

**RULE AND REGULATION 84**  
**PREPAID FUNERAL BENEFITS CONTRACTS RECOVERY FUND FEES**

**FILED**  
ARK. REGISTER DIV.  
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STATE OF ARKANSAS

- Section 1. Purpose**
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**SECTION 1. PURPOSE**

The purpose of this Rule is to maintain for one year the one-time per-contract fee of ten dollars (\$10.00) charged on the sale of each prepaid funeral benefits contract in this state. On June 30, 2004, the Commissioner increased the five dollar (\$5.00) per contract fee in Rule and Regulation 84, "Prepaid Funeral Benefit Contracts Recovery Fund Fees," to ten dollars (\$10.00) on the sale of each prepaid funeral benefits contract in the state. Under Rule and Regulation 84, the ten dollar (\$10.00) fee was designed to expire on August 1, 2005 and revert to a five dollar (\$5.00) per contract fee. The Commissioner desires to maintain the ten dollar (\$10.00) fee for another year to meet current and anticipated requests for potential reparation claims transfers for purchasers from organizations found deficient under Ark. Code Ann. §23-40-119 (f)(1)(A) and Ark. Code Ann. §23-40-119 (f)(1)(B). The ten dollar (\$10.00) fee is needed to adequately fund the Prepaid Funeral Contracts Recovery Program Fund under Ark. Code Ann. §23-40-119 (d)(1)(A)(i)(a).

**SECTION 2. AUTHORITY & EFFECTIVE DATE**

Authority for this Rule is given to the Insurance Commissioner for the State of Arkansas by Ark. Code Ann. §23-40-119 (d)(2)(A)(i) which states that the Insurance Commissioner, on and after July 1, 2001, may by rule or regulation eliminate, reduce, suspend, or increase the per-contract fee or the portion of the per-contract fee allotted to the Prepaid Funeral Contracts Recovery Program Fund. In addition, this Rule and Regulation is promulgated and adopted by the Insurance Commissioner for the State of Arkansas ("Commissioner") pursuant to the authority vested in the Commissioner under Arkansas Code Annotated §§23-61-108 and 25-15-201, et seq. Pursuant to the Commissioner's authority under Ark. Code Ann. §23-61-108, §§25-15-201, et seq., and other applicable laws and rules, the effective date of this Rule and Regulation is August 1, 2005. This Rule replaces Emergency Rule 84. This Rule shall be effective on November 21, 2005.

**SECTION 3. APPLICABILITY AND SCOPE**

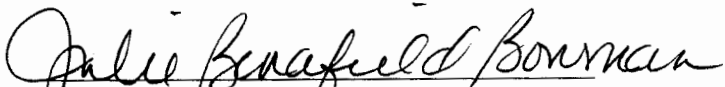
This Rule shall apply to all persons engaged in the business of selling prepaid funeral benefits contracts under Ark. Code Ann. §23-40-101, et seq., as amended by Act 852 of 1995.

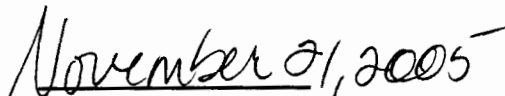
**SECTION 4. PER CONTRACT FEE AMOUNTS**

Effective for all prepaid funeral benefits contracts executed on and after August 1, 2005, until August 1, 2006, each licensee selling a prepaid funeral benefits contract shall remit to the State Insurance Department a one-time per-contract fee of not less than ten dollars (\$10.00) for each prepaid funeral benefits contract, including any amendments thereto, entered into by the licensee whether cash or trust funded or funded by an insurance policy or annuity contract. However, on and after August 1, 2006, each licensee selling a prepaid funeral benefits contract shall remit to the State Insurance Department a one-time per-contract fee of not less than five dollars (\$5.00) for each prepaid funeral benefits contract, including any amendments thereto, entered into by the licensee whether cash or trust funded or funded by an insurance policy or annuity contract. A five dollar increase in the per contract fees is needed during the above described period, from August 1, 2005 to August 1, 2006, to increase funds in the Prepaid Funeral Contracts Recovery Program to safely meet potential reparation claims transfers for purchasers from organizations found deficient under Ark. Code Ann. §23-40-119 (f)(1)(A) and Ark. Code Ann. §23-40-119 (f)(1)(B).

**SECTION 5. SEVERABILITY**

If any provision of this Rule and Regulation, or the application thereof to any person or circumstance, is held invalid, such invalidity shall not affect other provisions or applications of this Rule and Regulation which can be given effect without the invalid provision or application, and to that end the provisions of this Rule and Regulation are severable.

  
JULIE BENAFIELD BOWMAN  
INSURANCE COMMISSIONER  
STATE OF ARKANSAS

  
DATE

SUMMARY  
RULE 84  
Prepaid Funeral Benefits Contracts Recovery Fund Fees

The amendments to Rule 84 maintain or renew a Ten Dollar (\$10.00) per contract fee for sales of prepaid funeral contracts in Arkansas. Section 4 of Rule 84, effective June 30, 2004, was designed to impose a Ten Dollar (\$10.00) per contract fee for one (1) year, from August 1, 2004 to August 1, 2005, and, after August 1, 2005 to revert to a Five Dollar (\$5.00) per contract fee. This proposed change amends Rule 84 to continue the Ten Dollar (\$10.00) fee for another year, from August 1, 2005 until August 1, 2006. The Rule amendments are needed to continue funding the Prepaid Funeral Contracts Reparation Fund to meet anticipated reparation requests.

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