

HOUSE RESEARCH

Bill Summary

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Overview

This bill involves pre-need contracts for future funeral and burial costs. These arrangements are regulated by the Commissioner of Health.

Section

- 1 Requirements for pre-need funeral arrangements.** Requires that the purchaser of a pre-need contract be told how the money will be invested and the extent of investment risk. Makes technical changes to conform to the idea that these accounts, if invested, may earn income other than interest, such as dividends and capital gains. Permits the accounts to be invested in things other than bank accounts, if the investments are made on the basis of the standard ("the prudent investor rule") that applies to trustees and other fiduciaries. Permits commingling of assets of what are now separate accounts, so long as records are kept to show whose assets are where.
- 2 Deposit of trust funds and disclosures.** Makes changes to conform to section 1.
- 3 Transit provision.** Permits pre-need assets now invested in a bank account to be moved by the trustee to other investments after this bill passes. The trustee must give the purchaser 90 days' notice of the intent to do this. If the purchaser does not object in writing within that 90 days, the trustee may move the assets to the investments chosen by the trustee.