

SENATE BILL 504

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2000 Regular Session
0lr2297
CF 0lr2122

By: **Senator Kelley**
Introduced and read first time: February 4, 2000
Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Morticians - Pre-Need Contracts - Investment of Funds**

3 FOR the purpose of clarifying the types of accounts into which certain payments
4 under a pre-need contract may be deposited; providing for certain requirements
5 for those types of accounts; and generally relating to pre-need contracts.

6 BY repealing and reenacting, with amendments,
7 Article - Health Occupations
8 Section 7-405(d)
9 Annotated Code of Maryland
10 (1994 Replacement Volume and 1999 Supplement)

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

13 **Article - Health Occupations**

14 7-405.

15 (d) (1) Within 10 days after receiving a payment under a pre-need contract,
16 the seller shall deposit into an [interest bearing,] escrow or trust account:

17 (i) For services, 100% of the payment under the pre-need contract;
18 and

19 (ii) For goods:

20 1. An amount from the payment that is equal to 80% of the
21 selling price of a casket or casket vault under the pre-need contract; and

22 2. 100% of the payment that is for all other goods under the
23 pre-need contract.

24 (2) The [interest bearing,] escrow or trust account shall be with:

1 (i) A banking institution that is insured by an agency of the federal
2 government; or

3 (ii) A savings and loan association that is insured by an agency of
4 the federal government.

5 (3) A seller need not have a separate escrow or trust account for each
6 pre-need contract.

7 (4) (i) AN ESCROW ACCOUNT SHALL BE INTEREST BEARING AND A
8 TRUST ACCOUNT SHALL BE EITHER INTEREST BEARING OR INVESTED IN SECURITIES
9 OR OTHER OBLIGATIONS THAT ARE LAWFUL INVESTMENTS FOR A FIDUCIARY,
10 INCLUDING A SAVINGS ACCOUNT, TIME DEPOSIT, OR CERTIFICATE OF DEPOSIT
11 ISSUED BY A BANKING INSTITUTION OR SAVINGS AND LOAN INSTITUTION WHERE
12 THE TRUST ACCOUNT IS MAINTAINED.

13 (II) Any [interest or dividends] INCOME earned by the escrow or
14 trust account prior to service being rendered belong to the buyers of the pre-need
15 contracts.

16 [(ii)] (III) Upon performance of the contract, any [interest or
17 dividends] INCOME earned by the escrow or trust account belong to the seller.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 October 1, 2000.