
By: **Delegates Klausmeier, Redmer, Boutin, and Owings**
Introduced and read first time: January 28, 2002
Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Morticians - Pre-need Contracts - Pooled Trust Accounts**

3 FOR the purpose of authorizing a seller of a pre-need contract to deposit pre-need
4 funds into a certain pooled trust account; providing for a certain commission for
5 the administrator of a pooled trust account; providing for the deduction of the
6 commission from a certain account; exempting a seller from filing a certain
7 report under certain circumstances; and generally relating to pooled trust
8 accounts of pre-need funds and the administrators of pooled trust accounts.

9 BY repealing and reenacting, with amendments,
10 Article - Health Occupations
11 Section 7-405(d) and (i)
12 Annotated Code of Maryland
13 (2000 Replacement Volume and 2001 Supplement)

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

16 **Article - Health Occupations**

17 7-405.

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

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

22 (ii) For goods:

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

25 2. 100% of the payment that is for all other goods under the
26 pre-need contract.

1 (2) The interest bearing, escrow or trust account shall be with:

2 (i) A banking institution [that is] AND IT SHALL BE insured by an
3 agency of the federal government; or

4 (ii) A savings and loan association [that is] AND IT SHALL BE
5 insured by an agency of the federal government.

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

8 (i) Any interest or dividends earned by the escrow or trust account
9 prior to service being rendered belong to the buyers of the pre-need contracts.

10 (ii) Upon performance of the contract, any interest or dividends
11 earned by the escrow or trust account belong to the seller.

12 (5) (I) A SELLER MAY DEPOSIT OR TRANSFER PRE-NEED FUNDS INTO
13 A POOLED TRUST ACCOUNT, COMPOSED OF PRE-NEED FUNDS OF OTHER SELLERS,
14 FOR THE BENEFIT OF NOT LESS THAN 200 PURCHASERS OR INTENDED FUNERAL
15 RECIPIENTS.

16 (II) THE ADMINISTRATOR OF A POOLED TRUST ACCOUNT SHALL BE
17 ENTITLED TO A COMMISSION OF NOT MORE THAN 1% PER ANNUM OF THE CORPUS OF
18 THE TRUST FUND.

19 (III) THE COMMISSION SHALL BE DEDUCTED FROM INTEREST
20 RECEIVED BY THE ACCOUNT, AND MAY NOT BE DEDUCTED FROM THE CORPUS OF
21 THE ACCOUNT.

22 (i) (1) A seller OR POOLED TRUST ACCOUNT ADMINISTRATOR shall
23 annually file a report with the Board which includes:

24 [(1)] (I) A certification by a certified public accountant as to the seller's
25 OR POOLED TRUST ACCOUNT ADMINISTRATOR'S compliance with the provisions of
26 this section; and

27 [(2)] (II) Any other information the Board deems necessary.

28 (2) IF A REPORT IS FILED BY A POOLED TRUST ACCOUNT
29 ADMINISTRATOR, A SELLER NEED NOT FILE THE SAME REPORT.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
31 effect October 1, 2002.