



HOUSE BILL No. 5471

February 29, 2000, Introduced by Rep. Tabor and referred to the Committee on Senior Health, Security and Retirement.

A bill to amend 1986 PA 255, entitled
"Prepaid funeral contract funding act,"
by amending sections 14 and 19 (MCL 328.224 and 328.229).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 14. (1) Payments of principal and income by a deposi-
2 tory or an escrow agent made in good faith pursuant to the terms
3 of this act ~~shall~~ relieve that depository or escrow agent of
4 any further liability for that principal and income.

5 (2) An escrow agent shall invest funds held or managed under
6 this act only as expressly authorized by this act. ~~and shall not~~
7 ~~invest funds by purchasing life insurance or annuities the pro-~~
8 ~~ceeds of which are not payable in full until the happening of~~
9 ~~some event including, but not limited to, death of the contract~~
10 ~~beneficiary.~~

1 (3) A provider or an escrow agent may, without approval of
2 any other party, change the depository of any escrow account,
3 with or without cause, at any time. A contract buyer shall be
4 notified if the escrow agent or depository is changed.

5 Sec. 19. (1) A prepaid funeral contract may be made with an
6 applicant for or recipient of assistance under the social welfare
7 act, ~~Act No. 280 of the Public Acts of 1939, being sections~~
8 ~~400.1 to 400.121 of the Michigan Compiled Laws 1939 PA 280, MCL~~
9 400.1 TO 400.122, or a patient or a legal guardian of a patient
10 in a mental health care facility under the jurisdiction of the
11 department of ~~mental~~ COMMUNITY health. If the ~~department of~~
12 ~~social services~~ FAMILY INDEPENDENCE AGENCY or department of
13 ~~mental~~ COMMUNITY health determines that the contract is a fully
14 paid guaranteed price contract of not more than ~~\$2,000.00~~ THAT
15 AMOUNT ALLOWED UNDER SECTION 2080(6)(G) OF THE INSURANCE CODE OF
16 1956, 1956 PA 218, MCL 500.2080, exclusive of income, and that
17 the state will not be liable for the funeral goods or funeral
18 services, excluding an outside receptacle when required by the
19 chosen cemetery, of the applicant for or recipient of assistance
20 or patient allowable under contracts under this act, the prepaid
21 funeral contract shall be made irrevocable at the request of the
22 applicant for or recipient of assistance, or the patient or a
23 legal guardian of a patient. The ~~department of social services~~
24 FAMILY INDEPENDENCE AGENCY or department of ~~mental~~ COMMUNITY
25 health shall advise the applicant for or recipient of assistance,
26 or the patient or a legal guardian of a patient that additional
27 funeral goods or funeral services subject to contract under this

1 act will not be paid by the ~~department of social services~~
2 FAMILY INDEPENDENCE AGENCY or department of ~~mental~~ COMMUNITY
3 health but shall not specify or require approval of particular
4 funeral goods or funeral services selected by the applicant for
5 or recipient of assistance, or patient or a legal guardian of a
6 patient.

7 (2) A prepaid funeral contract approved by the ~~department~~
8 ~~of social services~~ FAMILY INDEPENDENCE AGENCY or department of
9 ~~mental~~ COMMUNITY health shall not be revoked or canceled by the
10 contract seller, contract provider, contract buyer, or their suc-
11 cessors, or the estate of the contract beneficiary either before
12 or after the death of the contract beneficiary. ~~However, noth-~~
13 ~~ing in this~~ THIS subsection ~~shall~~ DOES NOT prevent those
14 legally entitled to make arrangements for a contract beneficiary
15 from reallocating the amount paid under the prepaid FUNERAL con-
16 tract to different funeral services and funeral goods. An irrev-
17 ocable contract shall not be considered in determining the eligi-
18 bility of an applicant or recipient for assistance given under
19 ~~Act No. 280 of the Public Acts of 1939~~ THE SOCIAL WELFARE ACT,
20 1939 PA 280, MCL 400.1 TO 400.122. An irrevocable prepaid
21 funeral contract made under this section ~~shall~~ IS not ~~be~~
22 subject to the cancellation provision of section 13 or to section
23 15(6).

24 (3) Notwithstanding any other provisions of this act, funds
25 paid in connection with an irrevocable prepaid funeral contract
26 may, at the option of the provider, be held and deposited in the
27 manner prescribed for a nonguaranteed price contract.

1 (4) The ~~department of social services~~ FAMILY INDEPENDENCE
2 AGENCY and department of ~~mental~~ COMMUNITY health may promulgate
3 rules under the administrative procedures act of 1969, ~~Act~~
4 ~~No. 306 of the Public Acts of 1969, being sections 24.201 to~~
5 ~~24.328 of the Michigan Compiled Laws~~ 1969 PA 306, MCL 24.201 TO
6 24.328, to provide for the uniform administration of this
7 section.