



**House
Legislative
Analysis
Section**

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PREPAID FUNERAL CONTRACTS

MAY 16 1990

House Bill 5571
Sponsor: Rep. Joseph Young, Sr.
Committee: State Affairs

Complete to 4-20-90

A SUMMARY OF HOUSE BILL 5571 AS INTRODUCED 3-6-90

The bill would amend the Prepaid Funeral Contract Funding Act to clarify certain definitions. Under the act, a "prepaid funeral contract" is defined as a contract requiring payment in advance for funeral services or for funeral goods, physical delivery and retention of which would occur after the death of a contract beneficiary under a guaranteed price contract or a nonguaranteed price contract. Under the bill, a "prepaid funeral contract" could also include a contract where physical delivery and retention of the funeral goods had not been made prior to the death of the contract beneficiary and, as such, the funds paid pursuant to the contract were subject to the act. In addition, the bill would define "physical delivery and retention" to mean actual control and possession of funeral goods that had been permanently relinquished by a contract seller or provider, or the agent of either, to the contract buyer or beneficiary. "Physical delivery and retention" could not occur if the contract seller or provider took either of the following actions:

a) Arranged or induced the buyer to arrange for the storage or warehousing of funeral goods ordered under a prepaid funeral contract, with or without evidence that legal title had passed.

b) Acquired or reacquired actual or constructive possession or control of funeral goods after their initial delivery to the contract buyer or beneficiary.

MCL 328.215

House Bill 5571 (4-20-90)