

HOUSE BILL No. 4503

March 22, 1989, Introduced by Reps. Wartner, Gilmer, Weeks, Ouwinga, Stacey, Ostling, Brown, DeMars, Varga, Bennett, Law, Sikkema, Stopczynski and Dolan and referred to the Committee on Insurance.

A bill to amend section 2080 of Act No. 218 of the Public Acts of 1956, entitled as amended

"The insurance code of 1956,"

as amended by Act No. 318 of the Public Acts of 1986, being section 500.2080 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 2080 of Act No. 218 of the Public Acts
2 of 1956, as amended by Act No. 318 of the Public Acts of 1986,
3 being section 500.2080 of the Michigan Compiled Laws, is amended
4 to read as follows:

5 Sec. 2080. (1) It shall be unlawful for any life or acci-
6 dent insurer authorized to do business in this state to own,
7 manage, supervise, operate, or maintain a mortuary or undertaking
8 establishment, or to permit its officers, agents, or employees to
9 own or maintain any such funeral or undertaking establishment.

1 (2) Except as otherwise provided in subsection (6), it shall
2 be unlawful for ~~any~~ A life insurance, sick or funeral benefit
3 company, or ~~any~~ A company, corporation, or association engaged
4 in a similar business to contract or agree with ~~any~~ A funeral
5 director, undertaker, or mortuary to the effect that ~~such~~ THE
6 funeral director, undertaker, or mortuary shall conduct the
7 funeral of ~~any~~ A person insured by ~~such~~ THE company, corpora-
8 tion, or association.

9 (3) A funeral establishment, cemetery, or seller shall not
10 be licensed as an insurance agent under chapter 12 other than as
11 a limited licensee pursuant to this subsection and chapter 12. A
12 funeral establishment, cemetery, or seller shall not be a limited
13 life insurance agent unless that funeral establishment, cemetery,
14 or seller provides a written assurance to the commissioner at the
15 time of application for the limited licensure and with each
16 renewal ~~thereof~~ OF THE LIMITED LICENSE that he or she has read
17 and understands the conditions contained in subsection (9) and
18 agrees to comply with those conditions. A person licensed as a
19 limited life insurance agent under this subsection and chapter 12
20 shall be authorized and licensed to sell only associated life
21 insurance policies or annuity contracts and shall not be autho-
22 rized or licensed to sell any other type of insurance policy or
23 annuity contract. A person licensed as a limited life insurance
24 agent under this subsection and chapter 12 to sell associated
25 life insurance policies or annuity contracts shall not sell ceme-
26 tery goods or services or funeral goods or services unless all of
27 the conditions provided in subsection (9) are met. A person

1 licensed as a life insurance agent, other than a limited life
2 insurance agent, shall not sell cemetery goods or services or
3 funeral goods or services or be associated with a funeral estab-
4 lishment, cemetery, or seller. Notwithstanding any other provi-
5 sion in this act, a funeral establishment, cemetery, or seller
6 may advise customers or potential customers of the availability
7 of life insurance, the proceeds of which may be assigned pursuant
8 to subsection (6), and may provide application forms and other
9 information in regard to such life insurance. If an application
10 form is provided, the funeral establishment, cemetery, or seller
11 shall also provide to the person a list annually prepared by the
12 commissioner setting forth the life insurance companies offering
13 in Michigan associated life insurance policies or annuity
14 contracts. The list shall include the name, address, and tele-
15 phone number of an agent for each of the life insurance companies
16 listed. The list also shall include a statement that a person
17 who is insured under ~~any~~ A life insurance policy or annuity
18 contract may assign all or a portion of the proceeds, not to
19 exceed the amount provided in subsection (6)(g), of the existing
20 life insurance policy or annuity contract for the payment of
21 funeral services and goods or cemetery services or goods to ~~any~~
22 A funeral establishment, cemetery, or seller which has accepted
23 any other assignment of an associated life insurance policy or
24 annuity contract during that calendar year. The funeral estab-
25 lishment, cemetery, or seller shall accept an assignment on the
26 proceeds from ~~any~~ AN associated or nonassociated life insurance
27 policy or annuity contract pursuant to subsection (6) IF THE

1 POLICY OR CONTRACT HAS A DEATH BENEFIT SUFFICIENT TO COVER THE
2 INITIAL CONTRACT PRICE OF THE CEMETERY GOODS OR SERVICES OR
3 FUNERAL GOODS OR SERVICES, and this requirement on the funeral
4 establishment, cemetery, or seller shall be set forth in the
5 statement prepared by the insurance commissioner. The assignor
6 or the person or persons legally entitled to make funeral
7 arrangements for the person whose life was insured may contract
8 with the funeral establishment, cemetery, or seller of his or her
9 choice for the rendering of the funeral goods or services or cem-
10 etery goods or services. Each associated life insurance policy
11 or annuity contract delivered or issued for delivery in this
12 state shall have ~~a~~ AN ULTIMATE death benefit that is sufficient
13 to cover NOT MORE THAN 2 YEARS AFTER THE BEGINNING OF THE POLICY
14 the initial contract price of the cemetery goods or services or
15 funeral goods or services and that increases at an annual rate of
16 not less than the consumer price index.

17 (4) A person shall not be designated as the beneficiary in
18 ~~any~~ A policy of life or accident insurance ~~whereby~~ IF the
19 beneficiary, directly or indirectly, ~~shall,~~ in return for all
20 or a part of the proceeds of ~~such~~ THE policy of insurance,
21 SHALL furnish cemetery services or goods or funeral services or
22 goods in connection ~~therewith~~ WITH THE POLICY.

23 (5) Except as otherwise provided in subsection (6), it shall
24 be unlawful for ~~any~~ A life or accident, or sick or funeral ben-
25 efit company, or ~~any~~ A person, company, corporation, or associ-
26 ation, to offer or furnish goods or services or anything but
27 money to its insureds or to his or her heirs, representatives,

1 attorneys, relatives, associates, or assigns in any connection
2 with, or by way of encumbrance, assignment, payment, settlement,
3 satisfaction, discharge, or release of ~~any~~ AN insurance
4 policy. However, this subsection shall not prohibit ~~any~~ A com-
5 pany, corporation, or association from furnishing medical, surgi-
6 cal, or hospital service.

7 (6) Notwithstanding any other provision in this act, a life
8 insurer may write a life insurance policy or annuity contract
9 which is subject to an assignment of the proceeds of the insur-
10 ance policy or annuity contract as payment for cemetery services
11 or goods or funeral services or goods as provided in this subsec-
12 tion regardless of the relationship between the life insurer and
13 the assignee. An assignment of the proceeds of the insurance
14 policy or annuity contract pursuant to this subsection shall be
15 in writing on a form approved by the commissioner. A predeath
16 assignment of the proceeds of a life insurance policy or annuity
17 contract as payment for cemetery or funeral services or goods is
18 void unless all of the following conditions and criteria are
19 met:

20 (a) The assignment is an inseparable part of the contract
21 for the cemetery services or goods or funeral services or goods
22 for which the assigned proceeds serve as payment.

23 (b) ~~The~~ EXCEPT FOR AN IRREVOCABLE ASSIGNMENT UNDER SUBSEC-
24 TION (14), THE assignment is revocable by the assignor,
25 assignor's successor, or if the assignor is the insured, by the
26 representative of the insured's estate prior to the provision of
27 the cemetery services or goods or funeral services or goods.

1 (c) The contract for funeral services or goods or cemetery
2 services or goods and the assignment provide that upon revocation
3 of the assignment, the contract for the cemetery services or
4 goods or funeral services or goods is revoked and cemetery serv-
5 ices or goods or funeral services or goods may be obtained from
6 any cemetery, funeral establishment, or seller.

7 (d) The assignment contains the following disclosure in
8 boldfaced type:

9 "This assignment may be revoked by the assignor or
10 assignor's successor or, if the assignor is also the insured and
11 deceased, by the representative of the insured's estate before
12 the rendering of the cemetery services or goods or funeral serv-
13 ices or goods. If the assignment is revoked, the death benefit
14 under the life insurance policy or annuity contract shall be paid
15 in accordance with the beneficiary designation under the insur-
16 ance policy or annuity contract."

17 (e) The assignment provides for all of the following:

18 (i) That the actual price of the cemetery services or goods
19 or funeral services or goods delivered at the time of death may
20 be more than or less than the price set forth in the assignment.

21 (ii) For the assignment of an associated life insurance
22 policy or annuity contract, that ~~any~~ AN increase in the price
23 of the cemetery services or goods or funeral services or goods
24 shall not exceed the ultimate death benefit under the life insur-
25 ance policy or annuity contract.

26 (iii) For the assignment of a nonassociated life insurance
27 policy or annuity contract, that ~~any~~ AN increase in the price

1 of the cemetery services or goods or the funeral services or
2 goods shall not exceed the consumer price index or the retail
3 price list in effect when the death occurs, whichever is less.

4 (iv) That if the ultimate death benefit under a life insur-
5 ance policy or annuity contract exceeds the price of the cemetery
6 services or goods or funeral services or goods at the time of
7 performance, the excess amount shall be distributed to the bene-
8 ficiary designated under the life insurance policy or annuity
9 contract or the insured's estate.

10 (v) That ~~any~~ AN addition to or modification of the con-
11 tract for cemetery services or goods or funeral services or goods
12 does not revoke the assignment or the contract for the cemetery
13 services or goods or funeral services or goods which are not
14 affected by the addition or modification for which the assigned
15 proceeds are payment unless the assignment is revoked.

16 (f) The assignment is limited to that portion of the pro-
17 ceeds of the life insurance policy or annuity contract which is
18 needed to pay for the cemetery services or goods or funeral serv-
19 ices or goods for which the assignor has contracted.

20 (g) ~~In the case of~~ FOR an associated life insurance policy
21 or annuity contract, the death benefit of the life insurance
22 policy or annuity contract which is subject to the assignment
23 does not exceed \$5,000.00 when the first premium payment is made
24 on the life insurance policy or annuity contract. ~~In the case~~
25 ~~of~~ FOR a nonassociated life insurance policy or annuity con-
26 tract, the initial amount of proceeds assigned does not exceed

1 \$5,000.00. The maximum amounts in this subdivision shall be
2 adjusted annually in accordance with the consumer price index.

3 (h) The assignment shall contain the dispute resolution
4 rights set forth in subsection (8). After the death of the
5 insured but before the cemetery services or goods or funeral
6 services or goods are provided, the funeral establishment, ceme-
7 tery, or seller shall provide to a representative of the
8 insured's estate a separate document entitled, "dispute resolu-
9 tion disclosure statement," which shall clearly set forth the
10 dispute resolution rights set forth in subsection (8). The dis-
11 pute resolution disclosure statement shall be filed with the com-
12 missioner and shall be considered approved unless disapproved
13 within 30 days after the submission. The language used to set
14 forth the dispute resolution rights in subsection (8) shall be
15 written in a manner calculated to be understood by a person of
16 ordinary intelligence.

17 (i) The assignor and not the assignee is responsible for
18 making the premium payments due on the life insurance policy or
19 annuity contract. This subdivision does not apply to an insur-
20 ance agent when acting as a fiduciary pursuant to section 1207.

21 (j) After the death of the insured but before the cemetery
22 services or goods or funeral services or goods are provided, the
23 representative of the insured's estate is provided with a current
24 price list for the cemetery services or goods or funeral services
25 or goods provided pursuant to the assignment.

26 (k) At the time the assignment is made, the assignee
27 complies with the price disclosure rules of the federal trade

1 commission prescribed in 16 C.F.R., part 453, whether or not the
2 rules by their own terms apply to the offering.

3 (l) At the time the assignment is made, the assignor certi-
4 fies that the insured does not have in effect other life insur-
5 ance policies or annuity contracts that have been assigned as
6 payment for cemetery goods or services or funeral goods or serv-
7 ices which together with the additional assignment would have an
8 aggregate face value in excess of the limitation provided in sub-
9 division ~~(h)~~ (G).

10 (m) For the assignment of a nonassociated life insurance
11 policy or annuity contract, the assignment complies with both of
12 the following:

13 (i) The assignment is sufficient to cover the initial con-
14 tract price of the cemetery goods or services or funeral goods or
15 services.

16 (ii) The assignment provides that ~~any~~ AN increase in the
17 price of the cemetery services or goods or the funeral services
18 or goods shall not exceed the consumer price index or the retail
19 price list in effect when the death occurs, whichever is less.

20 (7) An insurer or an insurance agent shall not make a false
21 or misleading statement, oral or written, regarding an assignment
22 subject to subsection (6) or regarding the rights or obligations
23 of ~~any~~ A party or prospective party to such an assignment. An
24 insurer or an insurance agent shall not advertise or promote an
25 assignment subject to subsection (6) in a manner which is false,
26 misleading, deceptive, or unfair. The commissioner shall
27 promulgate rules regulating the solicitation of plans promoting

1 assignments subject to subsection (6) to protect against
2 solicitations which are intimidating, vexatious, fraudulent, or
3 misleading, or which take unfair advantage of a person's igno-
4 rance or emotional vulnerability.

5 (8) After the cemetery services or goods or funeral services
6 or goods are provided, the funeral establishment, cemetery, or
7 seller shall provide to a representative of the insured's estate
8 a statement to be signed by the representative of the insured's
9 estate authorizing the release of the assignment proceeds for the
10 payment of the cemetery services or goods or funeral services or
11 goods. The insurer shall release to the funeral establishment,
12 cemetery, or seller the assignment proceeds upon receipt of the
13 authorization statement signed by a representative of the
14 insured's estate. If a representative of the insured's estate
15 fails to sign the authorization statement, the following shall
16 take place:

17 (a) The funeral establishment, cemetery, or seller shall
18 provide the representative of the insured's estate with a dispute
19 resolution notice, a copy of which is to be sent to the insurer
20 and the insurance commissioner that states all of the following:

21 (i) That the funeral establishment, cemetery, or seller has
22 provided the cemetery services or goods or funeral services or
23 goods.

24 (ii) That a representative of the insured's estate has
25 refused to authorize the insurer to release the assignment pro-
26 ceeds for the payment of the cemetery services or goods or
27 funeral services or goods.

1 (iii) That a representative of the insured's estate may seek
2 arbitration to resolve the payment dispute.

3 (b) Upon the receipt of the dispute resolution notice
4 described in subdivision (a), the insurer shall retain the
5 assignment proceeds for 30 days. The insurer shall release the
6 assignment proceeds to the funeral establishment, cemetery, or
7 seller if after the expiration of the 30 days the insurer is not
8 informed that arbitration proceedings have been commenced, or
9 pursuant to the award of the arbitrator.

10 (c) The funeral establishment, cemetery, seller, or a repre-
11 sentative of the insured's estate may commence arbitration pro-
12 ceedings to determine the disposition of the assignment
13 proceeds. Arbitration shall be conducted pursuant to the rules
14 and procedures of the American arbitration association. Expenses
15 of the arbitration shall be shared equally by the insured's
16 estate and the assignee unless otherwise ordered by the
17 arbitrator.

18 (d) Nothing in this subsection shall limit the right of any
19 party involved in the payment dispute to seek other recourse per-
20 mitted by law.

21 (9) A life insurance agent shall not sell or solicit the
22 sale of a life insurance policy or annuity contract with the
23 intention of having the purchaser assign the proceeds of the
24 policy or contract to a funeral establishment, cemetery, or
25 seller with which the agent is associated unless all of the fol-
26 lowing conditions are met:

1 (a) The agent shall disclose in writing to the purchaser the
2 nature of his or her association with the funeral establishment,
3 cemetery, or seller and that both the funeral establishment, cem-
4 etery, or seller and the agent will or may profit from the trans-
5 action, if that is the case.

6 (b) A funeral establishment, cemetery, or seller which
7 accepts assignments pursuant to subsection (6) shall also offer
8 to sell or provide cemetery goods or services or funeral goods or
9 funeral services pursuant to prepaid funeral contracts as pro-
10 vided in the prepaid funeral contract funding act, ACT NO. 255 OF
11 THE PUBLIC ACTS OF 1986, BEING SECTIONS 328.211 TO 328.235 OF THE
12 MICHIGAN COMPILED LAWS, or pursuant to the trust provisions of
13 the cemetery regulation act, Act No. 251 of the Public Acts of
14 1968, being sections 456.521 to 456.543 of the Michigan Compiled
15 Laws.

16 (c) If the contemplated assignment is to be made to pay the
17 cost of cemetery goods or services or funeral goods or funeral
18 services, the agent shall disclose in writing to the purchaser
19 that the cemetery goods or services or funeral goods or services
20 may also be purchased prior to death by making payment directly
21 to a funeral establishment, cemetery, or seller who will hold
22 funds in escrow for the benefit of the purchaser pursuant to the
23 prepaid funeral contract funding act, ACT NO. 255 OF THE PUBLIC
24 ACTS OF 1986, or in trust pursuant to the provisions of the ceme-
25 tery regulation act, Act No. 251 of the Public Acts of 1968. The
26 written disclosure shall also state that upon cancellation of the

1 prepaid funeral contract, the purchaser is entitled to a refund
2 of at least 90% of the principal and income earned.

3 (d) The sale of cemetery goods or services or funeral goods
4 or services shall not be conditioned on the purchaser buying or
5 agreeing to buy a life insurance policy or annuity contract or on
6 the assignment of the proceeds of the policy or contract to that
7 funeral establishment, cemetery, or seller.

8 (e) The sale of a life insurance policy or annuity contract
9 shall not be conditioned on the purchaser buying or agreeing to
10 buy cemetery goods or services or funeral goods or services from
11 the funeral establishment, cemetery, or seller with which the
12 agent is associated or on the assignment of the proceeds of the
13 policy or contract to that funeral establishment, cemetery, or
14 seller.

15 (f) A discount from the current price of cemetery goods or
16 services or funeral goods or services shall not be offered as an
17 inducement to purchase or assign a life insurance policy or annu-
18 ity contract.

19 (g) The life insurance policy or annuity contract sold by
20 the agent may be canceled by the purchaser within 10 days after
21 the receipt of the policy or annuity contract, in which event a
22 full refund of all premiums shall be paid to the purchaser.

23 (h) The agent shall disclose in writing to the purchaser
24 that the funeral establishment, cemetery, or seller with which
25 the agent is associated will accept assignments of life insurance
26 policies or annuity contracts sold by any other licensed agent.

1 (10) The commissioner or any other person, in order to force
2 compliance with subsection (6) or (7), may bring an action in a
3 circuit court in any county in which the assignee or insurance
4 agent or any other person has solicited or sold a life insurance
5 policy or annuity contract that is assigned pursuant to
6 subsection (6), whether or not that person has purchased the life
7 insurance policy or annuity contract or is personally aggrieved
8 by a violation of this section. The court may award damages and
9 issue equitable orders in accordance with the Michigan court
10 rules to restrain conduct in violation of this section.

11 (11) ~~Any~~ A person violating any of the provisions of this
12 section shall be deemed guilty of a misdemeanor, and each viola-
13 tion ~~thereof~~ OF THIS SECTION shall be a separate offense and
14 upon conviction shall be punished by a fine FOR not ~~exceeding~~
15 MORE THAN \$1,000.00, ~~or~~ by imprisonment for not more than 6
16 months, or both ~~such fine and imprisonment~~ within the discre-
17 tion of the courts.

18 (12) In addition to the penalty provided in subsection (11),
19 if, after a hearing conducted pursuant to the administrative pro-
20 cedures act of 1969, Act No. 306 of the Public Acts of 1969,
21 being sections 24.201 to 24.328 of the Michigan Compiled Laws,
22 the commissioner determines a person has violated this section,
23 the commissioner may order the person to pay a civil fine of not
24 more than \$10,000.00 for each violation and may also impose other
25 sanctions provided pursuant to chapter 12. The money collected
26 under this subsection shall be deposited in the funeral consumers
27 education and advocacy fund. The funeral consumers education and

1 advocacy fund is created within the insurance bureau. The fund
2 shall be administered by the commissioner. The money in the fund
3 shall be used to do both of the following:

4 (a) To promote the education of consumers with regard to the
5 prearrangement and purchase of cemetery or funeral services or
6 goods through the purchase and assignment of life insurance or
7 annuity contracts.

8 (b) To provide legal assistance to persons who were injured
9 as a result of a violation of this section.

10 (13) For purposes of this section, a life insurance agent is
11 associated with a funeral establishment, cemetery, or seller if
12 any of the following apply:

13 (a) The agent is a funeral establishment, cemetery, or
14 seller.

15 (b) The agent owns an interest, directly or indirectly, in a
16 corporation or other entity which holds an interest in a funeral
17 establishment, cemetery, or seller.

18 (c) The agent is an officer, employee, or agent of a funeral
19 establishment, cemetery, or seller.

20 (d) The agent is an officer, employee, or agent of a corpo-
21 ration or other entity which holds an interest, either directly
22 or indirectly, in a funeral establishment, cemetery, or seller,
23 or in a corporation or other entity which holds an interest,
24 directly or indirectly, in a corporation or other entity which
25 holds an interest in a funeral establishment, cemetery, or
26 seller.

1 (14) ASSIGNMENT OF AN ASSOCIATED LIFE INSURANCE POLICY OR
2 ANNUITY CONTRACT MAY BE MADE PURSUANT TO SUBSECTION (6) WITH AN
3 APPLICANT FOR OR RECIPIENT OF ASSISTANCE UNDER THE SOCIAL WELFARE
4 ACT, ACT NO. 280 OF THE PUBLIC ACTS OF 1939, BEING SECTIONS 400.1
5 TO 400.121 OF THE MICHIGAN COMPILED LAWS, OR A PATIENT OR A LEGAL
6 GUARDIAN OF A PATIENT IN A MENTAL HEALTH CARE FACILITY UNDER THE
7 JURISDICTION OF THE DEPARTMENT OF MENTAL HEALTH. IF THE DEPART-
8 MENT OF SOCIAL SERVICES OR DEPARTMENT OF MENTAL HEALTH DETERMINES
9 THAT THE ASSOCIATED LIFE INSURANCE POLICY OR ANNUITY CONTRACT IS
10 A CONTRACT WITH A DEATH BENEFIT OF NOT MORE THAN \$2,000.00,
11 EXCLUSIVE OF THE ANNUAL DEATH BENEFIT INCREASE REQUIRED BY
12 SUBSECTION (3), AND THAT THE STATE WILL NOT BE LIABLE FOR THE
13 FUNERAL GOODS OR FUNERAL SERVICES, EXCLUDING AN OUTSIDE RECEIPT-
14 CLE IF REQUIRED BY THE CHOSEN CEMETERY, OF THE APPLICANT FOR OR
15 RECIPIENT OF ASSISTANCE OR PATIENT, THE ASSIGNMENT SHALL BE MADE
16 IRREVOCABLE AT THE REQUEST OF THE APPLICANT FOR OR RECIPIENT OF
17 ASSISTANCE, OR THE PATIENT OR THE PATIENT'S LEGAL GUARDIAN. THE
18 DEPARTMENT OF SOCIAL SERVICES OR DEPARTMENT OF MENTAL HEALTH
19 SHALL ADVISE THE APPLICANT FOR OR RECIPIENT OF ASSISTANCE, OR THE
20 PATIENT OR THE PATIENT'S LEGAL GUARDIAN, THAT ADDITIONAL FUNERAL
21 GOODS OR FUNERAL SERVICES WILL NOT BE PAID BY THE DEPARTMENT OF
22 SOCIAL SERVICES OR DEPARTMENT OF MENTAL HEALTH BUT SHALL NOT
23 SPECIFY OR REQUIRE APPROVAL OF PARTICULAR FUNERAL GOODS OR
24 FUNERAL SERVICES SELECTED BY THE APPLICANT FOR OR RECIPIENT OF
25 ASSISTANCE OR THE PATIENT OR THE PATIENT'S LEGAL GUARDIAN. AN
26 ASSIGNMENT APPROVED BY THE DEPARTMENT OF SOCIAL SERVICES OR
27 DEPARTMENT OF MENTAL HEALTH SHALL NOT BE REVOKED OR CANCELED BY

1 THE SELLER, ASSIGNOR, ASSIGNEE, OR THEIR SUCCESSORS, OR THE
2 ESTATE OF THE INSURED EITHER BEFORE OR AFTER THE DEATH OF THE
3 INSURED. HOWEVER, NOTHING IN THIS SUBSECTION SHALL PREVENT THOSE
4 LEGALLY ENTITLED TO MAKE ARRANGEMENTS FOR AN INSURED FROM REALLO-
5 CATING THE AMOUNT PAID UNDER THE ASSIGNMENT TO DIFFERENT FUNERAL
6 SERVICES AND FUNERAL GOODS. AN IRREVOCABLE ASSIGNMENT SHALL NOT
7 BE CONSIDERED IN DETERMINING THE ELIGIBILITY OF AN APPLICANT FOR
8 OR RECIPIENT OF ASSISTANCE GIVEN UNDER ACT NO. 280 OF THE PUBLIC
9 ACTS OF 1939. PURCHASE OF AN ASSOCIATED LIFE INSURANCE POLICY OR
10 ANNUITY CONTRACT PURSUANT TO THIS SECTION DOES NOT CONSTITUTE A
11 DIVESTMENT FOR PURPOSES OF ELIGIBILITY OF AN APPLICANT FOR OR
12 RECIPIENT OF ASSISTANCE UNDER ACT NO. 280 OF THE PUBLIC ACTS OF
13 1939. THE DEPARTMENT OF SOCIAL SERVICES AND DEPARTMENT OF MENTAL
14 HEALTH MAY PROMULGATE RULES UNDER ACT NO. 306 OF THE PUBLIC ACTS
15 OF 1969, TO PROVIDE FOR THE UNIFORM ADMINISTRATION OF THIS
16 SUBSECTION.

17 (15) ~~(14)~~ As used in this section:

18 (a) "Associated life insurance policy or annuity contract"
19 is a life insurance policy or annuity contract that is marketed,
20 designed, and intended to be assigned as payment for cemetery
21 goods or services or funeral goods or services.

22 (b) "Casket" means ~~any~~ A box or container consisting of 1
23 or more parts in which a dead human body is placed prior to
24 interment, entombment, or cremation which may or may not be per-
25 manently interred, entombed, or cremated with the dead human
26 body. A permanent interment or entombment receptacle which is

1 designed or intended for use without a cemetery burial vault or
2 other outside container shall also be considered a casket.

3 (c) "Catafalque" means an ornamental or decorative object or
4 structure which is placed beneath, over, or around a casket,
5 vault, or a dead human body prior to final disposition of the
6 dead human body.

7 (d) "Cemetery" means that term as defined in but not neces-
8 sarily regulated under section 2 of the cemetery regulation act,
9 Act No. 251 of the Public Acts of 1968, being section 456.522 of
10 the Michigan Compiled Laws, or an officer, agent, or employee
11 ~~thereof~~ OF THE CEMETERY.

12 (e) "Cemetery burial vault or other outside container" means
13 a box or container which is used solely at the place of interment
14 to permanently surround or enclose a casket and to support the
15 earth above the casket after burial.

16 (f) "Cemetery goods" means land or interests in land,
17 crypts, lawn crypts, mausoleum crypts, or niches that are sold by
18 a cemetery. In addition, cemetery goods shall include cemetery
19 burial vaults or other outside containers, markers, monuments,
20 urns, and merchandise items used for the purpose of memorializing
21 a decedent and placed on or in proximity to a place of interment
22 or entombment of a casket, catafalque, or vault or to a place of
23 inurnment which are sold by a cemetery.

24 (g) "Cemetery services" means those services customarily
25 performed by a cemetery.

26 (h) "Combination unit" means ~~any~~ A product consisting of a
27 unit or a series of units which are designed or intended to be

1 used together as both a casket and as a permanent burial
2 receptacle.

3 (i) "Consumer price index" means the annual average percent-
4 tage increase in the Detroit consumer price index for all items
5 for the prior 12-month period as reported by the United States
6 department of labor and as certified by the commissioner.

7 (j) "Funeral establishment" means a funeral establishment or
8 a person who is engaged in the practice of mortuary science as
9 those terms are defined in section 1801 of the occupational code,
10 Act No. 299 of the Public Acts of 1980, being section 339.1801 of
11 the Michigan Compiled Laws, or an officer, agent, or employee
12 ~~thereof~~ OF A FUNERAL ESTABLISHMENT.

13 (k) "Funeral goods" means items of merchandise which will be
14 used in connection with a funeral or an alternative to a funeral
15 or final disposition of human remains including, but not limited
16 to, caskets, other burial containers, combination units, and
17 catafalques. Funeral goods does not include cemetery goods.

18 (l) "Funeral services" means services customarily performed
19 by a person who is licensed pursuant to sections 1801 to 1812 of
20 the occupational code, Act No. 299 of the Public Acts of 1980,
21 being sections 339.1801 to 339.1812 of the Michigan Compiled
22 Laws. Funeral services includes, but is not limited to, care of
23 human remains, embalming, preparation of human remains for final
24 disposition, professional services relating to a funeral or an
25 alternative to a funeral or final disposition of human remains,
26 transportation of human remains, limousine services, use of
27 facilities or equipment for viewing human remains, visitation,

1 memorial services, or services which are used in connection with
2 a funeral or alternative to a funeral, coordinating or conducting
3 funeral rites or ceremonies, and other services provided in con-
4 nection with a funeral, alternative to a funeral, or final dispo-
5 sition of human remains.

6 (m) "Nonassociated life insurance policy or annuity
7 contract" means a life insurance policy or annuity contract that
8 is not marketed to be assigned, designed to be assigned, or
9 intended to be assigned as payment for cemetery goods or services
10 or funeral goods or services.

11 (n) "Representative of insured's estate" means the person or
12 persons legally entitled to make the funeral arrangements for the
13 person whose life was insured.

14 (o) "Seller" means a person who offers to sell cemetery
15 goods or services or funeral goods or services or ~~any~~ AN agent,
16 officer, or employee ~~thereof~~ OF A SELLER.