

funded by trust deposits or life insurance policies or annuities, which has for a purpose the furnishing or performance of funeral services or the furnishing or delivery of any personal property, merchandise, or services of any nature in connection with the final disposition of a dead human body. Nothing in this Act is intended to regulate the content of a life insurance policy or a tax-deferred annuity.

"Provider" means a person who is obligated for furnishing or performing funeral services or the furnishing or delivery of any personal property, merchandise, or services of any nature in connection with the final disposition of a dead human body.

"Purchaser" means the person who originally paid the money under or in connection with a pre-need contract.

"Sales proceeds" means the entire amount paid to a seller, exclusive of sales taxes paid by the seller, finance charges paid by the purchaser, and credit life, accident or disability insurance premiums, upon any agreement or contract, or series or combination of agreements or contracts, for the purpose of performing funeral services or furnishing personal property, merchandise, or services of any nature in connection with the final disposition of a dead human body, including, but not limited to, the retail price paid for such services and personal property and merchandise.

"Purchase price" means sales proceeds less finance charges on retail installment contracts.

"Seller" means the person who sells or offers to sell the pre-need contract to a purchaser, whether funded by a trust agreement, life insurance policy, or tax-deferred annuity.

"Trustee" means a person authorized to hold funds under this Act.

(Source: P.A. 92-419, eff. 1-1-02.)

(225 ILCS 45/1a-1)

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

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

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

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

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

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

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

THIS CONTRACT GUARANTEES THE BENEFICIARY THE

SPECIFIC GOODS AND SERVICES CONTRACTED FOR. NO ADDITIONAL CHARGES MAY BE REQUIRED. FOR DESIGNATED GOODS AND SERVICES, ADDITIONAL CHARGES MAY BE INCURRED FOR UNEXPECTED EXPENSES INCLUDING, BUT NOT LIMITED TO, CASH ADVANCES, SHIPPING OF REMAINS FROM A DISTANT PLACE, OR DESIGNATED HONORARIA ORDERED OR DIRECTED BY SURVIVORS.

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

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

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

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

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

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

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

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

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

(D) The method of changing the provider.

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

(c) No pre-need contract shall be sold in this State unless there is a provider for the services and personal property being sold. If the seller is not a provider, then the seller must have a binding agreement with a provider, and the identity of the provider and the nature of the agreement between the seller and the provider shall be disclosed in the pre-need contract at the time of the sale and before the receipt of any sales proceeds. The failure to disclose the identity of the provider, the nature of the agreement between the seller and the provider, or any changes thereto to the purchaser and beneficiary, or the failure to make the disclosures required in subdivision (a)(1), constitutes an intentional violation of this Act.

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

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

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

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

(Source: P.A. 92-419, eff. 1-1-02.)

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

Sec. 1b. (a) Whenever a seller receives sales proceeds under a pre-need contract that the purchaser elects to fund by a trust agreement, the seller may retain an initial amount equal to 5% of the purchase price of the services, personal property or merchandise, or 15% of the purchase price of outer burial containers. Thereafter, a seller shall deposit into trust the amounts specified in this Section so that no later