

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 1297

Short Title: Funeral Contract Investments.

(Public)

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Sponsors: Representatives Beall and Thompson.

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Referred to: Finance.

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May 23, 1996

A BILL TO BE ENTITLED

AN ACT TO ALLOW ALTERNATIVE INVESTMENTS OF IRREVOCABLE  
PRENEED FUNERAL CONTRACT FUNDS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 90-210.61(d) reads as rewritten:

"(d) Funds deposited in trust under a revocable standard preneed funeral contract may, with the written permission of the preneed funeral contract purchaser, be withdrawn by the trustee and used to purchase a prearrangement insurance policy. Except as provided in this ~~subsection, subsection and subsection (d1) of this section,~~ no funds deposited in trust in a financial institution pursuant to this Article shall be withdrawn by the trustee to purchase a prearrangement insurance policy."

Sec. 2. G.S. 90-210.61 is amended by adding the following new subsection to read:

"(d1) Funds deposited in trust under an irrevocable preneed funeral contract may, with the written permission of the preneed funeral contract purchaser, be transferred by the trustee for the purchase of a prearrangement insurance policy, subject to all of the following:

(1) Any amount that has been previously retained by the preneed licensee pursuant to subsection (a)(2) of this section shall be applied with the

- 1                    transferred funds as paid premiums for the purchase of a  
2                    prearrangement insurance policy;  
3            (2)        The prearrangement insurance policy shall be a single premium  
4                    prearrangement insurance policy whose coverage is greater than or  
5                    equal to the amount of the transferred funds;  
6            (3)        Within 30 days after the transfer, the preneed licensee shall pay to the  
7                    Board a fee not to exceed two dollars (\$2.00) and shall provide to the  
8                    Board and to the preneed funeral contract purchaser evidence of the  
9                    purchase of the prearrangement insurance policy and shall also provide  
10                   the name and address of the transferee insurance company; and  
11            (4)        If the proceeds of the prearrangement insurance policy are greater than  
12                   the cost of performing the preneed funeral contract as determined on the  
13                   date of the funeral contract beneficiary's death, a refund of the  
14                   difference shall be paid to the estate of the preneed funeral contract  
15                   beneficiary or to the prearrangement insurance beneficiary named to  
16                   receive any such balance, but in no event shall any excess balance be  
17                   retained by the preneed licensee.

18        The Commissioner of Insurance and the N.C. Board of Mortuary Science shall adopt  
19        guidelines to be followed by preneed licensees to ensure that the consumers are properly  
20        informed and protected. The guidelines shall include but not be limited to provisions to  
21        ensure that if preneed funeral funds are transferred to purchase a prearrangement  
22        insurance policy the contract purchaser is not placed in a significantly worse financial  
23        position with respect to preneed funeral funds available at the time of death than the  
24        purchaser would be if the funds remained in a trust account."

25                Sec. 3. The Commissioner of Insurance and the Board of Mortuary Science  
26 shall ensure that the guidelines required to be adopted under this act are adopted and  
27 available for the information and protection of consumers no later than the effective date  
28 of this act.

29                Sec. 4. This act becomes effective October 1, 1996.