

**RULES AND REGULATIONS GOVERNING
BURIAL ASSOCIATIONS**

1. 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. Provided however, that total benefits which may be paid to such officer shall not exceed \$2,500.00.

2. **Owner of Funds.** Since burial associations are non-profit mutual benefit societies, all assessments, dues, and/or other funds of whatever kind or character, collected or received by them over and above necessary expenses (which in no event may exceed twenty-five percent (25%) of its receipts for any given period) shall be and remain the property of the association for use and benefit of its members only. (Amendment by Act 360 of 1981).

3. **Mortuary Fund.** (A) At least seventy-five percent (75%) of the receipts of each association must be allocated to the Mortuary Fund, and, when so allocated can be used for no purpose other than to meet its losses. The associations may invest any portion of such seventy-five percent (75%) of the collections not needed for the immediate payment of benefits, or not needed for the reasonable anticipated payment of benefits as authorized by Act 91 of 1953 as amended by Act 360 of 1981. (B) At least seventy-five percent (75%) of all interest derived from investments of burial association funds must be allocated to the Mortuary Fund and cannot be used for the payment of operating expenses. (Amended by Act 360 of 1981).

4. **Expenses.** Necessary expenses, including but not limited to printing, stationery, postage, office supplies, clerical hire, and statutory fees may be paid by the association. No organization or promotional expense 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.

Burial Associations shall not be entitled to utilize any portion of collections or interest for operating expenses (25%) when such utilization would reduce the balance of monies available in the mortuary fund to such a level that the association would be unable to pay benefits which accrue to the members of the association.

In the event the entire sum equaling such twenty-five (25%) is not expended as aforesaid, then the amount remaining unexpended shall be converted into the Mortuary Fund at the end of such year and shall not thereafter be used for expenses. Statutory Fees (Annual License Fees) are not considered operating expenses. (Amendment by Act 360 of 1981).

5. **Surplus Funds.** Should any association have on hand, at the end of any calendar year, funds over and above its legal obligations said funds shall be retained by the association for the purpose of meeting its future losses. (Effective July 1, 1985).

6. **Association Not to Pledge Assets.** No money may be borrowed from an Association, nor can the Association borrow money. The assets of the Association may not be pledged for any purpose. The Treasurer will be held accountable under his bond for any violation of this rule.

7. **Fidelity Bonds.** Associations with money on hand will be required to take out a bond, with approved corporate surety, on the Secretary/Treasurer and Assistant Secretary/Treasurer, made in favor of the Association, in the amount of the surplus of the Association, less the monies invested as authorized by Arkansas Statute Ann. 66-1801 et. seq. (Effective July 1, 1985).

8. **Taxes.** In the event, a burial association becomes liable for taxes; such taxes may be paid from the Mortuary Fund. Provided, however, that should penalties be imposed by the taxing authority, such penalties shall not be paid from the Mortuary Fund. (Effective July 1, 1985).

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 condition of the association as of June 30 and December 31, of each year on forms provided by the Board. If said report is not filed within thirty (30) days from the date upon which it is due, the Board will take action to procure the report. Should it become necessary for the Board's office 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 Arkansas Statute ann. 66-1801 et. seq. and shall be paid by the association from the allowable operating expenses, and not from the Mortuary Fund. (Act 480 of 1985, effective July 1, 1985).

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 Funeral Home customarily employed by the Association cannot service the funeral, then the Secretary/Treasurer shall pay at least eighty percent (80%) of the face value of the certificate to the servicing Funeral Director 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 annual meeting must be submitted to the Board's office in duplicate; also when any change is made in the officers, the rates or anything pertaining to the operation of a Burial Association, minutes of the meeting (in duplicate) should be submitted to the office of the Board for approval. One copy will be returned to the Association for its records.

13. **Advertisements.** Advertisements, either in newspapers, by radio, by circulars or by any other method, must be submitted to the Board for approval before being published.

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.

15. **Printing.** Before new applications forms or certificates of membership are printed, the printer's copies should be submitted to the Board's office for approval.

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. Date of raise or an addition to the membership must be noted on permanent record cards in the files of the Association. All applications for membership must be signed by the applicant, his parent, or legal representative and the soliciting agent.

17. Membership Dues. A minimum of four assessments must be collected each year (or the sum of four assessments), as required by the minimum rates established by the Board. For those Associations, which operate from the collection of dues, such dues must be collected at least four times during each year as required by the minimum rates established by the Board.

18. Minimum Rate. The following rates are the minimum rates which may be charged by a Burial Association in Arkansas per quarter:

<u>Age</u>	<u>\$100</u>	<u>500</u>	<u>1000</u>	<u>1500</u>	<u>2000</u>	<u>2500</u>
0-1	.25	1.25	2.50	3.75	5.00	6.25
2	.25	1.25	2.50	3.75	5.00	6.25
3	.25	1.25	2.50	3.75	5.00	6.25
4	.25	1.25	2.50	3.75	5.00	6.25
5	.25	1.25	2.50	3.75	5.00	6.25
6	.25	1.25	2.50	3.75	5.00	6.25
7	.25	1.25	2.50	3.75	5.00	6.25
8	.25	1.25	2.50	3.75	5.00	6.25
9	.25	1.25	2.50	3.75	5.00	6.25
10	.30	1.50	3.00	4.50	6.00	7.50
11	.30	1.50	3.00	4.50	6.00	7.50
12	.30	1.50	3.00	4.50	6.00	7.50
13	.30	1.50	3.00	4.50	6.00	7.50
14	.30	1.50	3.00	4.50	6.00	7.50
15	.30	1.50	3.00	4.50	6.00	7.50
16	.30	1.50	3.00	4.50	6.00	7.50
17	.30	1.50	3.00	4.50	6.00	7.50
18	.30	1.50	3.00	4.50	6.00	7.50
19	.30	1.50	3.00	4.50	6.00	7.50
20	.30	1.50	3.00	4.50	6.00	7.50
21	.30	1.50	3.00	4.50	6.00	7.50
22	.30	1.50	3.00	4.50	6.00	7.50
23	.30	1.50	3.00	4.50	6.00	7.50
24	.30	1.50	3.00	4.50	6.00	7.50
25	.40	2.00	4.00	6.00	8.00	10.00
26	.40	2.00	4.00	6.00	8.00	10.00
27	.40	2.00	4.00	6.00	8.00	10.00
28	.40	2.00	4.00	6.00	8.00	10.00
29	.40	2.00	4.00	6.00	8.00	10.00
30	.40	2.00	4.00	6.00	8.00	10.00

Age	\$100	500	1000	1500	2000	2500
31	.40	2.00	4.00	6.00	8.00	10.00
32	.40	2.00	4.00	6.00	8.00	10.00
33	.40	2.00	4.00	6.00	8.00	10.00
34	.40	2.00	4.00	6.00	8.00	10.00
35	.60	3.00	6.00	9.00	12.00	15.00
36	.60	3.00	6.00	9.00	12.00	15.00
37	.60	3.00	6.00	9.00	12.00	15.00
38	.60	3.00	6.00	9.00	12.00	15.00
39	.60	3.00	6.00	9.00	12.00	15.00
40	.60	3.00	6.00	9.00	12.00	15.00
41	.60	3.00	6.00	9.00	12.00	15.00
42	.60	3.00	6.00	9.00	12.00	15.00
43	.60	3.00	6.00	9.00	12.00	15.00
44	.60	3.00	6.00	9.00	12.00	15.00
45	.80	4.00	8.00	12.00	16.00	20.00
46	.80	4.00	8.00	12.00	16.00	20.00
47	.80	4.00	8.00	12.00	16.00	20.00
48	.80	4.00	8.00	12.00	16.00	20.00
49	.80	4.00	8.00	12.00	16.00	20.00
50	1.00	5.00	10.00	15.00	20.00	25.00
51	1.00	5.00	10.00	15.00	20.00	25.00
52	1.00	5.00	10.00	15.00	20.00	25.00
53	1.00	5.00	10.00	15.00	20.00	25.00
54	1.00	5.00	10.00	15.00	20.00	25.00
55	1.25	6.25	12.50	18.75	25.00	31.25
56	1.25	6.25	12.50	18.75	25.00	31.25
57	1.25	6.25	12.50	18.75	25.00	31.25
58	1.25	6.25	12.50	18.75	25.00	31.25
59	1.40	7.00	14.00	21.00	28.00	35.00
60	1.50	7.50	15.00	22.50	30.00	37.50
61	1.60	8.00	16.00	24.00	32.00	40.00
62	1.70	8.50	17.00	25.50	34.00	42.50
63	1.80	9.00	18.00	27.00	36.00	45.00
64	1.90	9.50	19.00	28.50	38.00	47.50
65	2.05	10.25	20.50	30.75	41.00	51.25
66	2.15	10.75	21.50	32.25	43.00	
67	2.30	11.50	23.00	34.50	46.00	
68	2.50	12.50	25.00	37.50	50.00	
69	2.65	13.25	26.50	39.75	53.00	
70	2.75	13.75	27.50	41.25	55.00	
71	2.90	14.50	29.00			
72	3.00	15.50	31.00			
73	3.30	16.50	33.00			

Age	\$100	500	1000	1500	2000	2500
74	3.50	17.50	35.00			
75	3.70	18.50	37.00			
76	3.95	19.25	39.00			
77	4.20	21.00	42.00			
78	4.45	22.25	44.50			
79	4.75	23.75	47.50			
80	5.05	25.25	50.50			
81	5.40	27.00	54.00			
82	5.75	28.75	57.50			
83	6.15	30.75	61.50			
84	6.60	33.00	66.00			
85	7.15	33.75	71.50			
86	7.75	38.75	77.50			
87	8.50	42.50	85.00			
88	9.15	45.75	91.50			
89	10.00	50.00	100.00			

Effective 3/10/88

19. Applicants 80 Years Old and Above. A doctor's statement of health, signed by the family physician, must be obtained on all persons 80 years of age and above, who make application for membership.

Any person who is a patient or resident of a State Hospital or a Nursing Home must have a good health statement, signed by the attending physician, attached to and made a part of the application for membership.

Persons in State Hospitals or mental institutions can have their benefits increased if they get a good health statement signed by their doctor.

20. Increase in Benefits. Any raise 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.

21. Maximum Benefits. No member may have more than \$500.00 in Benefits in Act 91 Association or \$2,500.00 in an Act 443 Association.

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 not longer than a period of one year, may be reinstated upon terms fixed in the by-laws of the Association and by 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.

24. Certificates in Two Associations. Should a person hold a certificate with two different associations not in the same service area, the association whose contract funeral home services the remains shall be the only one required to honor its policy. The non-servicing association shall refund 100% of all dues paid. Further, should any burial association knowingly solicit memberships from persons holding a certificate in another association, said association may be subject to disciplinary action by the Board. (Act 679 of 1985) (Effective July 1, 1985).

25. Agents. Every person soliciting for an association must be a licensed agent for said association. Application forms for such license will be furnished upon request to the Board's office.

No agent shall be permitted to write applications for burial associations without a license to write such applications. The agent must have a separate license for each

association, for which he writes, and cannot be licensed to write for more than one association during any one calendar year, within the same service area.

Any person who without having obtained an agent's license, has solicited, sold or attempted to sell membership certificates, will be refused a license and prosecuted under the law and these regulations, if properly brought to the attention of the Board. (Effective July 1, 1985).

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

27. 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 Burial Association 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 must cause an extra assessment to be levied, or the servicing Funeral Director must absorb the loss, before the next Semi-Annual Report is made.

34. All Burial Associations under the jurisdiction of the Arkansas Burial Association Board in the State of Arkansas, shall notify in writing all policy holders who live out of the trade area of the Burial Association in which they hold membership or any policy holder changing their address to outside of the trade area, the method of settlement that will be made.

35. Assumption of Burial Associations by Insurance Companies.

35.1. Burial Associations petitioning the Arkansas Burial Association Board for approval for assumption by an insurance company shall submit the following documents to the Board at least 90 days prior to the proposed effective date of the assumption:

- a) A notarized copy of the minutes of the meeting at which the assumption was approved.
- b) A copy of the Public Notice announcing the meeting to discuss the assumption.
- c) A notarized copy of the letter which will be sent to all of the association policy holders stating the date, time and place of the public meeting, as well as the particulars of the assumption.

35.2. In order that an insurance company may assume a burial association, the following conditions must be met:

- a) The insurer must be a legal reserve or stipulated premium insurance company, actively engaged in business in the State of Arkansas, for the last two (2) years.
- b) The assuming insurance company must conduct an independent actuarial study to determine the amount of the money that is needed to reserve the policies of the Burial Association being assumed. This study is subject to Board approval.
- c) The face amount of the policy issued by the insurance company, in lieu of the membership certificate, shall be in the same amount and at the same premium rate as the membership certificate.
- d) The assuming insurance company must state in its Assumption agreement, that all claims, in behalf of a policyholder, will be paid in cash and in an amount not less than 100% of the face amount of the benefit that the member was entitled to under the certificate of membership in the burial association.
- e) The owner of the policy shall have the exclusive right to the name of the beneficiary of his choice, and may change said beneficiary at his option in writing.
- f) The insurance provider shall not require the policyholder to select either services or merchandise from particular provider of such services or merchandise in order that the 100% of the face amount of the policy, issued in lieu of membership certificates, be payable.
- g) The funds in the mortuary reserve fund will be disbursed as follows:
 - 1. All just claims, debts and obligations of the Burial Association will be paid.
 - 2. A pro-rata distribution will be made to the policyholders opting out of the assumption.
 - 3. The Reserve amount, **35.2 (b)**, as determined by the independent actuarial study, will be paid to the assuming insurance company.

4. After all required disbursements are made, any funds remaining in the mortuary reserve shall be returned to the policyholders.
- h) All holders of membership certificates in a burial association shall be assumed by the insurance company, in the same amount and at the same premium rate as under the membership certificate, without being required to submit proof of insurability.

35.3. Insurance companies wishing to assume a burial association shall submit the following documents to the Arkansas Burial Association, at least ninety (90) days prior to the proposed effective date of the assumption:

- a) Petition for Assumption
- b) The plan of Liquidation
- c) The Assumption Agreement
- d) The Assumption Notice

Upon receipt of the documents from both the burial association and the assuming insurance company, the Executive Secretary shall review the documents submitted for compliance with this Rule. Additionally, copies shall be submitted to the Arkansas Insurance Department for comment regarding the petitioners' compliance with the Insurance Department Regulations. The Secretary shall provide each Board member with copies of the documents at the next regularly scheduled Board Meeting. The Board will then table the petition and take the matter under advisement for consideration at its next regularly scheduled meeting.

35.4. Plan of Liquidation. The Plan of Liquidation shall include:

- a) The effective date of the planned liquidation.
- b) The transfer of the rights held under the membership certificate to the insurance company and that the burial association shall have no liabilities as of the effective date of the liquidation.
- c) A plan to transfer the assets of the association as provided for in **35.2 g.**
- d) The date of the closing of the burial association.

- e) A statement that the insurance company accepts cession of the burial association membership certificates and that it assumes all liabilities of the membership certificates, together with all debts and obligations of the association being assumed, and further that the liabilities, debts and obligations of the association shall not be greater than the association had prior to the assumption, except that there shall be no less than 100% of the face amount of the policy payable, in cash.
- f) That policies shall be issued by the insurance company stating the name of the insurance company, the names of the insured, the amount of coverage for each individual and the premium rates for each individual covered by the policy.

35.5. Assumption Agreement. The Assumption Agreement shall include:

- a) That the benefits formerly contemplated under the membership certificates are now payable through the insurance company and that such benefits are payable in cash only.
- b) That the insurance company shall have the right to assume those assets of the burial association as provided for in **35.2g**, in exchange for the liabilities of the association.
- c) That if the holder of a membership certificate in a burial association does not desire to be assumed by the insurance company “wishes to opt out”, he/she may, within sixty (60) days, return the Assumption Notice and request this “opt” out pro rata share of the associations reserves as computed and certified by the assuming insurance company. Continued payment of premiums constitutes acceptance of the assumption.
- d) That the coverage provided through the insurance company shall be in the same amount and at the same premium rate as that held under the certificate of membership in the association.
- e) That those responsible for making funeral arrangements for the deceased policyholder shall have the freedom to choose a funeral home or other

funeral service and/or merchandise provider of their choice, and further that such choice shall not diminish the face amount of the policy of such.

35.6. Assumption Notice. The Assumption Notice shall be mailed/provided to each member of the association being assumed. Said Notice of Assumption shall be provided to each member in good standing, on the effective date of the assumption, without proof of insurability. The Assumption Notice shall provide the following:

- a) Effective date of the Assumption.
- b) Information regarding the assumption including:
 1. Uninterrupted insurance coverage without proof of insurability,
 2. Continued, same premium rate,
 3. Proceeds payable in 100% of the face amount, in cash,
 4. Exclusive right of the policyholder to name the beneficiary of his/her choice and right to change said beneficiary at his/her option, in writing.
- c) Information regarding the opting out provisions, including:
 1. Policyholders right to a pro rata share of the mortuary fund reserves as determined by **35.2g**.

35.7. Audit of Burial Association. The Arkansas Burial Association Board shall conduct an audit of the Burial Association being assumed by the insurance company within seven (7) days of the effective date of the assumption.

35.8. All costs associated with the assumption of a Burial Association shall be paid by the assuming Insurance Company.

36. Board Meeting. The Board shall meet on the 4th Wednesday of each month at 2:00 p.m. in The Arkansas Burial Association Board office or at such other time and/or place designated by the Board. (Effective July 1, 1985)

37. All Burial Association memberships written on or after the effective date of this rule shall be reserved on the basis of the actuarial table approved by the Arkansas Burial Association Board. Collections and interest derived from business written on or after the effective date of this rule must not be used in any manner to pay claims on memberships written before the effective date of this rule. The excess revenue or mortuary fund derived from memberships written before the effective date of this rule shall likewise not be used to pay claims on memberships written after the effective date of this rule.

* Those associations with excess revenue insufficient to pay claims on business written before the effective date of this rule 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 excess 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 Burial Association 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 Arkansas Burial Association Board.

38.1. Only a Burial Association licensed by the Arkansas Burial Association 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.

39. New Business Guaranty Fund: There is hereby established a fund to insure the solvency of “new business”, as that term is used in these rules, which shall be known as the “New Business Emergency Guaranty Fund”.

- A.** The New Business Emergency Guaranty Fund shall be initially established by a special, one time assessment by the Board for each member in an active burial association in the amount of \$.10 per member. That assessment must be paid by each burial association prior to its writing any new business under the provision of Act 443 of 1987.
- B.** The assessments for the New Business Emergency Guaranty fund shall be paid to the Board Secretary who shall maintain the Fund's assets, on behalf of the Board, in an interest bearing account in a financial institution organized and operating under the laws of the State of Arkansas. The Fund shall be under the exclusive control of the Board.
- C.** The fund shall be used, at the Board's sole discretion, to pay claims, if any that arise from new business written pursuant to the Board's rules and regulations prior to an association's having sufficient funds in its new business account to satisfy such claims.
- D.** The Board specifically reserves the right to make such additional assessments for the Fund as it deems reasonable and necessary based on its experience in administering the Fund. (Effective date of New Business, March 8, 1988).

40. Use of New Business Surplus Funds: Each year following the December semi-annual report required by Rule 10 of the Board's Rules and Regulations, any association having “surplus funds” from its new business, as that term is defined in this rule, may apply to the Board for authorization to transfer all or part of those surplus funds to its old business account if that old business, according to the association's December semi-annual report, has funds insufficient to meet the reserve requirements for its membership

calculated according to the reserve table contained in rule 45. Upon receipt of such a request, the Board shall approve or disapprove same within 30 days, taking into consideration other remedial measures, if any, that have been invoked by the Board pursuant to rule 37.

“surplus funds”, as that term is used herein, means those new business funds held by an association, as reflected by its December 31 semi-annual report, in excess of:

- (1) The association’s new business reserve requirements as determined pursuant to rule 45;
- (2) The association’s new business claims that have been filed with or reported to the association prior to the December 31 semi-annual report;
- (3) The association’s incurred but not reported claims, as determined by that association’s actual experience over the preceding three years; and
- (4) The association’s accounts, bills, and expenses that are unpaid as of the December 31 semi-annual report.

41. Neither a funeral home nor any person employed by or otherwise associated with a funeral home may subsidize a member’s benefit by paying all or a portion of any assessment.

42. **Medical Guidelines** (Included)

43. If death occurs within 24 months of the date of issue from any reason other than an accident, the claim will be reviewed by the Arkansas Burial Association Board. If there has been a material misrepresentation prior to date of issue of the certificate, or if the death

is due to suicide, the certificate will be ruled invalid and a refund of all dues paid will be made.

44. New Business Form.

45. Chamberlain Table. (included)

46. PENALTY RULE. The Secretary/Treasurer of the Burial Association shall file the semi-annual report and pay the annual fee on or before February 15th and August 15th. Reports and fees not in the board office on or before these dates will be delinquent and a \$100.00 per day delinquent fee will be levied. The Association cannot pay the delinquent fees.

47. Use of Old Business Surplus Funds. Each year following the December semi-annual report required by Rule 10 of the Board's Rules and Regulations, any association having "surplus funds" from its old business, as that term is defined in this rule, may apply to the Board for authorization to transfer all or part of those surplus funds to its new business account if that new business account, according to the association's December semi-annual report has funds insufficient to meet the reserve requirements for its membership calculated according to the reserve table contained in rule 45. Upon receipt of such request, the Board shall approve or disapprove it within 60 days, taking into consideration other remedial measures, if any that have been invoked by the Board.

"Surplus Funds", as that term is used herein means those old business funds held by an association, as reflected by its December semi-annual report , in excess of the total face value of outstanding policies.