

State Board of Embalmers and Funeral Directors

December 8-9, 2015

Stoney Creek Hotel & Conference Center
18011 Bass Pro Drive
Independence, MO 64055
816-908-9600

OPEN AGENDA

December 8, 2015 - 10:30a.m.

1. Call to Order
2. Roll Call
3. Review and Approval of Agenda
4. CLOSED

December 9, 2015 – 8:30a.m.

5. (Tab 1) Executive Director Report
 - Financial Report
 - License System Update
 - Report on new licenses, closed/ceased licenses, disciplinary actions
 - Upcoming Conferences –
 - 40th Annual FARB Forum – January 28-3, 2016
 - 112th Annual Meeting of The Conference – February 24-25, 2016
6. Legal Counsel Report
7. (Tab 2) Approval of minutes
 - May 28, 2013 Financial Examination Committee
 - June 3, 2013 Financial Examination Committee
 - July 10, 2013 Financial Examination Committee
 - July 25, 2013 Financial Examination Committee
 - August 6, 2013 Financial Examination Committee
 - August 14, 2013 Financial Examination Committee
 - August 27, 2013 Financial Examination Committee
 - September 23, 2013 Financial Examination Committee
 - October 21, 2013 Financial Examination Committee
 - November 6, 2013 Financial Examination Committee
 - December 16, 2013 Financial Examination Committee
 - January 28, 2014 Financial Examination Committee
 - February 10, 2014 Financial Examination Committee
 - March 4, 2014 Financial Examination Committee
 - March 18, 2014 Financial Examination Committee
 - March 26, 2014 Financial Examination Committee
 - April 30, 2014 Financial Examination Committee
 - June 3, 2014 Financial Examination Committee
 - July 15, 2014 Financial Examination Committee
 - July 22, 2014 Financial Examination Committee
 - August 5, 2014 Financial Examination Committee

8.(Tab 3) Review of Proposed Rules

9.(Tab 4)Scope of Financial Examination

10. Open Session/Discussion

11. CLOSED

12. Adjourn

**Title 20-DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND
PROFESSIONAL REGISTRATION
Division 2120-State Board of Embalmers and Funeral Directors
Chapter 3 – Preneed
PROPOSED RULE**

What Constitutes Adequate Records for a Seller

- 1. A seller shall maintain the basic financial and contract records with regard to all trust and joint accounts to include the standard books of account and the supporting records that are necessary to safeguard and account for the receipt and disbursement of preneed funds.**

- 2. Adequate records for a seller to maintain shall include, at a minimum:**
 - (1) receipt and disbursement journals containing a record of deposits to and withdrawals from both preneed trusts and preneed joint accounts, specifically identifying the date, source, and description of each item deposited as well as the date, payee, and purpose of each disbursement;**

 - (2) ledger records for all preneed trust and preneed joint accounts showing, for each separate preneed contract, the source of all funds deposited, the amount of such funds, the descriptions and amounts of withdrawals, and the names of all persons or entities to whom such funds were disbursed;**

 - (3) preneed contracts, trust agreements, trust administration agreements, provider agreements, preneed agent agreements, and all correspondence related to the preneed contract;**

 - (4) accountings showing the disbursement of funds;**

 - (5) records showing disbursements;**

 - (6) the physical or electronic equivalents of all checkbook registers, bank statements, records of deposit, pre-numbered canceled checks, and substitute checks provided by a financial institution;**

 - (7) records of all electronic transfers from preneed trust or preneed joint accounts, including the name of the person authorizing transfer, the date of transfer, the name of the recipient and confirmation from the financial institution of the trust account number from which money was withdrawn and the date and the time the transfer was completed;**

 - (8) reconciliations of the preneed accounts;**

 - (9) those portions of preneed files that are reasonably related to account transactions; and**

 - (10) records of credit card transactions related to any preneed transaction to the extent permitted by law and the payment card industry data security standard.**

- 3. No seller shall commingle personal funds or other funds in a preneed trust or a preneed joint account.**

Staff Proposed Scope of Financial Examination

December 8-9, 2015

(tabled from August 4-5, 2015 and September 9-10, 2015)

General

1. Is the seller licensed
2. Do the preneed contracts comply with the statutes as to form
3. Are the contracts properly signed
4. Does the seller properly deposit and track payments from consumers
5. Are the books and records sufficient to show compliance
6. Does the contract match the funding source and current location of funds
7. Does the seller have contracts with its providers and are those contracts in compliance with Ch. 436
8. Does the seller maintain its fulfilled files for 5 years
9. Does the seller records match the information provided on the seller annual report. (Review seller annual reports dating from last examination to current)
10. Review 100% of contracts sold since date of last examination materials
11. Were cancellations and/or transfers in compliance with statute
12. Mail consumer letters as needed to confirm data

Joint Accounts

13. Are the funds held jointly as required by statute
14. Are 100% of the funds paid by the consumer in the joint account
15. Are the seller's records adequate to verify compliance

Trust Accounts

16. Are deposits made timely
17. Have the right amounts of money been deposited
18. Does the trust agreement give control of assets to the trustee
19. Does the trust agreement comply with the statutes
20. Have all consumer payments been deposited – to include all contracts not yet fulfilled
21. Has the seller properly requested the 5% origination fee and 10% authorized distribution.
22. Has the trust made proper disbursements

Insurance Accounts

23. Do the policies comply with Ch. 436
24. Is the seller the beneficiary or assignee and not the owner
25. Does the seller properly handle consumer funds

Death Claims

26. Does the seller have proper procedures in place for death claims
27. Does the seller timely request payment from trustee and pay death claims
28. Does the seller pay the providers by the terms of the seller/provider contract
29. Complete a 5% or minimum of 20 contract review as sampling, increasing if concerns identified.