



ARKANSAS INSURANCE DEPARTMENT FUNERAL SERVICES DIVISION | BURIAL ASSOCIATIONS

JUNE (MID-YEAR) SEMI-ANNUAL REPORT (S.A.R.) COMPLETION INSTRUCTIONS & DEFINITIONS

GENERAL INSTRUCTIONS:

- On the revised/updated June S.A.R. "Old" Business and "New" Business Recap Report forms ([Microsoft Excel format](#)), please only enter data into cells/fields highlighted in **LIGHT YELLOW**. Other fields contain formulas that will automatically calculate totals. On the [Portable Display Format \(PDF\)](#) forms, formula capability may be different from the Excel spreadsheet version (i.e., more limited).
- Please note all changes to the June S.A.R. "Old" Business and "New" Business Recap Report forms since the previous version(s) of the report.

Section 1: B.A. Contact Information

- Period Beginning Date: On the June S.A.R., this would be **January 1st** of the year being reported.
- Period Ending Date: On the June S.A.R., this would be **June 30th** of the year being reported.
- **[1a] Carry-Forward Count of "Active" B.A. Members**: On the June S.A.R., this would be/should be the same COUNT of members with which the B.A. ended the preceding December S.A.R. period.
- **[1b] Carry-Forward Fund(s) Balance**: On the June S.A.R., this would be/should be the same AMOUNT of funds the B.A. ended the preceding December S.A.R. period.

Section 2: Monthly Collections

- Amount Collected: On the June S.A.R., please enter the amount of funds collected from the B.A. members for each of the six (6) months being reported.
- Less: Returned Checks: If any B.A. members make payment via check, and that check is not honored by the issuing bank (i.e., returned unpaid following attempted deposit), the amount(s) of the returned check(s) need(s) to be deducted from the Amount Collected.
- **[2a] Net Amount Collected**: The difference between [2a] Total Amount Collected, less any Returned Checks.
- **[2b] Interest Income Earned on Investments (+)**: Any interest income (i.e., "growth") that is earned during the reporting period on investments including, but not limited to, interest-bearing business checking accounts, interest-bearing business savings accounts, certificates of deposit (CDs), or other "investment vehicles" in which the B.A. funds are deposited and earning a return on investment.
- **[2c] Change in Value from Investments (+/-)**: Typically references the value change associated with a stock's price or a fixed income investment (e.g., government or corporate bond).
- **[2d] Revenue Subtotal**: The combined total of [2b] Net Amount Collected plus [2c] Interest Income Earned on Investments plus or minus [2d] Change in Value from Investments.

Section 3: Disbursements

- **[3a] Operating Expenses**: Per [B.A. Rule No. 4](#), "expenses" are defined as necessary expenses, including, but not limited to printing, stationery, postage, office supplies, clerical hire, and statutory fees (that) may be paid by the association. No organization or promotional expenses may be charged and, in no event, may expenses for any year exceed twenty-five percent (25%) of the gross receipts of dues/assessments, interest, and non-interest investment income of the association for such year. Per [A.C.A. § 23-78-122 Disposition of Collections \[Effective July 1, 2018\]](#), the annual license fee shall **not** be considered an operating expense; seventy-five percent (75%) of the interest derived from the investments shall also **not** be usable for the payment of operating expenses.
- **[3b] State & Miscellaneous Fees**: May include such fees as the annual license fee, agent license fee(s), bank fees, or investment account administration fees (that are related to the B.A. accounts).
- **[3c] Income Taxes Paid**: (Self-explanatory)

Section 3: Disbursements (continued)

- **[3d] Benefits Paid:** Includes any benefit payments issued by the B.A.; this may also include any credits applied toward an itemized *Statement of Funeral Goods and Services* at the time of need. A benefit may be paid after it has been "rendered" during the period incurred or if Benefit Owing from a prior reporting period (not more than two periods following the period in which it incurred).
- **[3e] Premiums Returned:** This exhibit is to report any "unearned premiums" collected in advance of being "earned."
Example: A member pays "premiums" for the upcoming 12 month period. They live another 3 months after making the payment, then die. The "premiums" paid in advance were only "earned" for three (3) of those months while they were living; the "premiums" paid in advance were NOT "earned" for the nine (9) months following their death. *Returned Premiums* would report a refund of the nine (9) months of UNEARNED "premiums" (following the member's death).
- **[3f] Disbursements Subtotal:** The combined total of [3a] Operating Expenses plus [3b] State & Miscellaneous Fees plus [3c] Income Taxes Paid plus [3d] Benefits Paid plus [3e] Premiums Returned.

Section 4: Assets Breakdown

- **[4a] Cash on Hand:** "Premium" payments - in the form of cash, check, money order, etc. - collected from B.A. Members but have not yet been deposited into a B.A. checking account, savings account, or an investment account as of the last date of the reporting period.
- **[4b] Checking Account(s):** All business checking accounts (interest- or non-interest-bearing) into which the B.A. membership "premium" payments have been or will be deposited. These accounts must be held separate from any general or operating accounts related to the funeral home, cemetery, etc. and B.A.-related funds should not be co-mingled/combined with non-B.A.-related funds. The ending balance(s) on the checking account(s) transactional statement(s) from the bank must match the amount reported in this field. If there is a difference between the bank statement's balance and the S.A.R. balance, a properly labeled (name of burial association, month and year being reconciled) reconciliation must be included with the S.A.R. submission.
- **[4c] Savings Account(s):** All business savings accounts (interest- or non-interest-bearing) into which the B.A. membership "premium" payments have been or will be deposited. These accounts must be held separate from any general or operating accounts related to the funeral home, cemetery, etc. and B.A.-related funds should not be co-mingled/combined with non-B.A.-related funds. The ending balance(s) on the savings account(s) transactional statement(s) from the bank must match the amount reported in this field. If there is a difference between the bank statement's balance and the S.A.R. balance, a properly labeled (name of burial association, month and year being reconciled) reconciliation must be included with the S.A.R. submission.
- **[4d] Investments:** Including, but not limited to, (a) preferred corporate stocks ("A" Rated, or equivalent), (b) Certificates of Deposit (CDs) issued by a state or national bank in Arkansas that is insured by the FDIC, (c) corporate-issued bonds ("A" Rated or better), or (d) state or municipally-issued bonds ("A" Rated by one or more of the nationally-recognized investment services). United States of America government-issued securities including, (a) U.S. Treasury Bonds (direct or indirect obligations of the federal government), (b) U.S. Government-issued bonds, notes, debentures, and other obligations with principal and interest guaranteed by the U.S. Government, (c) mortgages on real estate which are fully guaranteed as to principal and interest by the U.S. Government. ****SEE A.C.A. § 23-78-122. Disposition of Collections [Effective July 1, 2018] for a listing of approved U.S. Government securities****
- **[4e] Assets Subtotal:** The combined total of [4a] Cash on Hand plus [4b] Checking Account(s) plus [4c] Savings Account(s) plus [4d] Investments.

Section 4: Assets Breakdown (continued)

Section 4 Note: To ensure that the statutory requirements of [A.C.A. § 23-78-122 Disposition of Collections](#) are being followed (regarding investment types, investment grades, investment percentages, etc.), a complete copy of the bank/investment company statement showing deposits, withdrawals, and other related transactions throughout the reporting period) is now required. showing U.S. Government Securities and/or state-, municipally-, or corporate-issued securities be attached to the S.A.R.

Section 5: Membership Count Roll-Forward

- **Beginning Member Count:** The starting count of “active” B.A. Members or covered persons as of the first day of the current reporting period; this should be the same count/number of members with which the B.A. ended the previous reporting period, as reported under [1a].
Less: Members “Rendered” during this Reporting Period: Count of membership that “terminated” or “matured” during the current reporting period.
- **Ending Member Count:** The ending count of “active” B.A. Members or covered persons as of the last day of the current reporting period; this count/number of members will be the same number reported as the starting count in the reporting period immediately following the current reporting period.

Section 5 Note: “Old” Business (Act 91 of 1953; B.A. business sold prior to 07-01-87) is a **CLOSED/RUN-OFF** block of business. There should be no increases to the “Old” Business membership roster on or after 07-01-87.

“New” Business (Act 443 of 1987; B.A. business sold on or after 07-01-87) may still be considered an “open” block of business (i.e., open to new membership). In Section 5: Membership Count Roll-Forward, there is a field to report any new B.A. memberships written during the semi-annual reporting period.

Section 6: Benefits Recap

- **[6a] Benefits Owing from Previous Reporting Period(s):** The total amount of B.A. certificate proceeds payable to the servicing funeral homes that handled the at-need services of deceased B.A. members who died in a prior semi-annual reporting period (where the proceeds did not get “paid” during the period in which they incurred). Benefits Owing typically occurs when the B.A. has insufficient funds in its assets account(s) to cover all losses incurred during a given semi-annual reporting period. Benefits Owing are still a “liability” or “accounts payable” item to the B.A. at the end of the current reporting period. The Benefits Owing may be paid during the following reporting period¹. The total reported in this field must match the total from the **Benefits Owing exhibit** (FSD-BA_SAR_BEN_OWED).
- ¹Although rare, benefits have been paid years after a member’s death. If a policy was in good standing at the time of death, yet no claim was made, burial associations have reimbursed the existing policy member responsible for payment of assessment(s), provided the surviving member is able to provide an itemized list of funeral goods and services with a “zero” balance.
- **[6b] Benefits Charged Off for this Reporting Period:** The total amount of B.A. certificate proceeds that must be “charged off” because the “benefits owing” (to the servicing funeral home) were not paid out during the semi-annual period in which they incurred or during the two (2) subsequent semi-annual reporting periods following the period in which they incurred. The total reported in this field must match the total from the **Benefits Charged Off exhibit** (FSD-BA_SAR_BEN_CO).
- **[6c] Benefits “Rendered” during this Reporting Period:** The total count of B.A. members or covered persons who died during the current semi-annual reporting period and the total amount of certificate proceeds represented by those deceased persons. The total reported in this field must match the total from the **Benefits Rendered exhibit** (FSD-BA_SAR_BEN_REND).
- **[6d] Benefits Paid during this Reporting Period:** The total amount of B.A. certificate proceeds paid by the B.A. to servicing funeral homes during the current semi-annual reporting period. This total also includes any credits applied toward an itemized *Statement of Funeral Goods & Services* at the time of need (i.e., a credit for the “face amount” of the B.A. certificate on a final/at-need billing statement, instead of funds being withdrawn from

Section 6: Benefits Recap (continued)

the B.A. assets account). The total reported in this field must match the total from the **Benefits Paid exhibit** (FSD-BA_SAR_BEN_PAID).

- **[6e] Benefits Owing for this Period:** The difference between ([6a] Benefits Owing from Previous Reporting Period(s) plus [6c] Benefits Rendered during this Reporting Period) minus ([6b] Benefits Charged Off for this Reporting Period plus [6d] Benefits Paid during this Reporting Period). This amount will be the “carry-forward” Benefits Owing amount for the next semi-annual reporting period.

Section 7: Totals Cross-Check

This section is included as a “cross-check” to ensure the **Ending Fund(s) Balance(s)** balances back to the [4f] **Ending Assets Subtotal**. The Ending Fund(s) Balance(s) is derived from ([1b] Carry-Forward Fund(s) Balance(s) (ending funds balance from the previous semi-annual reporting period) plus [2e] Revenue Subtotal) minus [3f] Disbursements Subtotal.

If the Ending Fund(s) Balance(s) and the Ending Assets Subtotal do NOT balance (i.e., there is either a positive or negative difference between the two totals), it will be necessary for the report preparer to identify and correct the “outage” in order to balance the report.

OTHER NOTES

- A benefit should not be reported as both PAID and OWED for the same individual (with the same certificate or “policy” number) during the same semi-annual reporting period. Either the benefit is paid during the reporting period, or it is not paid and is still owed as of the semi-annual reporting period-end.