

**BEFORE THE INSURANCE COMMISSIONER  
FOR THE STATE OF ARKANSAS**

**IN THE MATTER OF  
CURTIS B. CRAFT, JR. AND  
CRAFT FUNERAL HOME, INC., RESPONDENTS**

**AID ORDER NO. 2015- 030**

**REVOCATION ORDER**

On this day, the matter of the producer's licenses of Curtis Craft and Craft Funeral Home and the Prepaid Funeral Benefits Permit of Curtis Craft/Craft Funeral Home ("Respondents") came before Allen Kerr, Arkansas Insurance Commissioner ("Commissioner"). A hearing was held at 9:00 a.m. on October 20, 2015, in the First Floor Hearing Room of the Arkansas Insurance Department ("Department") pursuant to the Notice of Hearing dated September 18, 2015. The hearing was held before Chief Deputy Commissioner Russ Galbraith ("Hearing Officer") pursuant to his appointment by the Commissioner in accordance with Ark. Code Ann. § 23-61-103(e)(1). The Department was represented by Amanda Gibson, Associate Counsel.

**FINDINGS OF FACT**

1. The Commissioner of Insurance has jurisdiction pursuant to the Arkansas Insurance Code, specifically Ark. Code Ann. §§ 23-60-101, *et seq.*
2. Respondents, despite having received notice of the hearing, failed to appear at the hearing.
3. Respondent, Curtis Craft, Jr., owns Craft Funeral Home, Inc. located in Newport, Arkansas.
4. Respondent Craft currently resides in Hot Springs.

5. The Department most recently attempted to examine the Respondents' prepaid funeral benefit contract files on September 11, 2014. Notice of the examination was given to Respondents on July 25, 2014 and in the days leading up to that examination, Respondents confirmed that the funeral home would be accessible for the examination. However, when Department personnel arrived at the funeral home on September 11, 2014, they found it locked. Upon calling the phone number for the funeral home, Department personnel were told to request access via the accountant next door. Upon requesting access, Department personnel were advised by the accountant that he did not have access to the funeral home or to the prepaid funeral benefit contract files. After a significant delay, a funeral home representative appeared and the examination was completed.

6. Respondents' 2013 annual report and accompanying fee were received by the Department on March 31, 2014, which was 14 days past the due date of March 17, 2014.

7. Respondents' 4<sup>th</sup> quarter 2014 fee and accompanying form were due to the Department on February 15, 2015. The Department never received the fee or the form.

8. Respondents' annual 2014 report and accompanying fee were due to the Department on March 15, 2015. The Department never received the report or the fee.

9. Respondents' 1<sup>st</sup> quarter 2015 fee and accompanying form were due to the Department on May 15, 2015. The Department never received the fee or the form.

10. Respondent Craft's annual Prepaid Funeral Benefit Permit renewal fee of \$200.00 was due on June 1, 2015. The Department never received the permit renewal fee and as a result, the permit administratively expired on June 1, 2015.

11. As a result of Respondent Craft's living and working arrangements (the funeral home being located Newport, Respondent living in Hot Springs, and teaching ROTC in south

Arkansas) Respondent Craft does not actively operate Craft Funeral Home.

12. Respondent Craft failed to appear at the first scheduled investigative conference.

13. On August 11, 2015, Respondent Craft participated in an investigative conference held at the Department. This conference was rescheduled from the first conference for which he failed to appear. During the conference Respondent advised that he currently holds two cash-funded prepaid funeral benefits contracts.

14. Also on August 11, 2015, a letter was emailed to Respondent Craft giving him thirty days, or until September 14, 2015, to make arrangements to surrender the two contract files to the Department. Respondent has failed to contact the Department regarding surrendering the contracts or paying the past due fees and related late penalties.

15. The Department served a subpoena upon Respondents on September 24, 2015, requiring them to furnish the Department with all prepaid funeral benefits currently held by Respondents.

16. Respondents failed to respond to the subpoena.

17. A letter was sent to Respondents on August 11, 2015, following the investigative conference held the same day. In the letter, Respondents were given a 30-day deadline of September 14, 2015, to surrender to the Department, the two cash contracts held by Respondents.

18. Respondents failed to respond to the August 11, 2015 letter.

19. Respondents have been wholly unresponsive to the Department since August 11, 2015.

20. Respondent Craft has never been present at any examination the Department has conducted.

21. On each occasion that the Department conducted an examination, the records examined were inadequately maintained.

**CONCLUSIONS OF LAW WITH REGARD TO CRAFT'S PREPAID FUNERAL  
BENEFITS PERMIT**

1. Ark. Code Ann. § 23-40-110(b) and (c) require each licensed prepaid funeral benefits company to file its application for renewal and accompanying fee prior to June 1<sup>st</sup> of each year. Respondents' failure to timely renew the permit, as detailed above in Finding of Fact 10, is therefore a violation of Ark Code Ann. § 23-40-110(b) and (c).

2. Ark. Code Ann. § 23-40-109 requires a current and valid permit in order to possess outstanding contracts. Even if the sale of prepaid funeral benefit contracts has been discontinued, a current permit is still required if the funeral home holds outstanding contracts. Because Respondents' permit administratively lapsed June 1, 2015 for failure to timely renew, as described in Finding of Fact 10, Respondents are therefore in violation of Ark. Code Ann. § 23-40-109 because they hold outstanding contracts without possessing the requisite permit.

3. Ark Code Ann. § 23-40-119(a) requires Respondents to submit an annual report and fee on or before March 15 of each year. Respondents' failure to do so, as detailed above in Findings of Fact 6 and 8, therefore constitutes a violation of Ark Code Ann. § 23-40-119(a).

4. Ark. Code Ann. § 23-40-119(d)(1)(B) and (C) require Respondents to quarterly submit the per-contract fees to the Department with the quarterly fee form no later than forty-five (45) days after each quarter. Respondents' failure to timely submit their 4<sup>th</sup> quarter 2014 fee, 1<sup>st</sup> quarter 2015 fee, and accompanying forms, as detailed in Findings of Fact 7 and 9 above, therefore constitutes a violation of Ark. Code Ann. § 23-40-119(d)(1)(B) and (C).

**CONCLUSIONS OF LAW WITH REGARD TO CRAFT'S FUNERAL EXPENSE  
LICENSE AND THE FUNERAL HOME'S FUNERAL EXPENSE LICENSE**

5. Ark. Code Ann. § 23-64-512(a)(8) prohibits producers from "...demonstrating incompetence, untrustworthiness, lack of good personal or business reputation, or financial irresponsibility". Respondents' conduct as detailed above in Findings of Fact 2, 5 through 12, 14, 16, and 18 through 21 is therefore in violation of Ark. Code Ann. § 23-64-512(a)(8).

6. Ark. Code Ann. § 23-64-506(c) and (e) requires the producer to satisfy the Commissioner of the adequacy of his background, trustworthiness, personal and business reputation, and financial responsibility, not only to obtain a license, but also to maintain it. Respondents' conduct as detailed above in Findings of Fact 2, 5 through 12, 14, 16, and 18 through 21 is therefore in violation of Ark. Code Ann. § 23-64-506(c) and (e).

7. Ark. Code Ann. § 23-64-512(a)(16) allows the Commissioner to sanction a producer for "refusing to be examined or to produce any accounts, records, or files of examination". Respondents' conduct as detailed above in Findings of Fact 5, 16, and 18 through 20 is therefore in violation of Ark. Code Ann. § 23-64-512(a)(16).

8. Ark. Code Ann. § 23-64-512(a)(17) allows the Commissioner to sanction a producer for "failing to cooperate with the commissioner in an investigation when required by the commissioner." Respondents' conduct as detailed above in Findings of Fact 5, 16, and 18 through 20 is therefore in violation of Ark. Code Ann. § 23-64-512(a)(17).

9. Ark. Code Ann. § 23-64-512(a)(13) gives the Commissioner authority to sanction a producer for "failing to provide a written response after receipt of a written inquiry from the commissioner or his or her representative as to transactions under the license within thirty (30) days after receipt thereof unless the timely written response is knowingly waived in writing by

the commissioner". Respondents' conduct as described in Finding of Fact 18 therefore constitutes a violation of Ark. Code Ann. § 23-64-512(a)(13).

**RECOMMENDATION OF HEARING OFFICER**

WHEREFORE, upon consideration of the evidence of record and the foregoing Findings of Fact and Conclusions of Law, the Hearing officer recommends the following:

1. That the Prepaid Funeral Benefit Permit of Respondent Craft/Craft Funeral Home be revoked;
2. That the Producer's License (Funeral Expense License) of Curtis Craft be revoked;  
and
3. That the Producer's License (Funeral Expense License) of Craft Funeral Home be revoked.



**Russ Galbraith**  
**Chief Deputy Commissioner and**  
**Hearing Officer**

**CERTIFICATION**

I, Allen Kerr, Insurance Commissioner for the State of Arkansas, do hereby certify that the above Findings of Fact, Conclusions of Law, and Recommendation of the Hearing Officer were made by and under my authority and supervision by Russ Galbraith, Chief Deputy Commissioner and Hearing Officer in this proceeding. I hereby adopt the Hearing Officer's Findings of Fact, Conclusions of Law and Recommendation in full, as set forth herein.

THEREFORE, it is hereby ORDERED that the Prepaid Funeral Benefit Permit issued to Curtis Craft/Craft Funeral Home is revoked, and the producer's licenses of Curtis Craft and Craft Funeral Home are revoked.

IT IS SO ORDERED THIS 6<sup>th</sup> DAY OF NOVEMBER, 2015.

  
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**ALLEN KERR  
INSURANCE COMMISSIONER  
STATE OF ARKANSAS**