

BY: Economic Matters Committee

AMENDMENTS TO HOUSE BILL NO. 425

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, after “Contracts” insert “and Preneed Burial Contracts”; in line 3, after “contract” insert “or preneed burial contract”; in line 6, after “contract” insert “or preneed burial contract; exempting certain pre-need contracts that are funded by a life insurance policy or annuity contract from certain provisions of law”; in line 6, after “contracts” insert “and preneed burial contracts”; and after line 7, insert:

“BY adding to

Article - Business Regulation
Section 5-702(e)
Annotated Code of Maryland
(1998 Replacement Volume)”.

AMENDMENT NO. 2

On page 1, after line 19, insert:

“Article - Business Regulation

5-702.

(E) (1) A PRENEED BURIAL CONTRACT MADE IN ACCORDANCE WITH § 5-704 OF THIS SUBTITLE MAY BE FUNDED BY A LIFE INSURANCE POLICY OR AN ANNUITY CONTRACT IF:

(I) THE OWNER OR OPERATOR OF THE CEMETERY IS NOT THE OWNER OF OR BENEFICIARY UNDER THE LIFE INSURANCE POLICY OR ANNUITY CONTRACT;

(Over)

(II) AN ASSIGNMENT OF BENEFITS TO THE OWNER OR OPERATOR OF THE CEMETERY MAY BE REVOKED AT ANY TIME BY THE OWNER OF THE LIFE INSURANCE POLICY OR ANNUITY CONTRACT;

(III) SUBJECT TO ITEM (IV) OF THIS PARAGRAPH, THE OWNER OR OPERATOR OF THE CEMETERY AGREES TO ACCEPT THE BENEFITS PAYABLE UNDER THE LIFE INSURANCE POLICY OR ANNUITY CONTRACT AS PAYMENT IN FULL FOR THE SERVICES AND MERCHANDISE AGREED ON IN THE PRENEED BURIAL CONTRACT; AND

(IV) ANY BENEFITS PAYABLE UNDER THE LIFE INSURANCE POLICY OR ANNUITY CONTRACT IN EXCESS OF THE AMOUNT NECESSARY TO PAY THE TOTAL PRICE, AS DETERMINED AT THE TIME OF DEATH OF THE INSURED, OF THE SERVICES AND MERCHANDISE AGREED ON IN THE PRENEED BURIAL CONTRACT ARE PAID TO THE BENEFICIARY UNDER THE LIFE INSURANCE POLICY OR ANNUITY CONTRACT.

(2) A PRENEED BURIAL CONTRACT THAT IS FUNDED BY A LIFE INSURANCE POLICY OR AN ANNUITY CONTRACT SHALL TERMINATE IF THE ASSIGNMENT OF BENEFITS TO THE OWNER OR OPERATOR OF A CEMETERY IS REVOKED BY THE OWNER OF THE LIFE INSURANCE POLICY OR ANNUITY CONTRACT.

(3) (I) THE OFFER, SALE, OR ASSIGNMENT OF A LIFE INSURANCE POLICY OR ANNUITY CONTRACT TO FUND A PRENEED BURIAL CONTRACT IS NOT SUBJECT TO THIS SUBTITLE.

(II) A PRENEED BURIAL CONTRACT FUNDED BY A LIFE INSURANCE POLICY OR AN ANNUITY CONTRACT IS NOT SUBJECT TO § 5-705, § 5-706, § 5-707, § 5-708, OR § 5-709 OF THIS SUBTITLE.”.

AMENDMENT NO. 3

On page 2, in line 1, strike “A” and substitute “THE”; in the same line, strike “UNDERTAKER” and substitute “SURVIVING SPOUSE”; in line 2, after “OF” insert “OR BENEFICIARY UNDER”; in the same line, strike “AND”; in line 2, after the second “THE” insert “LIFE INSURANCE”; and in the same line, after “OR” insert “ANNUITY”.

AMENDMENT NO. 4

On page 2, strike in their entirety lines 3 through 6, inclusive, and substitute:

“2. AN ASSIGNMENT OF BENEFITS TO THE MORTICIAN, FUNERAL DIRECTOR, OR SURVIVING SPOUSE MAY BE REVOKED AT ANY TIME BY THE OWNER OF THE LIFE INSURANCE POLICY OR ANNUITY CONTRACT;

3. SUBJECT TO ITEM 4 OF THIS SUBPARAGRAPH, THE MORTICIAN, FUNERAL DIRECTOR, OR SURVIVING SPOUSE AGREES TO ACCEPT THE BENEFITS PAYABLE UNDER THE LIFE INSURANCE POLICY OR ANNUITY CONTRACT AS PAYMENT IN FULL FOR THE SERVICES AND MERCHANDISE AGREED ON IN THE PRE-NEED CONTRACT; AND

4. ANY BENEFITS PAYABLE UNDER THE LIFE INSURANCE POLICY OR ANNUITY CONTRACT IN EXCESS OF THE AMOUNT NECESSARY TO PAY THE TOTAL PRICE, AS DETERMINED AT THE TIME OF DEATH OF THE INSURED, OF THE SERVICES AND MERCHANDISE AGREED ON IN THE PRE-NEED CONTRACT ARE PAID TO THE BENEFICIARY UNDER THE LIFE INSURANCE POLICY OR ANNUITY CONTRACT.

(II) A PRE-NEED CONTRACT THAT IS FUNDED BY A LIFE INSURANCE POLICY OR AN ANNUITY CONTRACT SHALL TERMINATE IF THE ASSIGNMENT OF BENEFITS TO THE MORTICIAN, FUNERAL DIRECTOR, OR SURVIVING SPOUSE IS REVOKED BY THE OWNER OF THE LIFE INSURANCE POLICY OR ANNUITY CONTRACT.”;

and in line 7, strike “(II)” and substitute “(III)”.

AMENDMENT NO. 5

On page 2, in line 22, after “ARTICLE” insert “OR A PRENEED BURIAL CONTRACT AS DEFINED IN § 5-701 OF THE BUSINESS REGULATION ARTICLE”.

(Over)

On page 3, in line 4, after “ARTICLE” insert “OR A PRENEED BURIAL CONTRACT AS DEFINED IN § 5-701 OF THE BUSINESS REGULATION ARTICLE”.