

Arkansas Burial Association Board shall be referred to as The Board.

**1. Officers of Associations.** All officials of burial associations must be members of the association of which they are officers. In the event, a person holds office in more than one association, he/she is required to hold membership in each association of which he/she is an officer. Total benefits which may be paid to such officer shall not exceed \$2,500.00.

**7. Fidelity Bonds.** Associations with money on hand will be required to have a bond with an approved corporate surety, on the Secretary/Treasurer and any other person(s) whose authorized signature is on the association's accounts. Bonds must be made in favor of the association, in the amount of the surplus of the association, less the monies invested as authorized, by Ark. Code Ann. §23-78-101(Effective July 1, 1985). However, the bond shall not be less than \$2,500.00.

**9. Books and Records.** All books, accounts, and records must be kept at the main office of the association and in such manner as to accurately reflect the condition of the association, subject to inspection of any member of the association or representative of the Board. Books of an association may be closed not more than 30 days prior to an assessment, and all members receiving certificates more than 30 days prior to an assessment, shall be included in the assessment.

**10. Semi-Annual Reports.** Each burial association or society licensed in this state shall file a Semi-Annual report showing the actual financial condition of the association as of June 30 and December 31, of each year on forms approved and/or provided by the Board. In addition to the accurate December Semi-Annual Report, other items or documents to be filed shall include, but are not limited to, the following:

- a) Annual fee of six hundred dollars (\$600.00) per association;
- b) Membership fees of twenty-five cents (\$0.25) per member based on the number of members as of December 31<sup>st</sup>; membership fees are considered to be a component of the annual license fee.
- c) Minutes from the Annual Meeting for the calendar year;

- d) Proof of Bond in good standing;
- e) New Business 443 Reserves Report, if applicable.

If said report(s) is not received in the Board's office by August 15<sup>th</sup> and February 15<sup>th</sup>, penalties will be assessed, and if necessary, the Board will take action to procure the report, if not received within ten (10) days from due date. Should it become necessary for the Board's Auditor to travel to the association to procure the report, the Board's office shall recover expenses incurred as a result of the association's failure to file the report. These expenses shall be those authorized by Ark. Code Ann. §23-78-101 and shall be paid by the association from the allowable operating expenses, and not from the Mortuary Fund. (Act 480 of 1985, effective July1, 1985).

The Board may grant an extension of time to submit a report for good cause. A burial association or society shall file a request for an extension to the Board in writing before the due date of the report. Ark. Code Ann. § 23-78-120 (b) (3) (A)-(B).

**11. Funeral Directors.** The by-laws of burial associations may provide that the Secretary/Treasurer, upon being notified of the death of a member shall designate a funeral director to prepare the body for internment according to the terms of the certificate held by the member at time of death.

If at any time the contract funeral home customarily employed by the association cannot service the funeral, then the Secretary/Treasurer shall pay the servicing funeral home which provides the service according to the member's contract in accordance with Article 22 of the By-laws or one hundred percent (100%) for membership issued under Act 443.

**12. Minutes of Meeting.** Minutes of the annual meeting shall be submitted to the Board's office with the December report.; Minutes of a special meeting called to address changes in officers, rates, or other matters pertaining to the operation of

a burial association shall be submitted to the Board office for approval within thirty (30) days. An approved copy will be returned to the association for its records.

**14. Burial Certificates.** No association shall state in its certificate, or advertise, any particular type or make of merchandise that will be furnished by said association

**16. Applications.** Applications for membership must be kept on file in the office of the association in the order in which they are received, and shall show number of said certificate. A copy of the certificate of membership shall be kept with said application. Date of increase or an addition to the membership must be noted on permanent record cards in the files of the association and a copy of the new certificate of membership shall be kept with said application. All applications for membership must be signed by the applicant, his/her parent, or legal representative and the soliciting agent.

**20. Increase in Benefits.** Any increase in benefits on present members may be written on a regular application form or on a printed form for this purpose. Such applications must be kept on file by the association, in the order in which they are received, and must show the number of the certificate and the date must be noted on the permanent record card of the association. A copy of the certificate of membership shall be kept with said application.

**22. Grace Period.** Each member of a burial association shall be entitled to a thirty (30) day grace period for payment of dues or assessments. The association shall be liable for payment of benefits for any member of said association, which dies during the thirty (30) day grace period.

**23. Reinstatement of Membership.** A member who has permitted his membership to lapse, for no longer than a period of one year, may be reinstated upon terms fixed in the by-laws of the association and by submitting an updated application and signing a statement of good health as in the original application. In

such case, the assessments or dues in arrears must be paid. Otherwise, the member shall be written at the new rate at his/her attained age.

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**26. Agent Applications.** Applications to the Board for an agent's license must be filled out, signed before a Notary Public by the applicant, an officer of the association, and accompanied by the statutory fee.

**27. Agent License Fees.** The agent's license, regardless of the date issued, expires January 1, but may be renewed at any time before February 1, upon written request by the association and payment of the fee. After February 1, the Board may require that a formal application be filed with an accompanying affidavit to the effect that no solicitations have been made by the applicant since his or her license expired.

**28. Misrepresentation of Facts.** Any agent who solicits members for any association upon a misrepresentation of facts may have his or her license revoked. The certificate of authority of any burial association, which shall knowingly permit or condone such conduct on the part of its agents, may also be revoked.

**29. Incontestable Benefits.** Any certificate shall be incontestable, except for fraud, after the same has been in force for a period of one year.

**30. Use of Particular Words.** Burial associations may use the terms "Premiums" and "Policy" in lieu of "Dues" and "Certificates".

**31. Refund of Dues.** In the event the Secretary/Treasurer of an association shall deem it advisable to refund a member, any sum of money claimed due by such member, then such amount of the refund claim that has been credited to the Mortuary Fund, shall be paid from such Mortuary Fund and treated as a benefit paid.

**32. Deposits of Membership Dues – Shortages and Overdraws.** (a) All assessments, membership dues and/or other funds collected by any burial association must be deposited by the Secretary/Treasurer of the association within five (5) business days from the date collected and/or received by the association. All collections must be deposited into the burial association's Mortuary Fund for payment of membership benefits or invested as authorized by Act 91 of 1953 as amended, provided however that each burial association operating in this State is authorized to keep \$300.00 cash on hand, said funds are hereby specifically exempted from the aforementioned requirement. (b) All accounts, records, and books reflecting the financial status of all burial associations shall be open to inspection by the Auditor and employees of the Arkansas Burial Association Board. Anytime a shortage is found in a burial association by the auditors, it shall be considered prima facie violation of the Burial Association Act (Ark. Code. Ann. §23-78-101 et. seq.) and the Board may immediately take steps to remove the Secretary/Treasurer and/or revoke or suspend the Certificate of Authority granted under said Act. (c) In addition, the Board may immediately call upon the Secretary/Treasurer's bond. (d) Funds received by an agent of a burial association are considered to have been received by the association. Associations shall not permit agents to deduct the operating expense from collections prior to remitting them to the Secretary/Treasurer of the association. All funds collected must be deposited in the bank account of the association and all disbursements must be made by check, signed by the Secretary/Treasurer of the association. The exception to this rule is that the membership fee may be paid directly to the Secretary/Treasurer or to some other person appointed by the association as solicitor and licensed by the Board. (Effective July 1, 1985).

**33. Benefits Owing.** If at the end of any calendar year the funds in the treasury of the association are insufficient to meet the losses, then the Secretary/Treasurer may cause an extra assessment to be levied. The association, shall charge off the benefits owing if not paid by the following June 30 Semi-Annual Report and the contract funeral home shall absorb the loss. Payments owing

to a servicing funeral home, other than the contract funeral home, shall have priority and paid as funds are available.

**34. Service Area Notification to Members.** All burial associations, upon notification of address change outside the service area, shall notify in writing that policy holder of changes in benefits if any.

**36. Board Meeting.** The Board shall meet when business dictates. at such time and/or place designated by the Board.

**37.** All burial association memberships written on or after the effective date of this rule, July 1, 1987 shall be reserved on the basis of the actuarial table approved by the Board. Collections and interest derived from Act 443 new business must not be used in any manner to pay claims on old business. The excess revenue or mortuary fund derived from old business shall likewise not be used to pay claims on Act 443 new business.

\* Those associations with revenue insufficient to pay old business claims are required to conduct a fifth assessment each year, pay the contract funeral home a maximum of 50% of face amount of each certificate and take no expenses until the revenue reaches the point that no claims are written off and the Burial Association Board rules that the extra assessment, 50% settlement and forfeiture of expenses is no longer necessary.

**38.** In addition to the requirement of Article 12 of the Board by-laws, burial associations shall complete the following applications on each prospective burial association member and shall comply with the underwriting guidelines established by the Board. (Included) Violation of any rule may result in sanctions as provided for Act 91 of 1953 and the rules and regulations promulgated pursuant to its enforcement by the Board.

**38.1.** Only a burial association licensed by the Board may write certificates of membership up to a maximum of \$2,500.00. All certificates must comply with the minimum rates, reserve requirements contained in the Burial Association Board

Rule 45 and the underwriting guidelines established by the Burial Association Board Rule 42.

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**46. PENALTY RULE.** The Secretary/Treasurer of the burial association shall file the December semi-annual report, all other required documents, and pay the annual fee on or before February 15<sup>th</sup>. The June semi-annual report must be filed by on or before August 15<sup>th</sup>. Reports and fees not received in the board office by these dates will be delinquent and a \$100.00 per day delinquent fee, for a maximum period of ten (10) days (\$1,000) will be levied. If the report is not received within ten (10) days of the due date, the Board Auditor will be sent to procure the report. The Board shall recover the fees associated pursuant to Ark. Code Ann. 23-78-120. The association cannot pay the delinquent fees or the cost to procure the report from the Mortuary Fund.

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**48. Annual License Fees.**

- a) The annual fee of six hundred dollars (\$600.00) will be due with the December 31<sup>st</sup> Semi-Annual Report payable no later than February 1<sup>st</sup>.
- b) Annual membership fees based on the total actual membership count as of December 31<sup>st</sup> will be twenty-five cents (\$0.25) per member and will be due with the December 31<sup>st</sup> Semi-Annual Report payable no later than February 1<sup>st</sup>. Annual membership fees are considered to be a component of the annual license fee.