
By: Senator Della

Introduced and read first time: February 9, 1996

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Preneed Burial Contracts - Casket Sales - Trust Requirements**

3 FOR the purpose of requiring the seller of a preneed burial contract for the sale of a
4 casket to deposit the total contract price into a certain trust account in a certain
5 manner; authorizing a withdrawal from the trust account only in a certain situation;
6 specifying certain circumstances under which the contract is ended and the seller
7 shall refund to the buyer all payments and interest; and generally relating to trust
8 requirements for preneed burial contracts for casket sales.

9 BY repealing and reenacting, with amendments,
10 Article - Business Regulation
11 Section 5-405
12 Annotated Code of Maryland
13 (1992 Volume and 1995 Supplement)

14 BY adding to
15 Article - Business Regulation
16 Section 5-405.1
17 Annotated Code of Maryland
18 (1992 Volume and 1995 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article - Business Regulation**

22 5-405.

23 (a) A seller shall put in trust the second 50% of the total preneed burial contract
24 price as the seller receives payments from the buyer.

25 (b) Within 30 days after receipt of the last payment, the seller shall deposit an
26 additional amount to make the balance in the trust account equal to 55% of the total
27 contract price.

28 (c) This section does not apply to:

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1 (1) a preneed burial contract under which all preneed goods and preneed
2 services, other than caskets, scrolls, and other additions that represent not more than 10%
3 of the total contract price, must be delivered or performed within 120 days after receipt of
4 50% of the total contract price; [or]

5 (2) money that a seller receives for preneed goods or preneed services to be
6 delivered or performed within 120 days after receipt of any payment on account of the
7 sale, if the buyer's obligation for these preneed goods or preneed services is separately
8 itemized; OR

9 (3) A PRENEED BURIAL CONTRACT FOR THE SALE OF A CASKET
10 DESCRIBED IN § 5-405.1 OF THIS SUBTITLE.

11 5-405.1.

12 (A) A SELLER OF A PRENEED BURIAL CONTRACT FOR THE SALE OF A CASKET
13 SHALL DEPOSIT THE TOTAL PRENEED BURIAL CONTRACT PRICE INTO A TRUST
14 ACCOUNT:

15 (1) AS THE SELLER RECEIVES PAYMENTS FROM THE BUYER; AND

16 (2) WITHIN 10 DAYS AFTER RECEIVING A PAYMENT.

17 (B) A SELLER MAY NOT WITHDRAW FROM THE TRUST ACCOUNT ANY MONEY
18 RECEIVED FROM THE BUYER UNLESS THE MERCHANDISE HAS BEEN PHYSICALLY
19 PROVIDED TO THE BENEFICIARY AS AGREED IN THE PRENEED BURIAL CONTRACT.

20 (C) A PRENEED BURIAL CONTRACT FOR THE SALE OF A CASKET IS ENDED
21 AND THE SELLER SHALL REFUND TO THE BUYER ALL PAYMENTS AND INTEREST IF:

22 (1) THE BUYER OR LEGAL REPRESENTATIVE OF THE BUYER DEMANDS
23 IN WRITING A REFUND OF ALL PAYMENTS MADE;

24 (2) THE BUSINESS OF THE SELLER IS DISCONTINUED OR SOLD;

25 (3) THE SELLER IS UNABLE TO PERFORM UNDER THE TERMS AND
26 CONDITIONS OF THE PRENEED BURIAL CONTRACT; OR

27 (4) THE BUYER FAILS TO PAY THE ENTIRE CONTRACT PRICE BEFORE
28 THE DEATH OF THE BENEFICIARY AND THE SELLER CONSIDERS THE PRENEED
29 BURIAL CONTRACT VOID.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
31 October 1, 1996.