



## 97TH GENERAL ASSEMBLY

### State of Illinois

2011 and 2012

HB0229

Introduced 01/21/11, by Rep. Dan Brady

#### SYNOPSIS AS INTRODUCED:

See Index

Amends the Illinois Funeral or Burial Funds Act. Restores a provision that allows persons holding less than \$500,000 in trust funds to continue to act as the trustee after the funds are deposited. Provides that a pre-need contract must, if funded by a trust, clearly identify the trustee's name and address and the primary state or federal regulator of the trustee. Provides that a trustee may be the seller or provider of funeral services or merchandise if the seller holds sales of less than \$500,000 in trust and deposits funds for which the seller is acting as trustee according in a certain manner. Provides that if a purchaser selects a trust arrangement to fund the pre-need contract, the trust must be maintained: (1) in a deposit account maintained by the seller as trustee in a bank, savings and loan association, savings bank, or credit union authorized to do business in Illinois in which accounts are insured by an agency of the federal government, (2) in a trust company authorized to do business in Illinois, or (3) with a corporate fiduciary as defined in the Corporate Fiduciary Act. Restores a provision that allows trust funds to be maintained in a financial institution located in a state adjoining Illinois if certain conditions are met. Provides that a trustee has a duty to manage the trust and, with respect to the investment of trust funds, shall exercise certain judgment and care. Provides that the trustee has a duty to manage and invest the assets pursuant to the Prudent Investor Rule under the Trusts and Trustees Act if the amount of funds to be entrusted exceeds \$1,000,000. Amends the Illinois Pre-Need Cemetery Sales Act. Removes language that provides that the seller must retain a corporate fiduciary as an independent trustee for any amount of trust funds. Provides that a trust established under the Act must be maintained: (1) in a deposit account maintained by the seller as trustee in a bank, savings and loan association, or credit union authorized to do business in Illinois in which accounts are insured by an agency of the federal government, (2) in a trust company authorized to do business in Illinois, or (3) in an investment company authorized to do business in Illinois insured by the Securities Brokers Insurance Corporation. Effective immediately.

LRB097 02678 CEL 42697 b

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Funeral or Burial Funds Act is  
5 amended by changing Sections 1, 1a-1, 1b, 2, and 4a as follows:

6 (225 ILCS 45/1) (from Ch. 111 1/2, par. 73.101)

7 Sec. 1. Payment under pre-need contract. Except as  
8 otherwise provided in this Section, all sales proceeds paid to  
9 any person, partnership, association or corporation with  
10 respect to merchandise or services covered by this Act, upon  
11 any agreement or contract, or any series or combination of  
12 agreements or contracts, which has for a purpose the furnishing  
13 or performance of funeral services, or the furnishing or  
14 delivery of any personal property, merchandise, or services of  
15 any nature in connection with the final disposition of a dead  
16 human body, including, but not limited to, outer burial  
17 containers, urns, combination casket-vault units, caskets and  
18 clothing, for future use at a time determinable by the death of  
19 the person or persons whose body or bodies are to be so  
20 disposed of, shall be held to be trust funds, and shall be  
21 placed in trust in accordance with Sections 1b and 2, or shall  
22 be used to purchase life insurance or annuities in accordance  
23 with Section 2a. The person, partnership, association or

1 corporation receiving said payments under a pre-need contract  
2 is hereby declared to be a trustee thereof until deposits of  
3 funds are made in accordance with Section 1b or 2a of this Act.  
4 Persons holding less than \$500,000 in trust funds may continue  
5 to act as the trustee after the funds are deposited in  
6 accordance with subsection (d) of Section 1b.

7 Nothing in this Act shall be construed to prohibit the  
8 inclusion of outer burial containers in sales contracts under  
9 the Illinois Pre-Need Cemetery Sales Act.

10 (Source: P.A. 96-879, eff. 2-2-10.)

11 (225 ILCS 45/1a-1)

12 Sec. 1a-1. Pre-need contracts.

13 (a) It shall be unlawful for any seller doing business  
14 within this State to accept sales proceeds from a purchaser,  
15 either directly or indirectly by any means, unless the seller  
16 enters into a pre-need contract with the purchaser which meets  
17 the following requirements:

18 (1) It states the name and address of the principal  
19 office of the seller and the parent company of the seller,  
20 if any.

21 (1.5) If funded by a trust, it clearly identifies the  
22 trustee's name and address and the primary state or federal  
23 regulator of the trustee ~~as a corporate fiduciary.~~

24 (1.7) If funded by life insurance, it clearly  
25 identifies the life insurance provider and the primary

1 regulator of the life insurance provider.

2 (2) It clearly identifies the provider's name and  
3 address, the purchaser, and the beneficiary, if other than  
4 the purchaser.

5 (2.5) If the provider has branch locations, the  
6 contract gives the purchaser the opportunity to identify  
7 the branch at which the funeral will be provided.

8 (3) It contains a complete description of the funeral  
9 merchandise and services to be provided and the price of  
10 the merchandise and services, and it clearly discloses  
11 whether the price of the merchandise and services is  
12 guaranteed or not guaranteed as to price.

13 (A) Each guaranteed price contract shall contain  
14 the following statement in 12 point bold type:

15 THIS CONTRACT GUARANTEES THE BENEFICIARY THE  
16 SPECIFIC GOODS AND SERVICES CONTRACTED FOR. NO  
17 ADDITIONAL CHARGES MAY BE REQUIRED. FOR DESIGNATED  
18 GOODS AND SERVICES, ADDITIONAL CHARGES MAY BE INCURRED  
19 FOR UNEXPECTED EXPENSES INCLUDING, BUT NOT LIMITED TO,  
20 CASH ADVANCES, SHIPPING OF REMAINS FROM A DISTANT  
21 PLACE, OR DESIGNATED HONORARIA ORDERED OR DIRECTED BY  
22 SURVIVORS.

23 (B) Except as provided in subparagraph (C) of this  
24 paragraph (3), each non-guaranteed price contract  
25 shall contain the following statement in 12 point bold  
26 type:

1           THIS CONTRACT DOES NOT GUARANTEE THE PRICE THE  
2           BENEFICIARY WILL PAY FOR ANY SPECIFIC GOODS OR  
3           SERVICES. ANY FUNDS PAID UNDER THIS CONTRACT ARE ONLY A  
4           DEPOSIT TO BE APPLIED TOWARD THE FINAL PRICE OF THE  
5           GOODS OR SERVICES CONTRACTED FOR. ADDITIONAL CHARGES  
6           MAY BE REQUIRED.

7           (C) If a non-guaranteed price contract may  
8           subsequently become guaranteed, the contract shall  
9           clearly disclose the nature of the guarantee and the  
10          time, occurrence, or event upon which the contract  
11          shall become a guaranteed price contract.

12          (4) It provides that if the particular supplies and  
13          services specified in the pre-need contract are  
14          unavailable at the time of delivery, the provider shall be  
15          required to furnish supplies and services similar in style  
16          and at least equal in quality of material and workmanship.

17          (5) It discloses any penalties or restrictions,  
18          including but not limited to geographic restrictions or the  
19          inability of the provider to perform, on the delivery of  
20          merchandise, services, or pre-need contract guarantees.

21          (6) Regardless of the method of funding the pre-need  
22          contract, the following must be disclosed:

23                 (A) Whether the pre-need contract is to be funded  
24                 by a trust, life insurance, or an annuity;

25                 (B) The nature of the relationship among the person  
26                 funding the pre-need contract, the provider, and the

1 seller; and

2 (C) The impact on the pre-need contract of (i) any  
3 changes in the funding arrangement including but not  
4 limited to changes in the assignment, beneficiary  
5 designation, or use of the funds; (ii) any specific  
6 penalties to be incurred by the contract purchaser as a  
7 result of failure to make payments; (iii) penalties to  
8 be incurred or moneys or refunds to be received as a  
9 result of cancellations; and (iv) all relevant  
10 information concerning what occurs and whether any  
11 entitlements or obligations arise if there is a  
12 difference between the proceeds of the particular  
13 funding arrangement and the amount actually needed to  
14 pay for the funeral at-need.

15 (D) The method of changing the provider.

16 (b) All pre-need contracts are subject to the Federal Trade  
17 Commission Rule concerning the Cooling-Off Period for  
18 Door-to-Door Sales (16 CFR Part 429).

19 (c) No pre-need contract shall be sold in this State unless  
20 there is a provider for the services and personal property  
21 being sold. If the seller is not a provider, then the seller  
22 must have a binding agreement with a provider, and the identity  
23 of the provider and the nature of the agreement between the  
24 seller and the provider shall be disclosed in the pre-need  
25 contract at the time of the sale and before the receipt of any  
26 sales proceeds. The failure to disclose the identity of the

1 provider, the nature of the agreement between the seller and  
2 the provider, or any changes thereto to the purchaser and  
3 beneficiary, or the failure to make the disclosures required in  
4 subdivision (a)(1), constitutes an intentional violation of  
5 this Act.

6 (d) All pre-need contracts must be in writing in at least  
7 11 point type, numbered, and executed in duplicate. A signed  
8 copy of the pre-need contract must be provided to the purchaser  
9 at the time of entry into the pre-need contract. The  
10 Comptroller may by rule develop a model pre-need contract form  
11 that meets the requirements of this Act.

12 (e) The State Comptroller shall by rule develop a booklet  
13 for consumers in plain English describing the scope,  
14 application, and consumer protections of this Act. After the  
15 adoption of these rules, no pre-need contract shall be sold in  
16 this State unless (i) the seller distributes to the purchaser  
17 prior to the sale a booklet promulgated or approved for use by  
18 the State Comptroller; (ii) the seller explains to the  
19 purchaser the terms of the pre-need contract prior to the  
20 purchaser signing; and (iii) the purchaser initials a statement  
21 in the contract confirming that the seller has explained the  
22 terms of the contract prior to the purchaser signing.

23 (f) All sales proceeds received in connection with a  
24 pre-need contract shall be deposited into a trust account as  
25 provided in Section 1b and Section 2 of this Act, or shall be  
26 used to purchase a life insurance policy or tax-deferred

1 annuity as provided in Section 2a of this Act.

2 (g) No pre-need contract shall be sold in this State unless  
3 it is accompanied by a funding mechanism permitted under this  
4 Act, and unless the seller is licensed by the Comptroller as  
5 provided in Section 3 of this Act. Nothing in this Act is  
6 intended to relieve sellers of pre-need contracts from being  
7 licensed under any other Act required for their profession or  
8 business, and being subject to the rules promulgated to  
9 regulate their profession or business, including rules on  
10 solicitation and advertisement.

11 (Source: P.A. 96-879, eff. 2-2-10.)

12 (225 ILCS 45/1b) (from Ch. 111 1/2, par. 73.101b)

13 Sec. 1b. (a) Whenever a seller receives sales proceeds  
14 under a pre-need contract that the purchaser elects to fund by  
15 a trust agreement, the seller may retain an initial amount  
16 equal to 5% of the purchase price of the services, personal  
17 property or merchandise, or 15% of the purchase price of outer  
18 burial containers. Thereafter, a seller shall deposit into  
19 trust the amounts specified in this Section so that no later  
20 than upon the final payment on the contract, the trust shall  
21 equal or exceed 95% of the purchase price of all services,  
22 personal property, or merchandise, except for outer burial  
23 containers, and 85% of the purchase price of outer burial  
24 containers.

25 (b) In the event that sales proceeds to be deposited into a



1 trust are received pursuant to a cash sale or an installment  
2 contract, the seller may retain the initial percentage  
3 authorized by subsection (a) of this Section, and thereafter  
4 shall deposit into the trust the entire balance of sales  
5 proceeds received.

6 (c) In the event that the deposits into a trust required by  
7 this Section do not, after final payment by the consumer,  
8 result in the trust containing at least 95% of the purchase  
9 price of all services, personal property or merchandise, except  
10 for outer burial containers and 85% of the purchase price of  
11 outer burial containers, the seller shall make an additional  
12 deposit into the trust in an amount sufficient to meet these  
13 percentages.

14 (d) The trustee may not be the seller or provider of  
15 funeral services or merchandise unless the seller holds sales  
16 of less than \$500,000 in trust, and deposits funds for which  
17 the seller is acting as trustee in (1) withdrawable accounts of  
18 State chartered or federally chartered savings and loan  
19 associations insured by the Federal Deposit Insurance  
20 Corporation; (2) deposits or certificates of deposits in State  
21 or federal banks insured by the Federal Deposit Insurance  
22 Corporation; or (3) share accounts or share certificate  
23 accounts in a State or federal credit union, the accounts of  
24 which are insured as required by the Illinois Credit Union Act  
25 or the Federal Credit Union Act, as applicable.

26 (Source: P.A. 96-879, eff. 2-2-10.)

1 (225 ILCS 45/2) (from Ch. 111 1/2, par. 73.102)

2 Sec. 2. (a) If a purchaser selects a trust arrangement to  
3 fund the pre-need contract, all trust deposits as determined by  
4 Section 1b shall be made within 30 days of receipt.

5 (b) A trust established under this Act must be maintained:

6 (1) in a deposit account maintained by the seller as  
7 trustee in a bank, savings and loan association, savings  
8 bank, or credit union authorized to do business in Illinois  
9 in which accounts are insured by an agency of the federal  
10 government;

11 (2) in a trust company authorized to do business in  
12 Illinois; or

13 (3) with a corporate fiduciary as defined in Section  
14 1-5.05 of the Corporate Fiduciary Act.

15 (c) Trust agreements and amendments to the trust agreements  
16 used to fund a pre-need contract shall be filed with the  
17 Comptroller.

18 (d) (Blank).

19 (e) A seller or provider shall furnish to the trustee and  
20 depositary the name of each payor and the amount of payment on  
21 each such account for which deposit is being so made. Nothing  
22 shall prevent the trustee or a seller or provider acting as a  
23 trustee in accordance with this Act from commingling the  
24 deposits in any such trust fund for purposes of its management  
25 and the investment of its funds as provided in the Common Trust

1 Fund Act. In addition, multiple trust funds maintained under  
2 this Act may be commingled or commingled with other funeral or  
3 burial related trust funds if all record keeping requirements  
4 imposed by law are met.

5 (f) Trust funds may be maintained in a financial  
6 institution described in subsection (b) that is located in a  
7 state adjoining this State where: (1) the financial institution  
8 is located within 50 miles of the border of this State, (2) its  
9 accounts are federally insured, and (3) it has registered with  
10 the Illinois Secretary of State for purposes of service of  
11 process. ~~(Blank).~~

12 (g) Upon no less than 30 days prior notice to the  
13 Comptroller, the seller may change the trustee of the fund.  
14 Failure to provide the Comptroller with timely prior notice is  
15 an intentional violation of this Act.

16 (h) A trustee shall at least annually furnish to each  
17 purchaser a statement containing: (1) the receipts,  
18 disbursements, and inventory of the trust, including an  
19 explanation of any fees or expenses charged by the trustee  
20 under Section 5 of this Act or otherwise, (2) an explanation of  
21 the purchaser's right to a refund, if any, under this Act, and  
22 (3) identifying the primary regulator of the trust ~~as a~~  
23 ~~corporate fiduciary under state or federal law.~~

24 (Source: P.A. 96-879, eff. 2-2-10.)

25 (225 ILCS 45/4a)

1           Sec. 4a. Investment of funds.

2           (a) A trustee has a duty to ~~invest and~~ manage the trust  
3 and, with respect to the investment of trust funds, shall  
4 exercise the judgment and care under the circumstances then  
5 prevailing that persons of prudence, discretion, and  
6 intelligence exercise in the management of their own affairs,  
7 not in regard to speculation, but in regard to the permanent  
8 disposition of their funds, considering the probable income as  
9 well as the probable safety of their capital. If the amount of  
10 the funds to be entrusted exceeds \$1,000,000, then the trustee  
11 has the duty to manage and invest the assets pursuant to the  
12 Prudent Investor Rule under the Trusts and Trustees Act.

13           (b) The trust shall be a single-purpose trust fund. In the  
14 event of the seller's bankruptcy, insolvency or assignment for  
15 the benefit of creditors, or an adverse judgment, the trust  
16 funds shall not be available to any creditor as assets of the  
17 seller or to pay any expenses of any bankruptcy or similar  
18 proceeding, but shall be distributed to the purchasers or  
19 managed for their benefit by the trustee holding the funds.  
20 Except in an action by the Comptroller to revoke a license  
21 issued pursuant to this Act and for creation of a receivership  
22 as provided in this Act, the trust shall not be subject to  
23 judgment, execution, garnishment, attachment, or other seizure  
24 by process in bankruptcy or otherwise, nor to sale, pledge,  
25 mortgage, or other alienation, and shall not be assignable  
26 except as approved by the Comptroller. The changes made by

1 Public Act 91-7 are intended to clarify existing law regarding  
2 the inability of licensees to pledge the trust.

3 (c) Because it is not known at the time of deposit or at  
4 the time that income is earned on the trust account to whom the  
5 principal and the accumulated earnings will be distributed for  
6 the purpose of determining the Illinois income tax due on these  
7 trust funds, the principal and any accrued earnings or losses  
8 related to each individual account shall be held in suspense  
9 until the final determination is made as to whom the account  
10 shall be paid. The beneficiary's estate shall not be  
11 responsible for any funeral and burial purchases listed in a  
12 pre-need contract if the pre-need contract is entered into on a  
13 guaranteed price basis.

14 If a pre-need contract is not a guaranteed price contract,  
15 then to the extent the proceeds of a non-guaranteed price  
16 pre-need contract cover the funeral and burial expenses for the  
17 beneficiary, no claim may be made against the estate of the  
18 beneficiary. A claim may be made against the beneficiary's  
19 estate if the charges for the funeral services and merchandise  
20 at the time of use exceed the amount of the amount in trust  
21 plus the percentage of the sale proceeds initially retained by  
22 the seller or the face value of the life insurance policy or  
23 tax-deferred annuity.

24 (Source: P.A. 96-879, eff. 2-2-10.)

25 Section 10. The Illinois Pre-Need Cemetery Sales Act is

1 amended by changing Sections 14 and 15 as follows:

2 (815 ILCS 390/14) (from Ch. 21, par. 214)

3 Sec. 14. Contract required.

4 (a) It is unlawful for any person doing business within  
5 this State to accept sales proceeds, either directly or  
6 indirectly, by any means unless the seller enters into a  
7 pre-need sales contract with the purchaser which meets the  
8 following requirements:

9 (1) A written sales contract shall be executed in at  
10 least 11 point type in duplicate for each pre-need sale  
11 made by a licensee, and a signed copy given to the  
12 purchaser. Each completed contract shall be numbered and  
13 shall contain: (i) the name and address of the purchaser,  
14 the principal office of the licensee, and the parent  
15 company of the licensee; (ii) the name of the person, if  
16 known, who is to receive the cemetery merchandise, cemetery  
17 services or the completed interment, entombment or  
18 inurnment spaces under the contract; and (iii) specific  
19 identification of such merchandise, services or spaces to  
20 be provided, if a specific space or spaces are contracted  
21 for, and the price of the merchandise, services, or space  
22 or spaces.

23 (2) In addition, such contracts must contain a  
24 provision in distinguishing typeface as follows:

25 "Notwithstanding anything in this contract to the

1           contrary, you are afforded certain specific rights of  
2           cancellation and refund under the Illinois Pre-Need  
3           Cemetery Sales Act, enacted by the 84th General Assembly of  
4           the State of Illinois".

5           (3) All pre-need sales contracts shall be sold on a  
6           guaranteed price basis. At the time of performance of the  
7           service or delivery of the merchandise, the seller shall be  
8           prohibited from assessing the purchaser or his heirs or  
9           assigns or duly authorized representative any additional  
10          charges for the specific merchandise and services listed on  
11          the pre-need sales contract.

12          (4) Each contract shall clearly disclose that the price  
13          of the merchandise or services is guaranteed and shall  
14          contain the following statement in 12 point bold type:

15                 "THIS CONTRACT GUARANTEES THE BENEFICIARY THE SPECIFIC  
16                 GOODS, SERVICES, INTERMENT SPACES, ENTOMBMENT SPACES, AND  
17                 INURNMENT SPACES CONTRACTED FOR. NO ADDITIONAL CHARGES MAY  
18                 BE REQUIRED FOR DESIGNATED GOODS, SERVICES, AND SPACES.  
19                 ADDITIONAL CHARGES MAY BE INCURRED FOR UNEXPECTED  
20                 EXPENSES."

21          (5) The pre-need sales contract shall provide that if  
22          the particular cemetery services, cemetery merchandise, or  
23          spaces specified in the pre-need contract are unavailable  
24          at the time of delivery, the seller shall be required to  
25          furnish services, merchandise, and spaces similar in style  
26          and at least equal in quality of material and workmanship.

1           (6) The pre-need contract shall also disclose any  
2 specific penalties to be incurred by the purchaser as a  
3 result of failure to make payments; and penalties to be  
4 incurred or moneys or refunds to be received as a result of  
5 cancellation of the contract.

6           (7) The pre-need contract shall disclose the nature of  
7 the relationship between the provider and the seller.

8           (8) Each pre-need contract that authorizes the  
9 delivery of cemetery merchandise to a licensed and bonded  
10 warehouse shall provide that prior to or upon delivery of  
11 the merchandise to the warehouse the title to the  
12 merchandise and a warehouse receipt shall be delivered to  
13 the purchaser or beneficiary. The pre-need contract shall  
14 contain the following statement in 12 point bold type:

15           "THIS CONTRACT AUTHORIZES THE DELIVERY OF MERCHANDISE TO A  
16 LICENSED AND BONDED WAREHOUSE FOR STORAGE OF THE  
17 MERCHANDISE UNTIL THE MERCHANDISE IS NEEDED BY THE  
18 BENEFICIARY. DELIVERY OF THE MERCHANDISE IN THIS MANNER MAY  
19 PRECLUDE REFUND OF SALE PROCEEDS THAT ARE ATTRIBUTABLE TO  
20 THE DELIVERED MERCHANDISE."

21           The purchaser shall initial the statement at the time  
22 of entry into the pre-need contract.

23           (9) Each pre-need contract that authorizes the  
24 placement of cemetery merchandise at the site of its  
25 ultimate use prior to the time that the merchandise is  
26 needed by the beneficiary shall contain the following



1 statement in 12 point bold type:

2 "THIS CONTRACT AUTHORIZES THE PLACEMENT OF MERCHANDISE AT  
3 THE SITE OF ITS ULTIMATE USE PRIOR TO THE TIME THAT THE  
4 MERCHANDISE IS NEEDED BY THE BENEFICIARY. DELIVERY OF THE  
5 MERCHANDISE IN THIS MANNER MAY PRECLUDE REFUND OF SALE  
6 PROCEEDS THAT ARE ATTRIBUTABLE TO THE DELIVERED  
7 MERCHANDISE."

8 The purchaser shall initial the statement at the time  
9 of entry into the pre-need contract.

10 (10) Each pre-need contract that is funded by a trust  
11 shall clearly identify the trustee's name and address and  
12 the primary state or federal regulator of the trustee ~~as a~~  
13 ~~corporate fiduciary~~.

14 (b) Every pre-need sales contract must be in writing. The  
15 Comptroller may by rule develop a model pre-need sales contract  
16 form that meets the requirements of this Act.

17 (c) To the extent the Rule is applicable, every pre-need  
18 sales contract is subject to the Federal Trade Commission Rule  
19 concerning the Cooling-Off Period for Door-to-Door Sales (16  
20 CFR Part 429).

21 (d) No pre-need sales contract may be entered into in this  
22 State unless there is a provider for the cemetery merchandise,  
23 cemetery services, and undeveloped interment, inurnment, and  
24 entombment spaces being sold. If the seller is not the  
25 provider, then the seller must have a binding agreement with a  
26 provider, and the identity of the provider and the nature of

1 the agreement between the seller and the provider must be  
2 disclosed in the pre-need sales contract at the time of sale  
3 and before the receipt of any sale proceeds. The failure to  
4 disclose the identity of the provider, the nature of the  
5 agreement between the seller and the provider, or any changes  
6 thereto to the purchaser and beneficiary, or the failure to  
7 make the disclosures required by this Section constitutes an  
8 intentional violation of this Act.

9 (e) No pre-need contract may be entered into in this State  
10 unless it is accompanied by a funding mechanism permitted under  
11 this Act and unless the seller is licensed by the Comptroller  
12 as provided in this Act. Nothing in this Act is intended to  
13 relieve providers or sellers of pre-need contracts from being  
14 licensed under any other Act required for their profession or  
15 business or from being subject to the rules promulgated to  
16 regulate their profession or business, including rules on  
17 solicitation and advertisement.

18 (f) No pre-need contract may be entered into in this State  
19 unless the seller explains to the purchaser the terms of the  
20 pre-need contract prior to the purchaser signing and the  
21 purchaser initials a statement in the contract confirming that  
22 the seller has explained the terms of the contract prior to the  
23 purchaser signing.

24 (g) The State Comptroller shall develop a booklet for  
25 consumers in plain English describing the scope, application,  
26 and consumer protections of this Act. After the booklet is

1 developed, no pre-need contract may be sold in this State  
2 unless the seller distributes to the purchaser prior to the  
3 sale a booklet developed or approved for use by the State  
4 Comptroller.

5 (Source: P.A. 96-879, eff. 2-2-10.)

6 (815 ILCS 390/15) (from Ch. 21, par. 215)

7 Sec. 15. (a) Whenever a seller receives anything of value  
8 under a pre-need sales contract, the person receiving such  
9 value shall deposit 50% of all proceeds received into one or  
10 more trust funds maintained pursuant to this Section, except  
11 that, in the case of proceeds received for the purchase of  
12 outer burial containers, 85% of the proceeds shall be deposited  
13 into one or more trust funds. Such deposits shall be made until  
14 the amount deposited in trust equals 50% of the sales price of  
15 the cemetery merchandise, cemetery services and undeveloped  
16 spaces included in such contract, except that, in the case of  
17 deposits for outer burial containers, deposits shall be made  
18 until the amount deposited in trust equals 85% of the sales  
19 price. In the event an installment contract is factored,  
20 discounted or sold to a third party, the seller shall deposit  
21 an amount equal to 50% of the sales price of the installment  
22 contract, except that, for the portion of the contract  
23 attributable to the sale of outer burial containers, the seller  
24 shall deposit an amount equal to 85% of the sales price.  
25 Proceeds required to be deposited in trust which are

1 attributable to cemetery merchandise and cemetery services  
2 shall be held in a "Cemetery Merchandise Trust Fund". Proceeds  
3 required to be deposited in trust which are attributable to the  
4 sale of undeveloped interment, entombment or inurnment spaces  
5 shall be held in a "Pre-construction Trust Fund". If  
6 merchandise is delivered for storage in a bonded warehouse, as  
7 authorized herein, and payment of transportation or other  
8 charges totaling more than \$20 will be required in order to  
9 secure delivery to the site of ultimate use, upon such delivery  
10 to the warehouse the seller shall deposit to the trust fund the  
11 full amount of the actual or estimated transportation charge.  
12 Transportation charges which have been prepaid by the seller  
13 shall not be deposited to trust funds maintained pursuant to  
14 this Section. As used in this Section, "all proceeds" means the  
15 entire amount paid by a purchaser in connection with a pre-need  
16 sales contract, including finance charges and Cemetery Care Act  
17 contributions, but excluding sales taxes and credit life  
18 insurance premiums.

19 (b) The seller shall act as trustee of all amounts received  
20 for cemetery merchandise, services, or undeveloped spaces  
21 until those amounts have been deposited into the trust fund.  
22 All trust deposits required by this Act shall be made within 30  
23 days following the end of the month of receipt. ~~The seller must~~  
24 ~~retain a corporate fiduciary as an independent trustee for any~~  
25 ~~amount of trust funds.~~ Upon 30 days' prior written notice from  
26 the seller to the Comptroller, the seller may change the

1 trustee of the trust fund. Failure to provide the Comptroller  
2 with timely prior notice is an intentional violation of this  
3 Act.

4 (c) A trust established under this Act must be maintained:

5 (1) in a deposit account maintained by the seller as  
6 trustee in a bank, savings and loan association, or credit  
7 union authorized to do business in Illinois where such  
8 accounts are insured by an agency of the federal  
9 government;

10 (2) in a trust company authorized to do business in  
11 Illinois; or

12 (3) in an investment company authorized to do business  
13 in Illinois insured by the Securities Brokers Insurance  
14 Corporation. ~~with a corporate fiduciary as defined in~~  
15 ~~Section 1-5.05 of the Corporate Fiduciary Act.~~

16 (d) Funds deposited in the trust account shall be  
17 identified in the records of the seller by the name of the  
18 purchaser. Nothing shall prevent the trustee from commingling  
19 the deposits in any such trust fund for purposes of the  
20 management thereof and the investment of funds therein as  
21 provided in the "Common Trust Fund Act", approved June 24,  
22 1949, as amended. In addition, multiple trust funds maintained  
23 pursuant to this Act may be commingled or commingled with other  
24 funeral or burial related trust funds, provided that all record  
25 keeping requirements imposed by or pursuant to law are met.

26 (e) In lieu of a pre-construction trust fund, a seller of

1 undeveloped interment, entombment or inurnment spaces may  
2 obtain and file with the Comptroller a performance bond in an  
3 amount at least equal to 50% of the sales price of the  
4 undeveloped spaces or the estimated cost of completing  
5 construction, whichever is greater. The bond shall be  
6 conditioned on the satisfactory construction and completion of  
7 the undeveloped spaces as required in Section 19 of this Act.

8 Each bond obtained under this Section shall have as surety  
9 thereon a corporate surety company incorporated under the laws  
10 of the United States, or a State, the District of Columbia or a  
11 territory or possession of the United States. Each such  
12 corporate surety company must be authorized to provide  
13 performance bonds as required by this Section, have paid-up  
14 capital of at least \$250,000 in cash or its equivalent and be  
15 able to carry out its contracts. Each pre-need seller must  
16 provide to the Comptroller, for each corporate surety company  
17 such seller utilizes, a statement of assets and liabilities of  
18 the corporate surety company sworn to by the president and  
19 secretary of the corporation by January 1 of each year.

20 The Comptroller shall prohibit pre-need sellers from doing  
21 new business with a corporate surety company if the company is  
22 insolvent or is in violation of this Section. In addition the  
23 Comptroller may direct a pre-need seller to reinstate a  
24 pre-construction trust fund upon the Comptroller's  
25 determination that the corporate surety company no longer is  
26 sufficient security.

1 All performance bonds issued pursuant to this Section must  
2 be irrevocable during the statutory term for completing  
3 construction specified in Section 19 of this Act, unless  
4 terminated sooner by the completion of construction.

5 (f) Whenever any pre-need contract shall be entered into  
6 and include 1) items of cemetery merchandise and cemetery  
7 services, and 2) rights to interment, inurnment or entombment  
8 in completed spaces without allocation of the gross sale price  
9 among the items sold, the application of payments received  
10 under the contract shall be allocated, first to the right to  
11 interment, inurnment or entombment, second to items of cemetery  
12 merchandise and cemetery services, unless some other  
13 allocation is clearly provided in the contract.

14 (g) Any person engaging in pre-need sales who enters into a  
15 combination sale which involves the sale of items covered by a  
16 trust or performance bond requirement and any item not covered  
17 by any entrustment or bond requirement, shall be prohibited  
18 from increasing the gross sales price of those items not  
19 requiring entrustment with the purpose of allocating a lesser  
20 gross sales price to items which require a trust deposit or a  
21 performance bond.

22 (Source: P.A. 96-879, eff. 2-2-10.)

23 Section 99. Effective date. This Act takes effect upon  
24 becoming law.

1 INDEX

2 Statutes amended in order of appearance

3 225 ILCS 45/1 from Ch. 111 1/2, par. 73.101

4 225 ILCS 45/1a-1

5 225 ILCS 45/1b from Ch. 111 1/2, par. 73.101b

6 225 ILCS 45/2 from Ch. 111 1/2, par. 73.102

7 225 ILCS 45/4a

8 815 ILCS 390/14 from Ch. 21, par. 214

9 815 ILCS 390/15 from Ch. 21, par. 215