

# Arkansas Insurance Department

Asa Hutchinson  
Governor



Allen Kerr  
Commissioner

**DATE:** MARCH 8, 2016

**BULLETIN NO:** 4-2016

**TO:** ALL LICENSED PREPAID FUNERAL BENEFITS CONTRACT ORGANIZATIONS, LIFE AND ANNUITY INSURERS AND PRODUCERS, THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, TRADE ASSOCIATIONS, AND OTHER INTERESTED PARTIES

**FROM:** ARKANSAS INSURANCE DEPARTMENT

**RE:** PRENEED FUNERAL CONTRACT OR PREARRANGEMENT FUNDING EXCLUSION UNDER ARK. CODE ANN. §23-81-903 OF THE ARKANSAS UNCLAIMED LIFE INSURANCE BENEFITS ACT

The purpose of this bulletin is to provide guidance regarding the definition of a “Contract” or “Policy” for purposes of the Arkansas Unclaimed Life Insurance Benefits Act. The Arkansas Insurance Department understands Ark. Code Ann. §23-81-903 to exclude an annuity contract used to fund a preneed funeral contract or prearrangement from the definition of “Contract” or “Policy” for purposes of Act 905 of 2015 by the Arkansas State Legislature.

Ark. Code Ann. §23-81-903(1)(A) defines a “Contract” as annuity contract. However, subparagraph (B) excludes from that definition an annuity contract used to fund an employment-based retirement plan or program in which an insurer does not perform recordkeeping services; or is not required to pay death benefits to the beneficiaries of a specific plan participant by terms of the annuity contract.

Ark. Code Ann. §23-81-903(5)(B)(ii) excludes from the definition of “Policy” a policy or certificate of life insurance that is used to fund a preneed funeral contract or prearrangement.

Ark. Code Ann. §23-40-103(11)(A) of the Arkansas Prepaid Funeral Benefits Law defines “prearrangement” to include funding through an annuity contract.

Looking at the Arkansas Prepaid Funeral Benefits Law in conjunction with the Arkansas Unclaimed Life Insurance Benefits Act, the exclusions under the term “Contract” or under “Policy” in Ark. Code Ann. §23-81-903 would extend to an annuity used to fund a preneed funeral contract or prearrangement for purposes of the Arkansas Unclaimed Life Insurance Benefits Act.

Questions concerning this Bulletin should be directed to the Arkansas Insurance Department's Legal Division at (501) 371-2820 or via e-mail to [insurance.legal@arkansas.gov](mailto:insurance.legal@arkansas.gov).

  
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INSURANCE COMMISSIONER  
STATE OF ARKANSAS

3-8-16  
DATE