

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 676

S.P. 240

In Senate, February 14, 2003

An Act Regarding Mortuary Trusts

Reference to the Committee on Insurance and Financial Services suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator MAYO of Sagadahoc.
Cosponsored by Representative SULLIVAN of Biddeford.

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

4 **Sec. 1. 24-A MRSA §2420, sub-§3-A** is enacted to read:

6 3-A. Upon receiving notice of a revocation of an assignment
8 of a life insurance policy pursuant to this section, an insurer
10 shall notify the assignee of the policy that the insured or owner
12 has revoked the assignment. The insurer shall also notify the
14 assignee if any cash value of the policy has been distributed at
16 the time of revocation. Notice must be sent to the assignee
18 within 30 days.

20 **Sec. 2. 32 MRSA §1401, sub-§1,** as amended by PL 1999, c. 590,
22 §1, is further amended by amending the first paragraph to read:

24 **1. Plan requirements.** Any Except as provided in subsection
26 1-A, any prearranged funeral or burial plan contracted or
28 undertaken within this State must comply with the following.

30 **Sec. 3. 32 MRSA §1401, sub-§1-A** is enacted to read:

32 1-A. Plan funded with proceeds of life insurance policy. A
34 prearranged funeral or burial plan agreement may be funded with
36 proceeds of a life insurance policy in accordance with this
38 subsection.

40 A. During a person's lifetime, a person or that person's
42 legal representative may enter into an agreement that
44 services will be performed or personal property will be
46 delivered in connection with the disposition of that
48 person's body after death by:

(1) Assigning the mortuary trustee as owner and
beneficiary of a life insurance policy payable to the
mortuary trustee upon that person's death; or

(2) Designating the mortuary trustee as a beneficiary
of a life insurance policy payable to the mortuary
trustee upon that person's death.

B. An agreement under paragraph A must be in writing and a
copy must be furnished to the person or the person's legal
representative by the mortuary trustee when the agreement is
executed. The agreement may be revocable or irrevocable;
however, if the agreement is irrevocable, there must be a
provision to allow for the transfer of the trust account by
the appointment of successor trustees. The agreement must
clearly state terms providing for disposition of excess

2 funds after funeral goods and services have been provided.
3 The agreement must clearly state any fees that may be
4 charged against the trust account. Fees must be reasonable,
5 as defined by the board, and may be charged only:

6 (1) Upon transfer of a trust account by the
7 appointment of a successor trustee;

8 (2) Upon revocation of the agreement if the agreement
9 is revocable; and

10 (3) For the actual financial and tax administration of
11 the trust account.

12 C. The mortuary trustee shall maintain a complete record of
13 a trust account established under this subsection. The
14 record must be available for inspection by the person, the
15 person's legal representative, the commissioner's designee
16 or an inspector for the board.

22 SUMMARY

23 This bill allows prearranged funeral plans to be funded with
24 the proceeds of a life insurance policy.