

1986

## Session Law 86-246

Florida Senate & House of Representatives

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STORAGE NAME: HB 318

Date: April 14, 1986

Revised: \_\_\_\_\_

Final: \_\_\_\_\_

HOUSE OF REPRESENTATIVES  
COMMITTEE ON HEALTH CARE AND INSURANCE  
STAFF ANALYSIS

BILL #: HB 318

RELATING TO: Life insurance agents; funeral directors

SPONSOR(S): Representative Meffert

EFFECTIVE DATE: Upon becoming law

COMPANION BILL(S): SB 333

OTHER COMMITTEES OF REFERENCE: (1) None

(2) \_\_\_\_\_

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I. SUMMARY:

This bill is intended to clarify the authority for a funeral director to obtain a life insurance agent's license, limited to selling policies with a face amount up to \$5,000 covering the expense of a prearrangement for funeral services and merchandise.

Until 1984, the Florida Statutes had prohibited funeral directors from obtaining licenses to sell life insurance. In 1984 legislation was enacted (Chap. 84-196, Laws of Florida) authorizing funeral directors and employees of funeral establishments which hold a certificate to sell preneed funeral merchandise or service contracts under Chapter 639, to become licensed as life insurance agents to sell up to \$5,000 policies covering the expense of a prearrangement for funeral services and merchandise. Under Chapter 639 a funeral director can obtain a certificate from the Department of Insurance to sell preneed funeral merchandise or service contracts.

The 1984 legislation amended section 626.785, because, this section specifically disqualified funeral directors from obtaining a life insurance agent's license. However, the 1984 act did not amend s. 626.9651(1)(t), within the Unfair Insurance Trade Practice provisions, which prohibits life insurers from permitting funeral directors to act as their agents and related prohibitions such as affixing advertising material of a funeral director on policies of life insurance; attempting to influence policyholders to use the services of a particular funeral director; or maintaining an office in the place of business of any funeral director.

This bill attempts to clarify the authority for a funeral director to obtain a license to sell life insurance, as presently specified and limited in s. 626.785. The bill provides that this section's provisions apply, "notwithstanding any other provision of this

chapter," thereby clarifying that the prohibitions in s. 626.9541(1)(t) are superceded by the provisions of s. 626.785. Some ambiguity may still remain, however, as explained in Comments, below.

II. ECONOMIC IMPACT:

A. Public:

By clarifying the present law, the bill will facilitate the licensing of funeral directors as life insurance agents, increasing competition, and increasing the availability of this alternate, preneed funding mechanism for funeral merchandise and services.

B. Government:

Any increase in the number of applicants for life insurance agent's licenses would be offset by application fees, so no significant economic impact is expected on the Department of Insurance.

III. STATE COMPREHENSIVE PLAN IMPACT:

None

IV. COMMENTS:

Some ambiguity may remain, due to the specific prohibitions in s. 626.9541(1)(t) that may include restrictions on life insurers which are not necessarily covered by the general authority in s. 626.785 for funeral directors to qualify as life insurance agents. It would appear that in order for funeral directors to sell life insurance policies for the purpose of funding funeral arrangements, the prohibitions of s. 626.9541(1)(t) would need to be expressly inapplicable. An amendment to this effect is prepared by staff for the Subcommittee's consideration.

V. AMENDMENTS:

None

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BD/vrj