

# MAINE STATE LEGISLATURE

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# 115th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1991

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Legislative Document

No. 1731

S.P. 655

In Senate, April 29, 1991

Reference to the Committee on Banking and Insurance suggested and ordered printed.

A handwritten signature in cursive script, reading "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator THERIAULT of Aroostook

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STATE OF MAINE

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IN THE YEAR OF OUR LORD  
NINETEEN HUNDRED AND NINETY-ONE

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An Act to Provide for Funeral Service Life Insurance.

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Be it enacted by the People of the State of Maine as follows:

2                   Sec. 1. 24-A MRSA §1528, sub-§1, ¶C, as amended by PL 1989, c.  
4    168, §16, is further amended to read:

6                   C. Except as provided in section 1531, an agent license  
8                   must cover one or more of the following:

10                   (1) General lines as defined in section 1503,  
                      permanent;

12                   {3} (2) Life as defined in section 1504, permanent;

14                   {4} (3) Health as defined in section 1505; or

16                   {5} (4) Variable contract as defined in section 1520,  
                      subsection 3; or

18                   (5) Funeral service life insurance as defined in  
20                   section 2562, subsection 1;

22                   Sec. 2. 24-A MRSA c. 29-A is enacted to read:

24    CHAPTER 29-A

26    FUNERAL SERVICE LIFE INSURANCE

28                   §2561. Short title

30                   This chapter may be known and cited as the "Funeral Service  
32                   Life Insurance Act."

34                   §2562. Definitions

36                   As used in this chapter, unless the context otherwise  
                      indicates, the following terms have the following meanings.

38                   1. Funeral service life insurance. "Funeral service life  
40                   insurance" means the form of life insurance in which the sole  
42                   beneficiary is a person licensed for the practice of funeral  
44                   service and the proceeds of which are applied solely against the  
                      costs involved in the practice of funeral service as defined in  
                      Title 32, section 1400, subsection 5.

46                   2. Funeral service life insurance agent. "Funeral service  
48                   life insurance agent" means a person licensed for the practice of  
                      funeral service who is authorized or appointed by an insurer to  
                      receive applications for or negotiate the procurement of funeral  
                      service life insurance contracts on behalf of the insurer.

2     **§2563. License required**

4             A person may not receive applications for or negotiate the  
6     procurement of funeral service life insurance unless licensed as  
   a funeral service life insurance agent under this chapter.

8     **§2564. Examination for license**

10            Each applicant must take a written examination to determine  
12    the fitness of the applicant to be licensed as a funeral service  
   life insurance agent.

14    **§2565. Advisory board**

16            The superintendent shall establish the Funeral Service Life  
18    Insurance Advisory Board consisting of 3 persons to make  
20    recommendations to the superintendent concerning the scope, type  
22    and conduct of the written examination for a funeral service life  
   insurance agent license. The superintendent shall appoint  
   members to the board to include at all times at least one person  
   licensed for the practice of funeral service.

24    **§2566. Rules**

26            The superintendent shall adopt rules to implement this  
28    chapter, including, but not limited to, rules concerning  
30    disclosure forms, agent commissions, administrative fees, the  
   duties of the Funeral Service Life Insurance Advisory Board and  
   any activities that aid the administration or effectuation of  
   this chapter.

32            **Sec. 3. 32 MRS §1401-A is enacted to read:**

34            **§1401-A. Funeral service life insurance funding**

36            **1. Life insurance funding.** If a life insurance contract is  
38    used to fund a prearranged funeral service or plan, the following  
40    must be disclosed as prescribed by the State Board of Funeral  
   Service:

42            A. The fact that a life insurance policy is involved or  
44    being used to fund the prearranged funeral service or plan;

46            B. The nature of the relationship among the funeral service  
48    life insurance agent, as defined in Title 24-A, section  
   2562; the provider of the supplies or services; the  
   prearranger; and the insurer;

50            C. The relationship of the life insurance policy contract  
52    to the funding of the prearranged funeral service or plan  
   and the nature or existence of any guarantees relating to  
   the prearranged funeral service or plan; and

2 D. The impact on the prearranged funeral service or plan of  
4 any of the following:

6 (1) Any changes in the life insurance policy  
8 including, but not limited to, changes in the  
assignment, beneficiary designation or use of the  
proceeds;

10 (2) Any penalties incurred by the policyholder as a  
12 result of failure to make premium payments;

14 (3) Any penalties incurred or money received as a  
16 result of cancellation or surrender of the life  
insurance policy; and

18 (4) All relevant information concerning what occurs  
20 and whether any entitlements or obligations arise if  
there is a difference between the proceeds of the life  
insurance policy and the amount actually needed to fund  
22 the prearranged funeral service or plan.

#### 24 STATEMENT OF FACT

26 This bill requires the Superintendent of Insurance to  
28 establish the Funeral Service Life Insurance Advisory Board to  
30 assist the superintendent in the development of a written  
32 examination used for the licensing of a funeral service life  
insurance agent.

34 This bill also provides the authority for funeral service  
36 life insurance to be sold in the State by persons who are  
38 licensed for the practice of funeral service and qualify for  
40 funeral service life insurance agent licenses in accordance with  
42 the rules adopted by the superintendent. The funeral service  
44 life insurance contract is designed to meet the expenses of  
funeral services upon the death of the owner of the life  
insurance contract. The proceeds are payable to a person  
licensed to practice funeral service only for purposes of  
conducting funeral services as defined in the law. The  
superintendent may adopt rules to govern the conduct of persons  
licensed as funeral service life insurance agents.