

# HOUSE BILL No. 4953

June 28, 1989, Introduced by Reps. Wartner, Middaugh, Bartnik, Weeks, Rocca, Law, Sikkema, Van Singel, Hoekman and Palamara and referred to the Committee on Insurance.

A bill to amend section 19 of Act No. 255 of the Public Acts of 1986, entitled  
"Prepaid funeral contract funding act,"  
being section 328.229 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Section 19 of Act No. 255 of the Public Acts of  
2 1986, being section 328.229 of the Michigan Compiled Laws, is  
3 amended to read as follows:

4       Sec. 19. (1) A prepaid funeral contract may be made with an  
5 applicant for or recipient of assistance under the social welfare  
6 act, Act No. 280 of the Public Acts of 1939, being sections 400.1  
7 to 400.121 of the Michigan Compiled Laws, or a patient or a legal  
8 guardian of a patient in a mental health care facility under the  
9 jurisdiction of the department of mental health. If the  
10 department of social services or department of mental health

1 determines that the contract is a fully paid guaranteed price  
2 contract ~~of not more than \$2,000.00 exclusive of income~~ THE  
3 VALUE OF WHICH DOES NOT EXCEED THE AMOUNT SET FORTH IN SUBSECTION  
4 (3), and that the state will not be liable for the funeral goods  
5 or funeral services, excluding an outside receptacle when  
6 required by the chosen cemetery, of the applicant for or recipi-  
7 ent of assistance or patient allowable under contracts under this  
8 act, the prepaid funeral contract shall be made irrevocable at  
9 the request of the applicant for or recipient of assistance, or  
10 the patient or a legal guardian of a patient. The department of  
11 social services or department of mental health shall advise the  
12 applicant for or recipient of assistance, or the patient or a  
13 legal guardian of a patient that additional funeral goods or  
14 funeral services subject to contract under this act will not be  
15 paid by the department of social services or department of mental  
16 health but shall not specify or require approval of particular  
17 funeral goods or funeral services selected by the applicant for  
18 or recipient of assistance, or patient or a legal guardian of a  
19 patient.

20 (2) A prepaid funeral contract approved by the department of  
21 social services or department of mental health shall not be  
22 revoked or canceled by the contract seller, contract provider,  
23 contract buyer, or their successors, or the estate of the con-  
24 tract beneficiary either before or after the death of the con-  
25 tract beneficiary. However, nothing in this subsection shall  
26 prevent those legally entitled to make arrangements for a  
27 contract beneficiary from reallocating the amount paid under the

1 prepaid contract to different funeral services and funeral  
2 goods. An irrevocable contract shall not be considered in deter-  
3 mining the eligibility of an applicant or recipient for assist-  
4 ance given under Act No. 280 of the Public Acts of 1939. An  
5 irrevocable prepaid funeral contract made under this section  
6 shall not be subject to the cancellation provision of section 13  
7 or to section 15(6).

8       (3) A PREPAID FUNERAL CONTRACT SHALL NOT BE MADE IRREVOCABLE  
9 UNDER THIS SECTION AND SHALL NOT BE EXCLUDED IN DETERMINING THE  
10 ELIGIBILITY OF AN APPLICANT FOR OR RECIPIENT OF ASSISTANCE UNDER  
11 ACT NO. 280 OF THE PUBLIC ACTS OF 1939, UNLESS AT THE TIME THE  
12 CONTRACT IS MADE IRREVOCABLE, THE TOTAL AMOUNT PAID TO THE CON-  
13 TRACT SELLER OR PROVIDER AS CONSIDERATION IS THE SAME AS OR LESS  
14 THAN THE MAXIMUM AMOUNT OF THE DEATH BENEFIT OF AN ASSOCIATED  
15 LIFE INSURANCE POLICY THAT IS AUTHORIZED TO BE EXCLUDED IN DETER-  
16 MINING ELIGIBILITY FOR SUCH ASSISTANCE UNDER SECTION 2080 OF THE  
17 INSURANCE CODE OF 1956, ACT NO. 218 OF THE PUBLIC ACTS OF 1956,  
18 BEING SECTION 500.2080 OF THE MICHIGAN COMPILED LAWS, INCLUDING  
19 SUBSEQUENT AMENDMENTS TO THAT ACT.

20       (4) ~~-(3)-~~ Notwithstanding any other provisions of this act,  
21 funds paid in connection with an irrevocable prepaid funeral con-  
22 tract may, at the option of the provider, be held and deposited  
23 in the manner prescribed for a nonguaranteed price contract.

24       (5) ~~-(4)-~~ The department of social services and department  
25 of mental health may promulgate rules under the administrative  
26 procedures act of 1969, Act No. 306 of the Public Acts of 1969,

1 being sections 24.201 to 24.328 of the Michigan Compiled Laws, to  
2 provide for the uniform administration of this section.

3       Section 2. This amendatory act shall not take effect unless  
4 Senate Bill No. \_\_\_\_\_ or House Bill No. 4503 (request  
5 no. 00243'89) of the 85th Legislature is enacted into law.