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**FUNERAL INSURANCE
AMENDMENT**

House Bill 5797
Sponsor: Rep. Andrew Richner
**Committee: Insurance and Financial
Services**

Complete to 5-1-02

A REVISED SUMMARY OF HOUSE BILL 5797 AS INTRODUCED 3-14-02

The Insurance Code allows an insurance company to write a life insurance policy or annuity contract that permits proceeds to be assigned to funeral expenses regardless of the relationship between the insurance company and the assignee (i.e. the funeral home). Only the portion of the proceeds of the policy or contract needed to pay for the funeral services that had been contracted could be assigned. Such an assignment is revocable by the assignor at any time, and can be revoked by a representative of the assignor's estate prior to the rendering of funeral services.

Currently, the code allows a funeral establishment, cemetery, or seller of life insurance to advise customers of the availability of this type of life insurance, and to provide application forms and other information in regard to such life insurance. However, the code also requires that if an application form is provided, the funeral establishment, cemetery, or seller also has to provide a list that is annually prepared by the commissioner of the Office of Financial and Insurance Services (OFIS) that identifies the life insurance companies that offer associated life insurance policies or annuity contracts in Michigan. House Bill 5797 would delete this provision. Further, the code also requires that the list include a statement that a person who is insured under any life insurance policy or annuity contract may assign all or a portion of the proceeds, not to exceed \$5,000, for the payment of funeral services and goods or cemetery services or goods to any funeral establishment, cemetery, or seller that has accepted any other assignment of an associated life insurance policy or annuity contract during that calendar year. The bill would instead require that this statement be included on the application form. The bill would also make numerous editorial changes to update the language in the code.

MCL 500.2080

Analyst: S. Stutzky

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