

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

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SHARON FINEST VINCENT J. BROWN II  
SECRETARY OF STATE EXECUTIVE DIRECTOR  
STATE OF ARKANSAS STATE CODE REVISION COMMISSION

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.

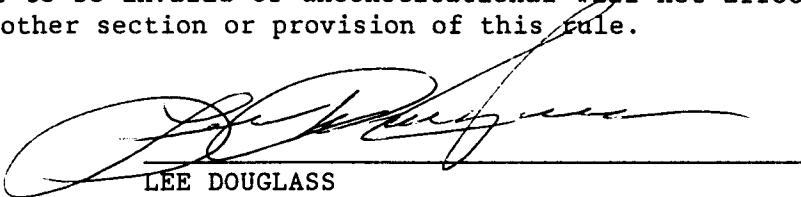
30 SECTION 3. APPLICABILITY AND SCOPE. This Rule shall apply to all  
31 persons engaged in the business of selling prepaid funeral benefits  
32 contracts under Ark. Code Ann. §§23-40-101, et seq., as amended by Act  
33 852 of 1995. Pursuant to a consent judgment entered into by the  
34 Arkansas Insurance 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.

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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

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STATE OF ARKANSAS  
 DEPARTMENT OF INSURANCE  
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## 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.



STATE OF ARKANSAS  
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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  
\_\_\_\_\_ has bonds, securities, demand deposits, or certificates  
(Purchaser)  
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  
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Little Rock, AR 72204  
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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



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**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