

**STATEMENT**  
**INSURANCE ASSOCIATION OF CONNECTICUT**

*General Law Committee*

February 24, 2011

HB 6300, An Act Concerning Funeral Service Contracts

The Insurance Association of Connecticut, IAC, has some concerns with HB 6300 which seeks to permit the partial, collateral or complete assignment of the ownership of a life insurance policy to a funeral home.

Permitting the ownership of a life policy to transfer to a funeral home is uncommon. As drafted, HB 6300 would seem to create the possibility of an all or nothing assignment to the benefit of the funeral home, in that the funeral home would receive full payment of the policy proceeds without regard to the costs associated with the funeral. HB 6300 does not provide any clarity on how the proceeds of a life policy are to be distributed if the cash value of the policy exceeds the cost of the funeral. If there is a full assignment as contemplated by HB 6300, the funeral home presumably could reap a windfall. By redefining a "funeral service contract" to permit the assignment, it could be used by an unscrupulous funeral director to coerce an individual to assign or change the beneficiary designee to their benefit.

HB 6300 is unnecessary, as there are already options available in the market for an insured/policy owner to use a life policy to pay anticipated funeral expenses which include complete, partial or collateral assignments. However, the most common method used to cover such funeral expenses is that the beneficiary/beneficiaries assign their interest in the death claim proceeds to pay the funeral bill of a loved one.

The market already has mechanisms in place to assist insureds to maximize the use of their life policies, including the ability to pay for funeral services. As such there is no need for HB 6300.