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Transmittal Sheet



SHARON PRIEST
SECRETARY OF STATE
STATE OF ARKANSAS

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

For Office Use Only: Effective Date 9/1/95 Code Number 054.00.95--003

Name of Agency _____

Department Arkansas Insurance Department

Contact Person Booth Rand, Legal Division, (501) 686-2999

Statutory Authority for Promulgating Rules Ark. Code Ann. §§23-61-108, 23-76-120, 25-15-204(b) and Act 852 of 1993

Intended Effective Date		Date
<input type="checkbox"/> Emergency	Legal Notice Published	July 3, 1995 to <u>July 19, 1995</u>
<input type="checkbox"/> 20 Days After Filing	Final Date for Public Comment	<u>August 3, 1995</u>
<input checked="" type="checkbox"/> Other	Filed With Legislative Council	<u>June 23, 1995</u>
<u>September 1, 1995</u>	Reviewed by Legislative Council	<u>August 3, 1995</u>
	Adopted by State Agency	<u>August 14, 1995</u>

CERTIFICATION OF AUTHORIZED OFFICER

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

Booth Rand
Signature

Associate Counsel
Title

August 24, 1995
Date

RULE AND REGULATION 63
TRUST FUND RELEASE FORMS FOR
PREPAID FUNERAL BENEFITS CONTRACTS

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SMARON PRIEST
SECRETARY OF STATE
STATE OF ARKANSAS
BY _____

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17 SECTION 1. PURPOSE. The purpose of this Rule is to adopt forms for
18 use in release of trust fund proceeds by Sellers of Prepaid Funeral
19 Benefits Contracts maintaining licensure with the Arkansas Insurance
20 Commissioner ("Commissioner") pursuant to the provisions of Arkansas
21 Act 852 of 1993.

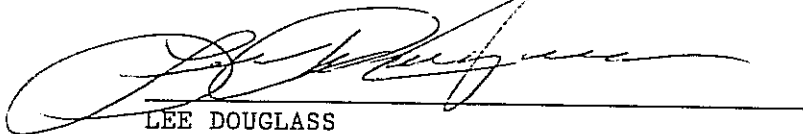
23 SECTION 2. AUTHORITY & EFFECTIVE DATE. Authority for this Rule is
24 given to the Insurance Commissioner for the State of Arkansas by Ark.
25 Code Ann. §§23-61-108, 23-76-120, 25-15-204 (b), et seq., and Act 852
26 of 1993, effective on and after July 1, 1995. This Rule replaces
27 Emergency Rule 63. This Rule shall be effective on September 1, 1995
28 upon statutory filing.

30 SECTION 3. APPLICABILITY AND SCOPE. This Rule shall apply to all
31 persons engaged in the business of selling prepaid funeral benefits
32 contracts under Ark. Code Ann. §§23-40-101, et seq., as amended by Act
33 852 of 1995. Pursuant to a consent judgment entered into by the
34 Arkansas Insurance Department in Denver Roller, Inc., et al v. Lee
35 Douglass, Arkansas Insurance Commissioner, et al, Sixth Division,
36 Chancery Court of Pulaski County, #IJ-95-3835 (1995), Section 12 of Act
37 852 of 1995, amending Ark. Code Ann. §23-40-122, is not applicable to
38 prepaid funeral benefit contracts executed prior to July 1, 1995. The
39 provisions of this Rule shall apply to all prepaid funeral benefit
40 contracts entered into on or after September 1, 1995, or immediately
41 thereafter upon signature by the Commissioner and filing.

43 SECTION 4. FORMS ADOPTED. On and after September 1, 1995, permittees
44 under Ark. Code Ann. §§23-40-101, et seq., selling Prepaid Funeral
45 Benefits Contracts shall duplicate and use the Forms attached as
46 exhibits to this Rule for trust fund releases, as applicable. They are
47 Seller's Affidavit of Contract Performance; Request To Withdraw Funds
48 or Proceeds, Form FNL-C1; Seller's Affidavit for Cancellation, Form
49 FNL-C2; Affidavit and Request of Purchaser to Cancel, Form FNL-C3; and
50 Instructions for Record Keeping.

1 SECTION 5. SEVERABILITY. Any section or provision of this Emergency
2 Rule held by a court to be invalid or unconstitutional will not affect
3 the validity of any other section or provision of this rule.

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LEE DOUGLASS
INSURANCE COMMISSIONER
ARKANSAS INSURANCE DEPARTMENT

8-14-95

DATE

CONTACT PERSON: Booth Rand, Associate Counsel, Arkansas Insurance
Department, 1123 South University Avenue, Little Rock, Arkansas 72204;
(501) 686-2999.



STATE OF ARKANSAS
DEPARTMENT OF INSURANCE
400 University Tower Building
1123 South University Avenue
Little Rock, AR 72204
501-686-2900

SELLER'S AFFIDAVIT OF CONTRACT PERFORMANCE:
REQUEST TO WITHDRAW FUNDS OR PROCEEDS

On this ____ day of _____, 19 ____, I, _____,
an authorized representative of _____,
(Seller)

_____, Arkansas, do state under oath/affirmation that

(Purchaser) has bonds, securities, demand deposits, or certificates

of deposit held in trust in the amount of \$ _____; or that the Purchaser's prepaid contract is funded
by an annuity or life insurance policy; that the contract obligations required of the Seller have been completed; that
a withdrawal of the contract proceeds or funds from the trust, annuity contract, or life insurance policy in the amount
of \$ _____, is hereby requested upon submission of a copy of a death certificate.

Identify Bond(s), Security(ies) or Certificate(s) of Deposit, Annuities, Insurance Policies below:

Contract Beneficiary
(Print Name or Type)

Seller

BY: _____
Authorized Representative

County _____
State _____ Arkansas _____

Subscribed and sworn to or affirmed before me this ____ day of _____, 19 ____.

Commission Expiration Date

Notary Public



STATE OF ARKANSAS
DEPARTMENT OF INSURANCE
400 University Tower Building
1123 South University Avenue
Little Rock, AR 72204
501-686-2900

SELLER'S AFFIDAVIT FOR CANCELLATION AND REFUND OF
PREPAID FUNERAL BENEFITS CONTRACT PROCEEDS

On this _____ day of _____, 19____, I, _____,
an authorized representative of _____
(Seller)

of _____, Arkansas, do state under oath or affirmation that
_____ has requested in writing on Form FNL-C3
(Purchaser)

that the prepaid funeral benefits contract purchased in the total amount of \$ _____ be cancelled and
that the withdrawal of \$ _____ in proceeds from the trust fund, annuity contract, or life insurance
policy are being returned to captioned Purchaser.

Identify Bond(s), Security(ies) or Certificate(s) of Deposit, Annuities, Insurance Policies below:

Contract Beneficiary
(Print Name or Type)

Seller
BY: _____
Authorized Representative

County _____
State _____ Arkansas

Subscribed and sworn to or affirmed before me this _____ day of _____, 19____.

Commission Expiration Date

Notary Public



STATE OF ARKANSAS
DEPARTMENT OF INSURANCE
400 University Tower Building
1123 South University Avenue
Little Rock, AR 72204
501-686-2900

AFFIDAVIT AND REQUEST OF PURCHASER TO CANCEL
A PREPAID FUNERAL BENEFITS CONTRACT

On this ____ day of _____, 19____, I, _____,
do state under oath I am the Purchaser of a prepaid funeral benefits contract with
_____ of _____, Arkansas.
(Seller)

I hereby request to cancel my prepaid funeral benefits contract and redeem the proceeds from the
trust fund (), annuity contract (), or life insurance policy (). [Check " ✓ " all applicable]

- | | | |
|----|---|-------------|
| 1. | Amount to be returned to me. | \$ _____ |
| 2. | Amount to be retained by the Seller as a cancellation fee, if provided for in the prepaid contract. | \$(_____) |
| | TOTAL AMOUNT TO BE DISBURSED | \$ _____ |

Name and address of Purchaser:

Signature of Purchaser

County _____
State Arkansas

Subscribed and sworn to or affirmed before me this ____ day of _____, 19____.

Commission Expiration Date

Notary Public



STATE OF ARKANSAS
 DEPARTMENT OF INSURANCE
 400 University Tower Building
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 501-686-2900

PREPAID FUNERAL BENEFITS CONTRACTS

I. INSTRUCTIONS FOR MAINTENANCE OF ACTIVE CONTRACT FILES

It is imperative that these files be kept up-to-date and reflect current data, including account balances, and shall be reviewed and reconciled not less frequently than every six (6) months by the Permit Holder/Seller.

With every contract there shall be the following documents or records:

1. One or more of the following documents or records to verify adequately the amount the Buyer has provided to the Seller for the purchase of a prepaid contract:
 - A. Copies of purchaser's checks, drafts or money orders to the Seller; or
 - B. a ledger or journal reflecting payments; or
 - C. copies of the complete payment history of the Buyer; or
 - D. copies of receipts, billing statements, or any other records reflecting the total amount paid by the Buyer; and
2. Dated financial institution deposit slip(s) showing the amount of funds held in trust or used to purchase a certificate of deposit; or if funded by an insurance policy or annuity contract, a copy of the application, binder contract or policy showing the amount of coverage from the annuity or life insurance policy.
3. The required records may be letter or legal size copies.

II. INSTRUCTIONS FOR MAINTENANCE OF MATURED CONTRACT FILES

Matured/closed prepaid funeral contract files shall be kept separate from other business, and shall not be commingled with other business documents. Closed files must contain all items required in Section I above, plus the following:

1. A copy of a Death Certificate; and
2. Original/copy of the Sellers Affidavit of Contract Performance; Request to Withdraw Funds or Proceeds (Form FNL-C1) properly completed, showing all required amounts, signatures and dates; and
3. If funded by insurance, a copy of any and all completed claim forms, demand/cover letter to life insurance company, and copy of claims checks or drafts (front and back).
4. If a certificate of deposit was purchased for a contract and it was eventually liquidated by the Seller or the purchaser, then a copy of the certificate of deposit or other evidence of its existence and amount before redemption, must be maintained in the closed file; and

5. Closed file(s) should also contain a final billing statement, or other similar statements reflecting the total amount paid by the Buyer as charged by the Seller, after completion of the prepaid contract.
6. Closed/ matured files are to be maintained for five (5) years from the last date the prearranged benefits or services were provided and delivered to the purchaser. Contact the Department for instructions on maintenance of documents on diskette compatible with this Department's word processors.

III. INSTRUCTIONS FOR MAINTENANCE OF CANCELLED CONTRACT FILES

Cancelled files must contain all items required in Section I above plus the following:

1. Copy of original Seller's Affidavit for Cancellation (Form FNL-C2) and Affidavit and Request of Purchaser to Cancel (Form FNL-C3); and
2. Documentation, such as a statement or refund receipt, reflecting the total amount remitted or returned to the Purchaser under the prepaid contract.
3. Cancelled files are to be maintained for five (5) years from the date of cancellation. Contact the Department for instructions on maintenance of records on diskettes compatible with this Department's word processors.