,

Intended Effective Date	<u>323-64-206 (g) (8)</u>	Date
<input type="checkbox"/> Emergency	Legal Notice Published . . . . .	<u>11-1-91 - 11-29-91</u>
<input type="checkbox"/> 20 Days After Filing	Final Date for Public Comment . . . . .	<u>12-1-92</u>
<input checked="" type="checkbox"/> Other	Filed With Legislative Council . . . . .	<u>11-7-91</u>
<u>10-1-93</u>	Reviewed by Legislative Council . . . . .	<u>_____</u>
	Adopted by State Agency . . . . .	<u>9-17-93</u>

### CERTIFICATION OF AUTHORIZED OFFICER

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

Dean Langford  
Signature

Chief Counsel  
Title

9-20-93  
Date

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W.J. "BILL" McCUEN  
SECRETARY OF STATE  
LITTLE ROCK, ARKANSAS  
BY \_\_\_\_\_

RULE AND REGULATION 30  
"FUNERAL EXPENSE INSURANCE"

SECTION

1. Purpose
2. Authority
3. Definitions
4. General Requirements
5. Effective Date
6. Severability

SECTION 1. PURPOSE

The purpose of this Rule is to define funeral expense insurance as required by Ark. Code Ann. §23-64-206 (g) (8), and to set out the general requirements that must be met in selling this form of life insurance.

SECTION 2. AUTHORITY

This Rule is promulgated pursuant to the Commissioner's authority under Ark. Code Ann. §23-61-108, and §23-63-106, §23-64-206 and §§25-15-201, et seq.

SECTION 3. DEFINITIONS

A. Funeral Expense Insurance

Funeral expense insurance is that form of life insurance as defined in Ark. Code Ann. §23-62-102 which provides benefits for expenses incurred in connection with the death of the insured and which does not exceed \$7,500; and which term includes deferred annuities which do not exceed total premiums of \$7,500 for the same purposes, excluding variable annuities.

B. Insurer

Insurer as used in this Rule is any authorized life insurer, fraternal benefit society, stipulated premium insurer or mutual assessment life insurer.

SECTION 4. GENERAL REQUIREMENTS

A. No insurer doing business in this State shall write life insurance wherein the proceeds of the policy after death are payable other than in cash. No insurer doing business in this State shall write a policy which shall in any way, directly or indirectly, undertake to limit the freedom of choice of the family of the deceased insured or whoever is the proper person having charge of the body of the deceased insured, in the selection of the funeral home, cemetery or monument company to render either goods or services on behalf of the deceased insured.

B. All funeral expenses contracts must state either in the policy or in a separate endorsement that the policy does not constitute a prepaid funeral contract as referenced in Ark. Code Ann. §23-40-101 to §23-40-118.

C. No insurer doing business in this State shall in any way, either in a policy itself or by simultaneous or subsequent execution of power of attorney or assignment or by any other means whatsoever, limit the payment of its death benefits to goods, services or merchandise furnished by any funeral home, cemetery company or monument company.

1 D. An insurer may make payment to the executor or administrator  
2 of the insured, or to any of the insured's relatives by blood or  
3 legal adoption or connection by marriage, or to any person appearing  
4 to the insurer to be equitably entitled thereto by reason of having  
5 been named beneficiary, or by reason of having incurred expenses for  
6 the maintenance, medical attention or burial of the insured.  
7 "Person" as used in this section shall include a funeral provider.

8 E. In the event that an insurer desires to reinsure burial  
9 association policies, the certificate of assumption must amend the  
10 assumed policy to conform with the requirements of this Regulation.

11 F. Ark. Code Ann. §§23-74-401 to §23-74-405 (Repl. 1992),  
12 relating to fraternal benefit societies, shall be interpreted to  
13 require the payment in cash of the proceeds of such policies,  
14 without in any way limiting or restricting those in charge of the  
15 body of the deceased insured in the selection of a funeral home, a  
16 cemetery company or a monument company.

17 G. Ark. Code Ann. §23-71-111 shall be interpreted to require the  
18 payment in cash of the proceeds of any policy issued by a stipulated  
19 premium insurer, without in any way limiting or restricting those in  
20 charge of the body of the deceased insured in the selection of a  
21 funeral home, a cemetery company or a monument company.

22 H. Every funeral expense policy or certificate shall be filed  
23 for approval with the Insurance Commissioner for the State of  
24 Arkansas pursuant to Ark. Code Ann. §23-79-109.

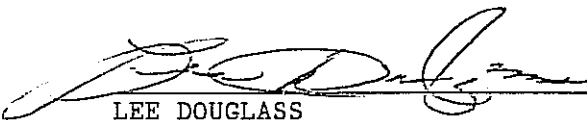
25 I. Nothing herein shall be construed to prohibit the utilization  
26 of insurance contracts as funding vehicles for prepaid funeral  
27 contracts referred to in Ark. Code Ann. §§23-40-101 to 23-40-118.

28 SECTION 5. EFFECTIVE DATE

29 The effective date of this Rule is October 1, 1993.

30 SECTION 6. SEVERABILITY

31 Any section or provision of this Rule held by a court to be invalid  
32 or unconstitutional will not affect the validity of any other  
33 section or provision of this Rule.

34   
35 LEE DOUGLASS  
36 ARKANSAS INSURANCE COMMISSIONER

37 9-17-93  
38 \_\_\_\_\_