

LD2938364

HOUSE BILL NO. 999

Offered January 25, 1994

A *BILL to amend and reenact § 54.1-2822 of the Code of Virginia, relating to preneed funeral contracts; deposit of trust principal in Virginia financial institutions.*

Patron—Morgan

Referred to Committee on Corporations, Insurance and Banking

Be it enacted by the General Assembly of Virginia:

1. That § 54.1-2822 of the Code of Virginia is amended and reenacted as follows:

§ 54.1-2822. Deposit of money received pursuant to preneed funeral contract.

A. Within thirty days following the receipt of any money paid pursuant to any preneed funeral contract or interest or income accrued thereon, unless such amounts are paid to fund either an annuity or an insurance policy which will be used to purchase the funeral supplies or services contracted for, the person receiving such amounts shall deposit all consideration paid pursuant to the terms of a preneed funeral contract in which the price of the supplies and services is not guaranteed, or ninety percent of all consideration paid pursuant to the terms of a preneed funeral contract in which the price of the supplies and services is guaranteed, in a special account in a bank or savings institution doing business in this Commonwealth.

B. *Notwithstanding any provision in subsection A, any amounts paid to fund any preneed funeral contract, or any agreement supplementary thereto, that is described as or denominated a trust agreement, trust contract, trust instrument, funeral trust, or otherwise uses the term "trust" to connote or suggest that any such amounts will be placed or held in trust or in a comparable fiduciary status, shall be deposited in a special account in a bank or savings institution doing business in this Commonwealth as provided in subsection A.*

The funds shall be deposited in separate, identifiable trust accounts setting forth the names of the depositor, the trustee for the person who is the subject of the contract, the name of the person who will render the funeral services and the name of the person who is the subject of the contract. The purchaser shall have the right to change the beneficiary and trustee of the trust at any time prior to the furnishing of the services or supplies contracted for under the preneed funeral contract. Trust account records shall be subject to examination by the Board.

No funeral director, embalmer, funeral service licensee, owner of a funeral establishment, or any person employed by or having an interest in a funeral establishment shall serve as trustee of a trust account for which any such person, or any funeral establishment owned by or employing such person or in which such person has an interest, has been named the beneficiary or designated the provider of services, unless two or more such persons are named and serve as trustees and are required to act jointly in such fiduciary capacity.

INTRODUCED

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