

DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS

DIRECTOR'S OFFICE

PREPAID FUNERAL & CEMETERY SALES

(By authority conferred on the director of the department of licensing and regulatory affairs by 2004 PA 21, MCL 328.227, and Executive Reorganization Nos. 1991-9, 1996-2, 2003-1, 2008-4 and 2011-4, MCL 338.3501, 445.2001, 445.2011, 445.2025 and 445.2030.)

PART 1. GENERAL PROVISIONS

R 339.11 Rescinded.

History: 2006 AACS; 2014 AACS.

PART 2. CONTRACTS

R 339.21 Physical Delivery and Retention.

Rule 21. (1) Physical delivery and retention is complete for a grave memorial or urn when it has been permanently inscribed with the name of the person being memorialized.

(2) Urns and grave memorials stored until time of need shall be insured against fire and theft in an amount equal to or greater than their total replacement cost.

(3) When physical delivery and retention are complete for an article of merchandise, that portion of the contract related to the merchandise shall cease to be a prepaid contract under the act. Upon receipt of proof of physical delivery and retention, funds held by the escrow agent shall be disbursed in accordance with MCL 328.222(11). The amount disbursed shall be the pro rata share for that item.

History: 2006 AACS.

R 339.22 Rescinded.

History: 2006 AACS; 2014 AACS.

R 339.23 Required language.

Rule 23. Executed contracts shall include a paragraph immediately following the paragraph required by MCL 328.225(4) that shall state, "After the death of the contract beneficiary, the contract buyer or the contract buyer's estate may cancel

the prepaid contract only where there are no remains of the deceased; where the remains of the deceased cannot be recovered; or where a prepaid contract was not utilized due to lack of knowledge by the person or persons entitled to make funeral arrangements of the existence of the prepaid contract," and shall specify the refund provisions of MCL 328.223(1) or (2), as appropriate.

History: 2006 AACCS.

R 339.24 Rescinded.

History: 2006 AACCS; 2014 AACCS.

PART 3. STANDARDS OF OPERATION

R 339.31 Rescinded.

History: 2006 AACCS; 2014 AACCS.

R 339.32 Rescinded.

History: 2006 AACCS; 2014 AACCS.

R 339.33 Extension requests.

Rule 33 A registrant shall submit a written request for extension of the due date for annual reports so the director receives it not later than July 1 of the year following the report year. One extension may be granted for not more than 90 days, upon approval by the department.

History: 2006 AACCS.

R 339.34 Rescinded.

History: 2006 AACCS; 2014 AACCS.

R 339.35 Assignment of contracts upon discontinuance of business.

Rule 35. (1) A registrant who discontinues business or whose license is suspended indefinitely, lapsed, or revoked shall do both of the following:

- (a) Assign prepaid contracts to another registrant within 60 days of the event.
- (b) Notify the department and the contract buyers of the assignment within 30 days of the assignment.

(2) Contracts not assigned as required by (1)(a) and (b) above shall be cancelled and the buyer issued a refund of the contract.

History: 2006 AACS.

R 339.36 Deposit of funds for non-guaranteed or irrevocable contract.

Rule 36. A registrant receiving funds in connection with a non-guaranteed or irrevocable contract shall deposit those funds in a depository within 30 days of receipt.

History: 2006 AACS.

R 339.37 Investment of funds.

Rule 37. Investments by an escrow agent shall be in accordance with MCL 328.222(7). Investment reports to registrants and contract buyers shall include the fair market value of the investments. Disbursement of investment funds shall be based upon their fair market value. A registrant shall not deposit funds with an escrow agent that does not act in compliance with this rule.

History: 2006 AACS.

PART 4. RECORD KEEPING

R 339.41 Rescinded.

History: 2006 AACS; 2014 AACS.

R 339.42 Rescinded.

History: 2006 AACS; 2014 AACS.

R 339.43 Rescinded.

History: 2006 AACS; 2014 AACS.

R 339.45 Other requirements for registrant.

Rule 45. A registrant shall do the following:

(a) Obtain documentation from an escrow agent with which it contracts showing when the contract funds were deposited, as well as, when and to whom they were disbursed.

(b) Obtain copies of notices and statements sent to the contract buyers/beneficiaries from the escrow agent.

(c) Ensure that such documentation as described in subdivisions (a) and (b) of this rule is produced and copies are retained.

(d) Maintain copies of any other notices and statements sent to the buyers/beneficiaries in any capacity.

(e) Maintain all records in compliance with MCL 328.218(1).

History: 2006 AACCS.

R 339.47 Reporting period.

Rule 47. (1) The department may require a registrant to produce a list as described in MCL 328.218(1) for any period ending it considers necessary for examination, review, or audit.

(2) The registrant shall ensure that adequate provisions are included in any escrow agreement necessary to implement this rule.

History: 2006 AACCS.