

RULE 105
VERIFICATION OF LIFE INSURANCE BENEFITS

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Section 1. Authority

This Rule is promulgated pursuant to Section Two (2) of Act 500 of 2019 of the Arkansas General Assembly, codified in Ark. Code Ann. § 23-40-112(h); authority is also found in Ark. Code Ann. § 23-61-108, Ark. Code Ann. § 25-15-204, and other applicable laws or rules.

Section 2. Purpose

The purpose of this Rule is to establish the process by which an insurer who has issued a whole life insurance policy or annuity which funds a prepaid funeral benefits contract, must verify benefits for a contract beneficiary.

Section 3. Requirements

An insurer who has issued a whole life insurance policy or annuity which funds a prepaid funeral benefits contract shall verify the benefits of the contract beneficiary within three (3) business days from the receipt of a notification of death of a contract beneficiary and a request for verification of benefits. The three (3) day timeframe applies whether the request for verification of benefits is made by an owner, beneficiary, or assignee, or the authorized representative of the owner, beneficiary, or assignee.

The insurer is required to verify benefits, without limitation, in the following circumstances:

- A. Whether the deceased is a covered person under the policy or annuity;
- B. The death benefit amount under the policy or annuity; and
- C. Whether the policy or annuity is in the contestability period.

Section 4. Penalties

The commissioner may impose a fine not to exceed five hundred dollars (\$500) for each failure to provide the verification required by this Rule and Ark. Code Ann. § 23-40-112(h), and not more than five thousand dollars (\$5,000) in the aggregate.

Section 5. Effective Date

This Rule shall apply to all insurers who have issued whole life insurance policies and annuities which fund prepaid funeral benefits contracts. This Rule is effective after review and approval by the Arkansas Legislative Council, ten (10) days after filing of the approved Rule with the Arkansas Secretary of State.



ALAN MCCLAIN
INSURANCE COMMISSIONER
STATE OF ARKANSAS

5/15/2020

DATE