

# STATE OF NEW YORK

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4605

2023-2024 Regular Sessions

## IN SENATE

February 13, 2023

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Introduced by Sen. LANZA -- read twice and ordered printed, and when printed to be committed to the Committee on Consumer Protection

AN ACT to amend the general business law, the insurance law and the public health law, in relation to preneed insurance; and providing for the repeal of such provisions upon expiration thereof

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Paragraph (a) of subdivision 1 of section 453 of the general business law, as amended by chapter 642 of the laws of 2019, is amended to read as follows:

2 (a) Any and all moneys paid to a funeral firm, funeral director,  
3 undertaker, cemetery, or any other person, firm or corporation, under or  
4 in connection with an agreement, or any option to enter into an agree-  
5 ment, for the sale of merchandise to be used in connection with a funer-  
6 al or burial, or for the furnishing of personal services of a funeral  
7 director or undertaker, wherein the merchandise is not to be actually  
8 physically delivered or the personal services are not to be rendered  
9 until the occurrence of the death of the person for whose funeral or  
10 burial such merchandise or services are to be furnished shall continue  
11 to be the money of the person making such payment and shall be held in  
12 trust for such person by the funeral firm, funeral director, undertaker,  
13 cemetery or any other person, firm or corporation to whom such payment  
14 is made and shall, within ten business days of receipt, be deposited in  
15 an interest bearing account in a bank, national bank, federal savings  
16 bank, federal savings and loan association, savings bank, savings and  
17 loan association, credit union, or federal credit union within the state  
18 and duly authorized to receive deposits in the state of New York and  
19 which shall earn interest at a rate which shall be at not less than the  
20 prevailing rate of interest earned by other such deposits in such banks,  
21 savings banks, savings and loan associations, or credit unions under  
22 this section, or shall be placed in a trust company in an investment  
23  
24

EXPLANATION--Matter in italics (underscored) is new; matter in brackets [-] is old law to be omitted.

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1 backed by the government of the United States and shall not be commin-  
2 gled with other moneys of the funeral firm, funeral director, undertak-  
3 er, cemetery, or other person, firm or corporation or become the funds  
4 of the funeral firm, funeral director, undertaker, cemetery, or other  
5 person, firm or corporation, and shall be so held on deposit, together  
6 with any interest thereon with interest earned being accrued daily and  
7 credited monthly, until said merchandise has been actually physically  
8 delivered and said personal services have been rendered, unless sooner  
9 repaid, in whole or in part; provided, however, that any and all money  
10 paid to a life insurance company as premium for preneed life insurance  
11 as defined in section one hundred seven of the insurance law shall be  
12 considered as premium paid to an insurer. No funeral firm, funeral  
13 director, undertaker, cemetery or any other person, firm or corporation,  
14 shall discharge the obligation established under this section to deposit  
15 or place money with a bank, national bank, federal savings bank, federal  
16 savings and loan association, savings bank, savings and loan associ-  
17 ation, credit union, federal credit union or trust company within the  
18 state through a surety bond or other financial instrument unless  
19 expressly provided under this section.

20 § 2. Subsection (a) of section 107 of the insurance law is amended by  
21 adding a new paragraph 55 to read as follows:

22 (55) "Preneed life insurance" means any life insurance policy or  
23 certificate that is issued in combination with, in support of, with an  
24 assignment to, or as a guarantee for, a prearrangement agreement for  
25 goods and services, or other benefits, to be provided at the time of and  
26 immediately following the death of the insured. Goods and services may  
27 include embalming, cremation, body preparation, viewing or visitation,  
28 coffin or urn, memorial stone, and transportation of the deceased. The  
29 status of the policy or certificate as preneed life insurance is deter-  
30 mined at the time of issue in accordance with the policy form filing.

31 § 3. Subsection (d) of section 3208 of the insurance law, paragraphs 2  
32 and 3 as amended by chapter 557 of the laws of 2001, is amended to read  
33 as follows:

34 (d) No person, firm, association, society, or corporation engaged in  
35 this state in the business of providing for the payment of funeral,  
36 burial or other expenses of deceased members, whether or not it be  
37 subject to the other provisions of this chapter, and no insurer shall:

38 (1) deliver or issue for delivery in this state any contract or policy  
39 whereby the benefit or any part thereof accruing under such contract or  
40 policy, upon the death of such member or of the person insured, shall be  
41 payable to a designated or restricted funeral director or funeral  
42 directing concern or other person engaged in such trade or business, or  
43 to any official or designated group of them, provided, however, that the  
44 insured may, pursuant to paragraph one of subsection (b) of section  
45 three thousand two hundred five of this article, immediately assign a  
46 contract or policy so procured or effectuated to a designated funeral  
47 home so long as the assignment is contingent upon the provision of  
48 funeral goods and services by the assignee at the time of death of the  
49 insured; or

50 (2) pay any such benefit or any part thereof to any funeral director  
51 or funeral directing concern or other person engaged in such trade or  
52 business or to any official or designated group of them, without the  
53 consent of the person or persons entitled to such benefits, subject  
54 however, to any contingent assignment, the contingency of which has been  
55 satisfied through the provision of funeral goods and services by the  
56 assignee, or to pay any commission or other consideration to any funeral

1 director or funeral directing concern or employee thereof to induce such  
2 person to sell or offer to sell any contract or policy of insurance  
3 designated or marketed as payable for funeral or burial expenses upon  
4 the death of the insured; or

5 (3) in any way deprive the personal representative or family of the  
6 deceased of the advantages of competition in procuring and purchasing  
7 supplies and services in connection with the funeral and burial arrange-  
8 ments of such deceased; or

9 (4) permit the seller or provider of the preneed life insurance policy  
10 to be named as the owner or beneficiary of the policy of preneed life  
11 insurance; or

12 (5) sell or offer to sell any contract or policy of preneed life  
13 insurance with a face value greater than twenty thousand dollars, plus  
14 an annual percentage increase based on the Annual Consumer Price Index  
15 compiled by the United States Department of Labor, beginning with the  
16 Annual Consumer Price Index announced by the United States Department of  
17 Labor for the year two thousand twenty-three.

18 § 4. Section 3208 of the insurance law is amended by adding a new  
19 subsection (e) to read as follows:

20 (e) The following information shall be adequately disclosed at the  
21 time an application is made, prior to accepting the applicant's initial  
22 premium or deposit, for any contract or policy of preneed life insur-  
23 ance:

24 (1) The fact that a life insurance policy is involved or is to be used  
25 to fund a prearrangement;

26 (2) The nature of the relationship among the soliciting agent or  
27 agents, the provider of the funeral or cemetery merchandise services,  
28 the administrator and any other person;

29 (3) The relationship of the life insurance policy to the funding of  
30 the prearrangement and the nature and existence of any guarantees relat-  
31 ing to the prearrangement;

32 (4) The impact on the prearrangement of any:

33 (A) Changes in the life insurance policy including but not limited to,  
34 changes in the assignment, beneficiary designation or use of the  
35 proceeds;

36 (B) Penalties to be incurred by the policy holder as a result of fail-  
37 ure to make premium payments;

38 (C) Penalties to be incurred or monies to be received as a result of  
39 cancellation or surrender of the life insurance policy;

40 (5) A list of the merchandise and services which are applied or  
41 contracted for in the prearrangement and all relevant information  
42 concerning the price of the funeral services, including an indication  
43 that the purchase price is either guaranteed at the time of purchase or  
44 to be determined at the time of need;

45 (6) The fact that the applicant has the right to surrender the life  
46 insurance policy, together with a written request for cancellation, to  
47 the insurer during a period of not less than ten days nor more than  
48 thirty days from the date the policy was delivered to the policy owner  
49 for a refund of premium paid pursuant to paragraph eleven of subsection  
50 (a) of section three thousand two hundred three of this article;

51 (7) All relevant information concerning what occurs and whether any  
52 entitlements or obligations arise if there is a difference between the  
53 proceeds of the life insurance policy and the amount actually needed to  
54 fund the prearrangement;

1 (8) Any penalties or restrictions, including but not limited to  
2 geographic restrictions or the inability of the provider to perform, on  
3 the delivery of merchandise, services or the prearrangement guarantee;

4 (9) If so, the fact that a sales commission or other form of compen-  
5 sation is being paid and the identity of the individuals or entities to  
6 whom is it paid.

7 § 5. Paragraph (1) of subdivision 1 of section 3450 of the public  
8 health law, as amended by chapter 642 of the laws of 2019, is amended to  
9 read as follows:

10 (1) has paid, given, has caused to be paid or given or offered to pay  
11 or to give to any person a commission, excluding a commission authorized  
12 pursuant to article twenty-one of the insurance law, or other valuable  
13 consideration for the solicitation or procurement, either directly or  
14 indirectly, of funeral patronage, or has accepted any consideration  
15 (including without limitation a commission, excluding a commission  
16 authorized pursuant to article twenty-one of the insurance law, rebate,  
17 or discount or direct or indirect price reduction on merchandise from  
18 the current value thereof) from any financial institution or trust  
19 company, or agent thereof, with whom the funeral director deposits funds  
20 paid for funeral services in advance of need pursuant to subdivision one  
21 of section four hundred fifty-three of the general business law except  
22 that the funeral director may accept, from the financial institution,  
23 trust company or agent thereof, up to twenty-five hundredths of one  
24 percent of the fee authorized under paragraph (b) of subdivision three  
25 of section four hundred fifty-three of the general business law for  
26 administrative services provided by the funeral director, or has  
27 accepted any consideration (including without limitation a commission or  
28 gift) from any insurer or agent thereof, to sell, offer or promote the  
29 sale of any policy of insurance payable, expressly or as marketed, at  
30 the death of the insured for funeral or burial expenses;

31 § 6. This act shall take effect immediately and shall expire June 1,  
32 2028 when upon such date the provisions of this act shall be deemed  
33 repealed.