

## Insurance Company's Acknowledgement Statement

**Applicant / Permit Holder's Name:** \_\_\_\_\_

*TO BE COMPLETED BY AN OFFICER OF THE INSURANCE COMPANY ISSUING  
INSURANCE POLICIES TO FUND PREPAID FUNERAL BENEFIT CONTRACTS*

Submit this document to your insurance company for completion. **Return the completed insurance statement with your new application and/or to obtain approval to add an additional insurance company to your existing Insurance-Funded Permit No. \_\_\_\_\_.**

Name of Insurance Company: \_\_\_\_\_

Mailing Address of Insurance Company: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Insurance Company Contact: \_\_\_\_\_

Insurance Company Phone/Fax/E-mail: \_\_\_\_\_  
Phone Number                      Fax Number                      E-Mail Address

Insurance policies used to fund prepaid funeral contracts (PFCs) must be issued pursuant to Subchapter E of the Texas Finance Code (Finance Code). Section 154.201 of the Finance Code requires an insurance policy to meet the requirements of Section 154.2021 of the Finance Code before it can be used to fund a PFC. Furthermore, Section 154.202 of the Finance Code requires a PFC to be executed in conjunction with the application for the issuance of the insurance policy.

With respect to insurance policies that will issued by our insurance company to fund PFCs, our insurance company agrees to adhere to all applicable statutes in Chapter 154 of the Finance Code and Chapter 25 of the Texas Administrative Code (TAC). As the insurance company issuing the insurance policies, we agree to provide the insurance reports as required under Section 25.10(e) of the TAC. In addition, we acknowledge to adhere to the following specific Finance Code statutes:

**§154.2021: Requirements for Insurance Policies –**

- a. An insurance policy used to fund PFCs under this chapter must:
  - 1. Be written on a form approved by the Texas Department of Insurance (TDI)
  - 2. Be issued by an insurance company authorized by TDI to engage in the business of insurance in this state, and
  - 3. Contain the following statement on the cover page or otherwise within the policy or a rider to the policy: "This policy is issued to fund a prepaid funeral benefits contract subject to Chapter 154 of the Texas Finance Code. Cancellation of the prepaid funeral benefits contract does not automatically cancel this policy."
  
- b. The aggregate initial face value of one or more insurance policies issued to fund a PFC may not exceed the total PFC price by more than five percent unless the purchaser:
  - 1. Receives a conspicuous written disclosure of the purpose and amount of the excess coverage and how the insurance benefit will be applied at contract maturity; and
  - 2. Consents in writing to the purchase of the excess coverage.

**§154.203: Payment of Premiums –**

- a. The premiums for an insurance policy that funds a PFC may only be collected by a licensed insurance agent appointed by the insurance company issuing the policy and shall be paid to the insurance company in accordance with the agency agreement between the insurance company and the agent.
- b. Receipt of premiums by the agent of the insurance company is considered receipt of premiums by the insurance company for purposes of continuing the policy in force.

**§154.206: Assignment of Right to Benefits –**

- a. The purchaser of an insurance-funded PFC may assign the purchaser’s ownership of and rights to benefits under the insurance policy to the seller (permit holder), the funeral provider, the trustee, or other person.
- b. An assignment to the seller (permit holder), the funeral provider, or an affiliated trustee may not be made irrevocable unless:
  - 1. the assignment is made solely to facilitate the eligibility of the purchaser under Title XIX, Social Security Act (42 U.S.C. Section 1396 et seq.), or other law providing for a public assistance program; or
  - 2. the assignee is specifically prohibited from exercising any right under the policy except administration of the benefits.
- c. An assignee under this section is subject to a fiduciary duty to apply the insurance policy benefits as provided by the contract and this chapter.

**§154.207: Receipt of Benefits Payable under Policy –**

- a. A seller (permit holder) or funeral provider that has been assigned the benefits payable under an insurance policy funding a PFC may not receive payment of the benefits until:
  - 1. the beneficiary named in the PFC dies;
  - 2. the funeral service is completed;
  - 3. the funeral provider has completed the provider’s obligations under Section 154.161(a) of the Finance Code with respect to the PFC; and
  - 4. the insurance company is presented with:
    - A. certification from the funeral provider attesting to matters required by Subdivisions (2) and (3); and
    - B. other documents as required by the insurance company to process and pay the claim.

*I hereby acknowledge and agree to ensure that our insurance company will abide by all applicable requirements of the Finance Code regulating insurance policies/annuity contracts issued to fund PFCs in Texas.*

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

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Title

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Policy Form Number

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TDI Approval Date

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