

A.C.A. § 23-40-115

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*** CURRENT THROUGH THE 2011 REGULAR SESSION AND UPDATES ***
*** FROM THE ARKANSAS CODE REVISION COMMISSION THROUGH ***
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Title 23 Public Utilities and Regulated Industries
Subtitle 2. Financial Institutions And Securities
Chapter 40 Sale of Prepaid Funeral Benefits

A.C.A. § 23-40-115 (2011)

23-40-115. Trust funds -- Investments.

(a) (1) The trustees shall invest the trust fund only in the following:

(A) Demand deposits, savings accounts, certificates of deposit, and all other accounts which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation;

(B) Bonds and obligations which are insured by, fully guaranteed as to principal and interest by, and due from the United States government or any of its agencies, including the Federal National Mortgage Association and the Government National Mortgage Association, and any repurchase obligations which are secured by any of the foregoing;

(C) (i) Corporate, state, municipal, or political subdivision bonds or obligations which are rated Aa or better by Moody's or AA or better by Standard & Poor's rate services; or

(ii) (a) Bonds of any school district in this state.

(b) Provided, however, no more than thirty percent (30%) of the total trust assets may be invested in such school bonds; and

(D) (1) Mutual funds or common trust funds whose portfolio is made up of investments that are described in subdivisions (a)(1)(A)-(a)(1)(C) of this section.

(2) Investments described in subdivisions (a)(1)(B)-(a)(1)(D) of this section shall be purchased and held by the trustee which has trust powers under a trust agreement filed with and approved by the Insurance Commissioner.

(b) The trustee shall maintain the trust fund in a manner consistent with the following investment policies:

(1) Not less than one hundred thousand dollars (\$100,000) of the trust fund shall be invested in investments described in subdivision (a)(1) of this section. However, if the total amount of the trust fund is less than one hundred thousand dollars (\$100,000), then all of the trust fund shall be invested in investments described in subdivision (a)(1) of this section;

(2) The trust fund shall contain at all times liquid investments having a cost basis not less than thirty percent (30%) of the total contract proceeds disbursed from the trust fund as described in § 23-40-116(1)-(3) during the preceding calendar year;

(3) No investment shall be sold, exchanged, or liquidated at less than its cost if it would result in the aggregate cost basis of the trust fund minus undistributed net investment income being less than the aggregate amount of contract proceeds held in the trust fund. However, this prohibition shall not

the aggregate amount of contract proceeds held in the trust fund. However, this prohibition shall not apply if the seller contemporaneously deposits with the trustee a sum of money or other property in an amount equal to the loss realized upon the sale, exchange, or liquidation of such investment; and

(4) The portion of the contract proceeds collected for cash accommodation items pursuant to the terms of a contract shall be deposited in a separate account which shall be clearly identified as "cash accommodation funds" and shall set forth the name of the contract buyer. All income earned on the cash accommodation funds shall become a part of the principal of the respective accounts.

HISTORY: Acts 1985, No. 156, § 8; A.S.A. 1947, § 67-1720; Acts 1993, No. 406, § 1; Acts 1995, No. 852, § 7.