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*** CURRENT THROUGH THE 2011 REGULAR SESSION AND UPDATES ***
*** FROM THE ARKANSAS CODE REVISION COMMISSION THROUGH ***
*** JUNE 2, 2011 ***

Title 23 Public Utilities and Regulated Industries
Subtitle 3. Insurance
Chapter 78 Burial Associations

A.C.A. § 23-78-122 (2011)

23-78-122. Disposition of collections.

(a) (1) (A) Seventy-five percent (75%) of the collections of any burial association or society shall be solely for the payment of benefits provided by membership certificates and shall not be used for the payment of operating expenses.

(B) The annual license fee shall not be considered an operating expense, and the annual license fee may be paid from the mortuary fund.

(2) However, subject to the reserve requirements established by the Burial Association Board, the association or society may invest any portion of the seventy-five percent (75%) of the collections not needed for the immediate payment of benefits or not needed for the reasonably anticipated payment of benefits in:

(A) United States Treasury bonds, direct or indirect obligations of the federal government;

(B) Bonds, notes, debentures, or other obligations issued by an agency of the United States Government, the principal and interest of which are fully guaranteed by the United States Government, and mortgages on real estate which are fully guaranteed as to principal and interest by the United States Government or agency thereof;

(C) (i) Preferred stocks of corporations created or existing under the laws of the United States or any state thereof.

(ii) However, the funds shall be invested only in preferred stocks designated as "A" rated or the equivalent by one (1) or more nationally recognized investment services, and approved by the board.

(iii) Further, no more than fifteen percent (15%) of the total funds of any burial association or society available for investment shall be invested in preferred stocks;

(D) (i) Certificates of deposit of any state or national bank in Arkansas which are insured by the Federal Deposit Insurance Corporation.

(ii) (a) However, if the certificates of deposit issued by the bank shall exceed the amount of the certificates of deposit insured by the Federal Deposit Insurance Corporation, the bank shall furnish to the association or secretary and the board or the Executive Secretary of the Burial Association Board evidence of the assignment of bonds or other securities issued by the State of Arkansas or the United States to secure the payment of the certificates.

(b) This may be done by making the assignment through a federal reserve bank or through a correspondent bank.

(c) In the alternative, the issuing bank may make such assignment in such other form or manner as may be approved by the board or the executive secretary;

(E) (i) Savings accounts of any savings and loan association which are insured by the Federal Savings and Loan Insurance Corporation.

(ii) (a) However, if the savings account of the association exceeds the amount of the savings account insured by the Federal Savings and Loan Insurance Corporation, the association shall furnish to the depositing burial association or secretary and the board or the executive secretary evidence of the assignment of bonds, or other securities issued by the State of Arkansas or the United States, to secure payment of the accounts.

(b) The savings and loan association in which the accounts exist shall make the assignment in a form and manner approved by the board or the executive secretary;

(F) "A" rated or better corporate bonds, as designated by one (1) or more nationally recognized investment services; or

(G) (i) "A" rated state and municipal bonds as designated by one (1) or more nationally recognized investment services.

(ii) However, the bonds must be issued by governmental entities in the State of Arkansas, and no more than thirty percent (30%) of the total funds of any burial association or society available for investment shall be invested in state or municipal bonds.

(b) Seventy-five percent (75%) of the interest derived from the investments shall also not be usable for the payment of operating expenses.

HISTORY: Acts 1953, No. 91, § 14; 1973, No. 515, § 1; 1975, No. 380, § 1; 1977, No. 861, § 1; 1981, No. 360, § 3; 1985, No. 679, § 4; A.S.A. 1947, § 66-1814; Acts 1987, No. 443, § 3.