



SENATE BILL No. 1020

May 14, 1996, Introduced by Senator BOUCHARD and referred to the Committee on Financial Services.

A bill to amend sections 2080 and 4424 of Act No. 218 of the Public Acts of 1956, entitled as amended "The insurance code of 1956," section 2080 as amended by Act No. 318 of the Public Acts of 1986 and section 4424 as amended by Act No. 27 of the Public Acts of 1982, being sections 500.2080 and 500.4424 of the Michigan Compiled Laws; and to add section 4419.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 2080 and 4424 of Act No. 218 of the
2 Public Acts of 1956, section 2080 as amended by Act No. 318 of
3 the Public Acts of 1986 and section 4424 as amended by Act No. 27
4 of the Public Acts of 1982, being sections 500.2080 and 500.4424
5 of the Michigan Compiled Laws, are amended and section 4419 is
6 added to read as follows:

1 Sec. 2080. (1) It ~~shall be~~ IS unlawful for any life or
2 accident insurer authorized to do business in this state to own,
3 manage, supervise, operate, or maintain a mortuary or undertaking
4 establishment, or to permit its officers, agents, or employees to
5 own or maintain ~~any such funeral~~ A MORTUARY or undertaking
6 establishment.

7 (2) Except as otherwise provided in subsection (6), it
8 ~~shall be~~ IS unlawful for any life insurance, sick or funeral
9 benefit company, or any company, corporation, or association
10 engaged in a similar business to contract or agree with any
11 funeral director, undertaker, or mortuary to the effect that
12 ~~such~~ THE funeral director, undertaker, or mortuary shall con-
13 duct the funeral of any person insured by ~~such~~ THAT company,
14 corporation, or association.

15 (3) A funeral establishment, cemetery, or seller shall not
16 be licensed as an insurance agent under chapter 12 other than as
17 a limited licensee pursuant to this subsection and chapter 12. A
18 funeral establishment, cemetery, or seller shall not be a limited
19 life insurance agent unless that funeral establishment, cemetery,
20 or seller provides a written assurance to the commissioner at the
21 time of application for the limited licensure and with each
22 LICENSE renewal ~~thereof~~ that he or she has read and understands
23 the conditions contained in subsection (9) and agrees to comply
24 with those conditions. A person licensed as a limited life
25 insurance agent under this subsection and chapter 12 ~~shall be~~
26 IS authorized and licensed to sell only associated life insurance
27 policies or annuity contracts and ~~shall~~ IS not ~~be~~ authorized

1 or licensed to sell any other type of insurance policy or annuity
2 contract. A person licensed as a limited life insurance agent
3 under this subsection and chapter 12 to sell associated life
4 insurance policies or annuity contracts shall not sell cemetery
5 goods or services or funeral goods or services unless all of the
6 conditions provided in subsection (9) are met. A person licensed
7 as a life insurance agent, other than a limited life insurance
8 agent, shall not sell cemetery goods or services or funeral goods
9 or services or be associated with a funeral establishment, ceme-
10 tery, or seller. Notwithstanding any other provision in this
11 act, a funeral establishment, cemetery, or seller may advise cus-
12 tomers or potential customers of the availability of life insur-
13 ance, the proceeds of which may be assigned pursuant to
14 subsection (6), and may provide application forms and other
15 information in regard to ~~such~~ THAT life insurance. If an
16 application form is provided, the funeral establishment, ceme-
17 tery, or seller shall also provide to the person a list annually
18 prepared by the commissioner setting forth the life insurance
19 companies offering in Michigan associated life insurance policies
20 or annuity contracts. The list shall include the name, address,
21 and telephone number of an agent for each of the life insurance
22 companies listed. The list also shall include a statement that a
23 person who is insured under any life insurance policy or annuity
24 contract may assign all or a portion of the proceeds, not to
25 exceed the amount provided in subsection (6)(g), of the existing
26 life insurance policy or annuity contract for the payment of
27 funeral services and goods or cemetery services or goods to any

1 funeral establishment, cemetery, or seller ~~which~~ THAT has
2 accepted any other assignment of an associated life insurance
3 policy or annuity contract during that calendar year. The
4 funeral establishment, cemetery, or seller shall accept an
5 assignment on the proceeds from any associated or nonassociated
6 life insurance policy or annuity contract pursuant to
7 subsection (6), and this requirement on the funeral establish-
8 ment, cemetery, or seller shall be set forth in the statement
9 prepared by the ~~insurance~~ commissioner. The assignor or the
10 person or persons legally entitled to make funeral arrangements
11 for the person whose life was insured may contract with the
12 funeral establishment, cemetery, or seller of his or her choice
13 for the rendering of the funeral goods or services or cemetery
14 goods or services. Each associated life insurance policy or
15 annuity contract delivered or issued for delivery in this state
16 shall ~~have a death benefit that is sufficient to cover the ini-~~
17 ~~tial contract price of the cemetery goods or services or funeral~~
18 ~~goods or services and that increases at an annual rate of not~~
19 ~~less than the consumer price index~~ CLEARLY DISCLOSE THE DEATH
20 BENEFIT AND ANY REDUCTION IN THE DEATH BENEFIT IF IT IS A GRADED
21 DEATH BENEFIT POLICY. EACH APPLICATION FOR AN ASSOCIATED LIFE
22 INSURANCE POLICY THAT PROVIDES FOR A GRADED DEATH BENEFIT SHALL
23 CONTAIN AN ACKNOWLEDGMENT FROM THE APPLICANT THAT HE OR SHE HAS
24 BEEN NOTIFIED OF THE REDUCED DEATH BENEFIT AND THE PERIOD OF THE
25 REDUCTION.

26 (4) A person shall not be designated as the beneficiary in
27 any policy of life or accident insurance whereby the beneficiary,

1 directly or indirectly, shall, in return for all or a part of the
2 proceeds of ~~such~~ THE policy of insurance, furnish cemetery
3 services or goods or funeral services or goods in connection
4 ~~therewith~~ WITH THE POLICY.

5 (5) Except as otherwise provided in subsection (6), it
6 ~~shall be~~ IS unlawful for any life or accident, or sick or
7 funeral benefit company, or any person, company, corporation, or
8 association, to offer or furnish goods or services or anything
9 but money to its insureds or to ~~his or her~~ THEIR heirs, repre-
10 sentatives, attorneys, relatives, associates, or assigns in any
11 connection with, or by way of encumbrance, assignment, payment,
12 settlement, satisfaction, discharge, or release of any insurance
13 policy. However, this subsection ~~shall~~ DOES not prohibit any
14 company, corporation, or association from furnishing medical,
15 surgical, or hospital service.

16 (6) Notwithstanding any other provision in this act, a life
17 insurer may write a life insurance policy or annuity contract
18 ~~which is~~ subject to an assignment of the proceeds of the insur-
19 ance policy or annuity contract as payment for cemetery services
20 or goods or funeral services or goods as provided in this subsec-
21 tion regardless of the relationship between the life insurer and
22 the assignee. An assignment of the proceeds of the insurance
23 policy or annuity contract pursuant to this subsection shall be
24 in writing on a form approved by the commissioner. A predeath
25 assignment of the proceeds of a life insurance policy or annuity
26 contract as payment for cemetery or funeral services or goods is

1 void unless all of the following conditions and criteria are
2 met:

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

6 (b) The assignment is revocable by the assignor, assignor's
7 successor, or if the assignor is the insured by the representa-
8 tive of the insured's estate prior to the provision of the ceme-
9 tery services or goods or funeral services or goods.

10 (c) The contract for funeral services or goods or cemetery
11 services or goods and the assignment provide that upon revocation
12 of the assignment, the contract for the cemetery services or
13 goods or funeral services or goods is revoked and cemetery serv-
14 ices or goods or funeral services or goods may be obtained from
15 any cemetery, funeral establishment, or seller.

16 (d) The assignment contains the following disclosure in
17 boldfaced type:

18 "This assignment may be revoked by the assignor or
19 assignor's successor or, if the assignor is also the insured and
20 deceased, by the representative of the insured's estate before
21 the rendering of the cemetery services or goods or funeral serv-
22 ices or goods. If the assignment is revoked, the death benefit
23 under the life insurance policy or annuity contract shall be paid
24 in accordance with the beneficiary designation under the insur-
25 ance policy or annuity contract."

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

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

4 (ii) For the assignment of an associated life insurance
5 policy or annuity contract, that any increase in the price of the
6 cemetery services or goods or funeral services or goods shall not
7 exceed the ultimate death benefit under the life insurance policy
8 or annuity contract.

9 (iii) For the assignment of a nonassociated life insurance
10 policy or annuity contract, that any increase in the price of the
11 cemetery services or goods or the funeral services or goods
12 ~~shall~~ DOES not exceed. ~~the consumer price index or~~ the retail
13 price list in effect when the death occurs. ~~, whichever is~~
14 ~~less.~~

15 (iv) That if the ultimate death benefit under a life insur-
16 ance policy or annuity contract exceeds the price of the cemetery
17 services or goods or funeral services or goods at the time of
18 performance, the excess amount shall be distributed to the bene-
19 ficiary designated under the life insurance policy or annuity
20 contract or the insured's estate.

21 (v) That any addition to or modification of the contract for
22 cemetery services or goods or funeral services or goods does not
23 revoke the assignment or the contract for the cemetery services
24 or goods or funeral services or goods ~~which~~ THAT are not
25 affected by the addition or modification for which the assigned
26 proceeds are payment unless the assignment is revoked.

1 (f) The assignment is limited to that portion of the
2 proceeds of the life insurance policy or annuity contract ~~which~~
3 THAT is needed to pay for the cemetery services or goods or
4 funeral services or goods for which the assignor has contracted.

5 (g) In the case of an associated life insurance policy or
6 annuity contract, the death benefit of the life insurance policy
7 or annuity contract ~~which~~ THAT is subject to the assignment
8 does not exceed ~~\$5,000.00~~ \$25,000.00 when the first premium
9 payment is made on the life insurance policy or annuity
10 contract. In the case of a nonassociated life insurance policy
11 or annuity contract, the initial amount of proceeds assigned does
12 not exceed ~~\$5,000.00~~ \$25,000.00. The maximum amounts in this
13 subdivision shall be adjusted annually in accordance with the
14 consumer price index.

15 (h) The assignment shall contain the dispute resolution
16 rights ~~set forth~~ in subsection (8). After the death of the
17 insured but before the cemetery services or goods or funeral
18 services or goods are provided, the funeral establishment, ceme-
19 tery, or seller shall provide to a representative of the
20 insured's estate a separate document entitled, "dispute resolu-
21 tion disclosure statement," which shall clearly set forth the
22 dispute resolution rights ~~set forth~~ in subsection (8). The
23 dispute resolution disclosure statement shall be filed with the
24 commissioner and shall be considered approved unless disapproved
25 within 30 days after the submission. The language used to ~~set~~
26 ~~forth~~ DESCRIBE the dispute resolution rights in subsection (8)

1 shall be written in a manner calculated to be understood by a
2 person of ordinary intelligence.

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

7 (j) After the death of the insured but before the cemetery
8 services or goods or funeral services or goods are provided, the
9 representative of the insured's estate is provided with a current
10 price list for the cemetery services or goods or funeral services
11 or goods provided pursuant to the assignment.

12 (k) At the time the assignment is made, the assignee com-
13 plies with the price disclosure rules of the federal trade com-
14 mission prescribed in 16 C.F.R. ~~part~~ part 453, whether or not the
15 rules by their own terms apply to the offering.

16 (l) At the time the assignment is made, the assignor certi-
17 fies that the insured does not have in effect other life insur-
18 ance policies or annuity contracts that have been assigned as
19 payment for cemetery goods or services or funeral goods or serv-
20 ices ~~which~~ THAT together with the additional assignment would
21 have an aggregate face value in excess of the limitation provided
22 in subdivision (h).

23 (m) For the assignment of a nonassociated life insurance
24 policy or annuity contract, the assignment complies with both of
25 the following:

26 (i) The assignment ~~is sufficient to cover the initial~~
27 ~~contract price of the cemetery goods or services or funeral goods~~

1 ~~or services~~ CLEARLY DISCLOSES WHETHER THE AMOUNT ASSIGNED IS
2 SUFFICIENT TO COVER THE INITIAL CONTRACT PRICE OF THE CEMETERY
3 GOODS OR SERVICES OR FUNERAL GOODS OR SERVICES, AND IF NOT, ANY
4 OBLIGATION THAT EXISTS TO PAY FOR THE DIFFERENCE BETWEEN THE CON-
5 TRACT PRICE OF THE CEMETERY GOODS OR SERVICES OR FUNERAL GOODS OR
6 SERVICES AND THE AMOUNT ASSIGNED.

7 (ii) The assignment provides that any increase in the price
8 of the cemetery services or goods or the funeral services or
9 goods ~~shall~~ DOES not exceed ~~the consumer price index or~~ the
10 retail price list in effect when the death occurs. ~~whichever~~
11 ~~is less.~~

12 (7) An insurer or an insurance agent shall not make a false
13 or misleading statement, oral or written, regarding an assignment
14 subject to subsection (6) or regarding the rights or obligations
15 of any party or prospective party to ~~such an~~ THAT assignment.
16 An insurer or an insurance agent shall not advertise or promote
17 an assignment subject to subsection (6) in a manner ~~which~~ THAT
18 is false, misleading, deceptive, or unfair. The commissioner
19 shall promulgate rules regulating the solicitation of plans pro-
20 moting assignments subject to subsection (6) to protect against
21 solicitations ~~which~~ THAT are intimidating, vexatious, fraudu-
22 lent, or misleading, or which take unfair advantage of a person's
23 ignorance or emotional vulnerability.

24 (8) After the cemetery services or goods or funeral services
25 or goods are provided, the funeral establishment, cemetery, or
26 seller shall provide to a representative of the insured's estate
27 a statement to be signed by the representative of the insured's

1 estate authorizing the release of the assignment proceeds for the
2 payment of the cemetery services or goods or funeral services or
3 goods. The insurer shall release to the funeral establishment,
4 cemetery, or seller the assignment proceeds upon receipt of the
5 authorization statement signed by a representative of the
6 insured's estate. If a representative of the insured's estate
7 fails to sign the authorization statement, the following shall
8 take place:

9 (a) The funeral establishment, cemetery, or seller shall
10 provide the representative of the insured's estate with a dispute
11 resolution notice, a copy of which is to be sent to the insurer
12 and the ~~insurance~~ commissioner that states all of the
13 following:

14 (i) That the funeral establishment, cemetery, or seller has
15 provided the cemetery services or goods or funeral services or
16 goods.

17 (ii) That a representative of the insured's estate has
18 refused to authorize the insurer to release the assignment pro-
19 ceeds for the payment of the cemetery services or goods or
20 funeral services or goods.

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

23 (b) Upon the receipt of the dispute resolution notice
24 described in subdivision (a), the insurer shall retain the
25 assignment proceeds for 30 days. The insurer shall release the
26 assignment proceeds to the funeral establishment, cemetery, or
27 seller if after the expiration of the 30 days the insurer is not

1 informed that arbitration proceedings have been commenced, or
2 pursuant to the award of the arbitrator.

3 (c) The funeral establishment, cemetery, seller, or a repre-
4 sentative of the insured's estate may commence arbitration pro-
5 ceedings to determine the disposition of the assignment
6 proceeds. Arbitration shall be conducted pursuant to the rules
7 and procedures of the American arbitration association. Expenses
8 of the arbitration shall be shared equally by the insured's
9 estate and the assignee unless otherwise ordered by the
10 arbitrator.

11 (d) Nothing in this subsection ~~shall limit~~ LIMITS the
12 right of any party involved in the payment dispute to seek other
13 recourse permitted by law.

14 (9) A life insurance agent shall not sell or solicit the
15 sale of a life insurance policy or annuity contract with the
16 intention of having the purchaser assign the proceeds of the
17 policy or contract to a funeral establishment, cemetery, or
18 seller with which the agent is associated unless all of the fol-
19 lowing conditions are met:

20 (a) The agent ~~shall disclose~~ DISCLOSES in writing to the
21 purchaser the nature of his or her association with the funeral
22 establishment, cemetery, or seller and that both the funeral
23 establishment, cemetery, or seller and the agent will or may
24 profit from the transaction, if that is the case.

25 (b) ~~A~~ IF THE funeral establishment, cemetery, or seller
26 ~~which~~ accepts assignments pursuant to subsection (6), ~~shall~~
27 ~~also offer~~ IT ALSO OFFERS to sell or provide cemetery goods or

1 services or funeral goods or funeral services pursuant to prepaid
2 funeral contracts as provided in the prepaid funeral contract
3 funding act, ACT NO. 255 OF THE PUBLIC ACTS OF 1986, BEING SEC-
4 TIONS 328.211 TO 328.235 OF THE MICHIGAN COMPILED LAWS, pursuant
5 to the trust provisions of the cemetery regulation act, Act
6 No. 251 of the Public Acts of 1968, being sections 456.521 to
7 456.543 of the Michigan Compiled Laws.

8 (c) If the contemplated assignment is to be made to pay the
9 cost of cemetery goods or services or funeral goods or funeral
10 services, the agent ~~shall disclose~~ DISCLOSES in writing to the
11 purchaser that the cemetery goods or services or funeral goods or
12 services may also be purchased prior to death by making payment
13 directly to a funeral establishment, cemetery, or seller who will
14 hold funds in escrow for the benefit of the purchaser pursuant to
15 ~~the prepaid funeral contract funding act,~~ ACT NO. 255 OF THE
16 PUBLIC ACTS OF 1986, or in trust pursuant to the provisions of
17 ~~the cemetery regulation act,~~ Act No. 251 of the Public Acts of
18 1968. The written disclosure shall also state that upon cancel-
19 lation of the prepaid funeral contract, the purchaser is entitled
20 to a refund of at least 90% of the principal and income earned.

21 (d) The sale of cemetery goods or services or funeral goods
22 or services ~~shall~~ IS not ~~be~~ conditioned on the purchaser
23 buying or agreeing to buy a life insurance policy or annuity con-
24 tract or on the assignment of the proceeds of the policy or con-
25 tract to that funeral establishment, cemetery, or seller.

26 (e) The sale of a life insurance policy or annuity contract
27 ~~shall~~ IS not ~~be~~ conditioned on the purchaser buying or

1 agreeing to buy cemetery goods or services or funeral goods or
2 services from the funeral establishment, cemetery, or seller with
3 which the agent is associated or on the assignment of the pro-
4 ceeds of the policy or contract to that funeral establishment,
5 cemetery, or seller.

6 (f) A discount from the current price of cemetery goods or
7 services or funeral goods or services ~~shall~~ IS not ~~be~~ offered
8 as an inducement to purchase or assign a life insurance policy or
9 annuity contract.

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

14 (h) The agent ~~shall disclose~~ DISCLOSES in writing to the
15 purchaser that the funeral establishment, cemetery, or seller
16 with which the agent is associated will accept assignments of
17 life insurance policies or annuity contracts sold by any other
18 licensed agent.

19 (10) The commissioner or any other person, in order to force
20 compliance with subsection (6) or (7), may bring an action in a
21 circuit court in any county in which the assignee or insurance
22 agent or any other person has solicited or sold a life insurance
23 policy or annuity contract that is assigned pursuant to
24 subsection (6), whether or not that person has purchased the life
25 insurance policy or annuity contract or is personally aggrieved
26 by a violation of this section. The court may award damages and

1 issue equitable orders in accordance with the Michigan court
2 rules to restrain conduct in violation of this section.

3 (11) Any person violating any of the provisions of this sec-
4 tion ~~shall be deemed~~ IS guilty of a misdemeanor, and each vio-
5 lation ~~thereof shall be~~ IS a separate offense ~~and upon convic-~~
6 ~~tion shall be punished~~ PUNISHABLE by a fine not exceeding
7 \$1,000.00 or by imprisonment for not more than 6 months, or both.
8 ~~such fine and imprisonment within the discretion of the courts.~~

9 (12) In addition to the penalty provided in subsection (11),
10 if, after a hearing conducted pursuant to the administrative pro-
11 cedures act of 1969, Act No. 306 of the Public Acts of 1969,
12 being sections 24.201 to 24.328 of the Michigan Compiled Laws,
13 the commissioner determines a person has violated this section,
14 the commissioner may order the person to pay a civil fine of not
15 more than \$10,000.00 for each violation and may also impose other
16 sanctions provided pursuant to chapter 12. The money collected
17 under this subsection shall be deposited in the funeral consumers
18 education and advocacy fund. The funeral consumers education and
19 advocacy fund is created within the insurance bureau. The fund
20 shall be administered by the commissioner. The money in the fund
21 shall be used to do both of the following:

22 (a) To promote the education of consumers with regard to the
23 prearrangement and purchase of cemetery or funeral services or
24 goods through the purchase and assignment of life insurance or
25 annuity contracts.

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

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

4 (a) The agent is a funeral establishment, cemetery, or
5 seller.

6 (b) The agent owns an interest, directly or indirectly, in a
7 corporation or other entity ~~which~~ THAT holds an interest in a
8 funeral establishment, cemetery, or seller.

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

11 (d) The agent is an officer, employee, or agent of a corpo-
12 ration or other entity ~~which~~ THAT holds an interest, either
13 directly or indirectly, in a funeral establishment, cemetery, or
14 seller, or in a corporation or other entity ~~which~~ THAT holds an
15 interest, directly or indirectly, in a corporation or other
16 entity ~~which~~ THAT holds an interest in a funeral establishment,
17 cemetery, or seller.

18 (14) As used in this section:

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

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

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

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

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

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

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

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

1 (h) "Combination unit" means any product consisting of a
2 unit or a series of units ~~which~~ THAT are designed or intended
3 to be used together as both a casket and as a permanent burial
4 receptacle.

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

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

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

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

1 transportation of human remains, limousine services, use of
2 facilities or equipment for viewing human remains, visitation,
3 memorial services, or services ~~which~~ THAT are used in connec-
4 tion with a funeral or alternative to a funeral, coordinating or
5 conducting funeral rites or ceremonies, and other services pro-
6 vided in connection with a funeral, alternative to a funeral, or
7 final disposition of human remains.

8 (M) "GRADED DEATH BENEFIT POLICY" MEANS A LIFE INSURANCE
9 POLICY WITH A DEATH BENEFIT THAT IS LESS THAN THE INITIAL FACE
10 AMOUNT OF THE POLICY FOR A PERIOD OF TIME NOT TO EXCEED 2 YEARS.

11 (N) ~~(m)~~ "Nonassociated life insurance policy or annuity
12 contract" means a life insurance policy or annuity contract that
13 is not marketed to be assigned, designed to be assigned, or
14 intended to be assigned as payment for cemetery goods or services
15 or funeral goods or services.

16 (O) ~~(n)~~ "Representative of insured's estate" means the
17 person or persons legally entitled to make the funeral arrange-
18 ments for the person whose life was insured.

19 (P) ~~(o)~~ "Seller" means a person who offers to sell ceme-
20 tery goods or services or funeral goods or services or any agent,
21 officer, or employee ~~thereof~~ OF THAT PERSON.

22 SEC. 4419. GROUP LIFE INSURANCE MAY BE ISSUED IN CONNECTION
23 WITH PREPAID FUNERAL CONTRACTS ONLY IF IT MEETS ALL OF THE
24 FOLLOWING:

25 (A) IS ISSUED TO AN ASSOCIATION COVERING THE LIVES OF ITS
26 MEMBERS OR TO A TRUSTEE OF A GROUP.

1 available to any member of a group authorized under this section
 2 shall not exceed \$80,000.00. The maximum shall be adjusted
 3 beginning July 1, 1982, and annually thereafter, to reflect
 4 changes in the cost of living under rules prescribed by the
 5 commissioner. However, ~~where any group which~~ IF A GROUP THAT
 6 previously operated under authority of any of the sections 4404
 7 to 4420 ~~shall be~~ IS continued under the provisions of this sec-
 8 tion, the types of insurance and amounts of coverage already
 9 authorized in the group may be continued although in excess of
 10 the limitations ~~which~~ THAT would otherwise be available under
 11 this section.

12 (7) Before any application for permission to qualify under
 13 this section ~~shall be~~ IS considered, the applicant shall
 14 deposit with the commissioner a specific fee of \$100.00 to defray
 15 the costs of examining into the circumstances and conditions
 16 appertaining to the proposed group and group insurance ~~and~~ and
 17 shall covenant to compensate the insurance bureau for any addi-
 18 tional unusual expenses ~~which~~ THAT it may incur. The applicant
 19 shall furnish such information, documents, and data pertaining to
 20 the proposed group plan as the commissioner ~~shall require~~
 21 REQUIRES to arrive at his or her determination. The commissioner
 22 shall, from time to time, promulgate rules for the enforcement of
 23 this section.

24 (8) The applicant may appeal from the commissioner's refusal
 25 to authorize the discretionary group to the circuit court for the
 26 county of Ingham on the grounds that the refusal is arbitrary or
 27 capricious and devoid of sound underwriting or actuarial grounds;

1 but any fees or costs paid to or incurred by the insurance bureau
2 under subsection (7) ~~shall~~ IS not ~~be~~ subject to recovery.