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**By: Senator Della**

Introduced and read first time: February 9, 1996

Assigned to: Rules

Re-referred to: Finance, February 14, 1996

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Committee Report: Favorable

Senate action: Adopted

Read second time: March 22, 1996

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CHAPTER \_\_\_\_\_

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:

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1 **Article - Business Regulation**

2 5-405.

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

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

8 (c) This section does not apply to:

9 (1) a preneed burial contract under which all preneed goods and preneed  
10 services, other than caskets, scrolls, and other additions that represent not more than 10%  
11 of the total contract price, must be delivered or performed within 120 days after receipt of  
12 50% of the total contract price; [or]

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

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

19 5-405.1.

20 (A) A SELLER OF A PRENEED BURIAL CONTRACT FOR THE SALE OF A CASKET  
21 SHALL DEPOSIT THE TOTAL PRENEED BURIAL CONTRACT PRICE INTO A TRUST  
22 ACCOUNT:

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

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

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

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

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

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

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

35 (4) THE BUYER FAILS TO PAY THE ENTIRE CONTRACT PRICE BEFORE  
36 THE DEATH OF THE BENEFICIARY AND THE SELLER CONSIDERS THE PRENEED  
37 BURIAL CONTRACT VOID.

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