



Greg Schwab

Bill Analysis

Legislative Service Commission

H.B. 421

124th General Assembly
(As Introduced)

**Reps. G. Smith, Husted, Seitz, Flowers, Willamowski, Collier, Schaffer,
Jolivette, Krupinski, Ogg**

BILL SUMMARY

- Places restrictions on providers of funeral or burial goods and services with respect to the transfer or encumbering of insurance policies covering the cost of funeral or burial goods and services.
- Replaces the references to "funeral directors or funeral homes" with "providers of such goods or services" in the law regulating the payment of benefits from insurance policies covering funeral goods and services.
- Specifies that life insurance policies covered by the bill are not subject to the law governing preneed funeral contracts.

CONTENT AND OPERATION

Insurance covering the purchase of funeral or burial goods or services

(secs. 3905.45 and 3905.451)

The Revised Code currently regulates the benefits paid by "insurer[s] engaged in the business of providing for the payment of funeral or burial goods or services." The bill amends the approach of this regulation. The bill governs benefit payments from "insurance polic[ies] . . . issued, sold, or assigned for the purpose of purchasing any funeral or burial goods or services." The bill also replaces references to "funeral directors or funeral homes" with references to "providers" of funeral or burial goods or services, and includes the payout of a policy's cash surrender value as one form of the benefit payments covered by the law.

Currently, the law requires a funeral director or funeral home to provide an insurer with a certified copy of the certificate of death of the insured and a certificate of completion as a condition to receiving the benefits of the insurance

policy. The bill permits a provider of funeral or burial goods or services to furnish the insurer with "other evidence of death satisfactory to the insurer" as an alternative to the certified copy of the certificate of death.

The bill adds a new provision, prohibiting a provider of funeral or burial goods or services from pledging, assigning, transferring, borrowing from, or otherwise encumbering an insurance policy for funeral goods or services prior to delivering all the goods and performing all the services contracted for, by, or on behalf of the insured. However, the bill permits a provider to assign or otherwise transfer the policy to another provider of funeral or burial goods or services in conjunction with the other provider's assumption of the contractual obligations.

The bill also amends the Revised Code with regard to the sale of life insurance policies that pay benefits to the provider of funeral or burial goods or services. The law currently provides that the sale of these life insurance policies are not the sale of preneed funeral contracts as defined in section 1111.19 of the Revised Code. The bill amends this provision, stating that life insurance policies "issued, sold, or assigned," for the purpose of purchasing funeral or burial goods or services, and the contractual obligation to provide these goods or services, are not subject to section 1111.19 of the Revised Code. (Sec. 3905.451.)

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	10-24-01	p. 984

H0421-I.124/jc