

SB107 INTRODUCED



1 SB107
2 ARLZUQ7-1
3 By Senators Figures, Gudger
4 RFD: State Governmental Affairs
5 First Read: 13-Jan-26



SYNOPSIS:

Under existing law, the Alabama Board of Funeral Services is responsible for the licensing and regulation of funeral establishments, funeral directors, and embalmers.

This bill would authorize the board to impose an administrative fee on each funeral establishment for each funeral arranged.

This bill would increase the initial application, renewal, branch registration, and transfer fees for a certificate of authority.

This bill would require a certificate holder to file an annual statement of any preneed activities conducted.

This bill would require a certificate holder to file an annual report relating to preneed contract activities and would authorize the board to require the filing of additional reports as needed.

This bill would also increase the initial application and renewal fees for registration as a preneed sales agent.

A BILL

TO BE ENTITLED



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AN ACT

Relating to the Alabama Board of Funeral Services; to amend Sections 34-13-30.1, 34-13-191, 34-13-192, and 34-13-199, Code of Alabama 1975; to authorize the board to impose an administrative fee on each funeral establishment for each funeral arranged; to increase the initial application, renewal, branch registration, and transfer fees relating to a certificate of authority; to require a certificate holder to file an annual statement of preneed activities conducted; to require a certificate holder to file an annual report relating to preneed contract activities and authorize the board to require the filing of additional reports as needed; and to increase the initial application and renewal fees for registration as a preneed sales agent

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 34-13-30.1, 34-13-191, 34-13-192, and 34-13-199 of the Code of Alabama 1975, are amended to read as follows:

"§34-13-30.1

(a) Beginning with the 2024 fiscal year, the Department of Insurance may transfer to the board quarterly, for deposit by the board into the Alabama Board of Funeral Services Fund, the total amount of three hundred thousand dollars (\$300,000) per fiscal year, to defray costs associated with the administration and operation of the Alabama Preneed Funeral and Cemetery Act of 2023 by the board.

(b) Unless extended by an act of the Legislature, ~~this~~



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~~section shall be repealed~~ at the end of the 2027 fiscal year subsection (a) and this subsection shall have no further effect.

(c) Beginning June 1, 2026, upon each final disposition for which a funeral establishment makes funeral arrangements or otherwise renders services regulated by this chapter, the board may require each funeral establishment to pay an administrative fee, not to exceed thirty dollars (\$30), to the board for deposit by the board into the Alabama Board of Funeral Services Fund. The board, by rule, may provide procedures for assessing and collecting the fee."

"§34-13-191

(a) An application to the board for a certificate of authority shall be accompanied by the statement and other matters described in this section in the form prescribed by the board. Annually thereafter, or within an extension of time ~~therefor,~~ as the board for good cause may grant, the person authorized to engage in the sale of preneed contracts shall file with the board a full and true statement of his or her financial condition, transactions, and affairs, prepared on a basis as adopted by a rule of the board, as of the preceding fiscal period or at such other time or times as the board may provide by rule, together with information and data which may be required by the board.

(b) The statement shall include all of the following:

(1) The types of preneed contracts proposed to be written and the type of funding vehicles to be used.

(2) The name and address of the place of business of



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the person offering to write preneed contracts.

(3) Evidence that the person offering the statement has all of the following qualifications:

a. ~~Has the~~ The ability to discharge his or her preneed liabilities as they become due in the normal course of business and ~~has~~ sufficient funds available during the calendar year to perform his or her obligations under the contract.

b. ~~Has complied~~ Compliance with the trust requirements for the funds received under contracts issued by himself or herself as hereinafter described.

c. ~~Has disbursed~~ Compliance with the disbursement requirements for interest, dividends, or accretions earned by trust funds, in accordance with this chapter and rules adopted ~~hereunder~~ pursuant to this chapter.

d. ~~Has complied~~ Compliance with this chapter and any rules of the board.

(4) Any other information considered necessary by the board to meet the board's responsibilities under this chapter.

(c) If the person is an individual, the statement shall be sworn to by him or her; if a firm or association, by all members thereof; or, if a corporation, by any officer of the corporation.

(d) (1) An application to the board for an initial certificate of authority shall be accompanied by an application fee in an amount to be determined by the board, not to exceed ~~one hundred ninety-eight dollars (\$198)~~ five hundred dollars (\$500). Thereafter, each annual application



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for renewal of a certificate of authority shall be accompanied by the appropriate fee as determined by the board not to exceed ~~ninety-nine dollars (\$99)~~ five hundred dollars (\$500).

(2) Any person ~~or entity~~ that is part of a common business enterprise that has a certificate of authority issued pursuant to this chapter and elects to operate under a name other than that of the common business enterprise shall submit an application on a form prescribed by the board to become a branch registrant. Upon the approval of the board that the entity qualifies to sell preneed contracts under this chapter, except for the requirements of paragraph ~~a. of subdivision (3) of subsection~~ (b) (3) a., and if the certificate holder meets the requirements of paragraph (b) (3) a., a branch registration shall be issued. Each branch registrant may operate under the certificate of authority of the common business enterprise upon the payment of a fee established by the board not to exceed ~~one hundred ninety-eight dollars (\$198) accompanying the application on September 1 annually~~ five hundred dollars (\$500). Thereafter, each annual application for renewal of a branch registration shall be accompanied by the appropriate fee, as determined by the board, not to exceed five hundred dollars (\$500).

(e) Upon the board being satisfied that the statement and matters that accompany the statement meet the requirements of this chapter and of its rules, the board shall issue or renew the certificate of authority.

(f) The certificate of authority shall expire annually on October 1~~r~~ unless renewed, or at such other time or times



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as the board may provide by rule.

(g) On or before a date adopted by the board each year, the certificate holder shall file with the board in the form prescribed by the board a full and true statement as to ~~the~~ any preneed activities ~~of any trust established by it~~ pursuant to this chapter for the preceding calendar year.

(h) In addition to any other penalty ~~that may be~~ provided for under this chapter, the board may levy a fine not to exceed fifty dollars (\$50) per day for each day the certificate holder fails to file its annual statement, and the board may levy a fine not to exceed fifty dollars (\$50) per day for each day the certificate holder fails to file the statement of activities of the trust. Upon notice to the certificate holder by the board that the certificate holder has failed to file the annual statement or the statement of activities of the trust, the certificate holder's authority to sell preneed contracts shall cease while the default continues.

(i) To facilitate uniformity in financial statements and to facilitate analysis, the board, by rule, may adopt a form for financial statements. The holder of a certificate of authority may submit a written request to the board to exempt the holder from filing financial statements at renewal. The board may waive the requirement for filing a financial statement at renewal if all of the following are satisfied:

(1) No valid complaint has been filed since the last audit.

(2) No administrative action against the preneed entity



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has been instituted since the last audit.

(3) The certificate holder certifies that all outstanding preneed contracts written by the holder since April 30, 2002, are fully funded in accordance with this chapter.

(4) The certificate holder certifies that it will fully fund all preneed contracts with life insurance, or annuity, or will deposit 100 percent of all funds collected on all preneed contracts in trust within 30 days after the end of the calendar month in which the funds are collected.

(5) The preneed entity has provided to the board in a timely manner all required and requested records.

(6) The preneed entity agrees to file reports of its preneed activity on a form, in a format, and as often as prescribed by the board.

(j) The board may authorize the transfer of certificates of authority and establish fees for the transfer in an amount not to exceed ~~one hundred thirty-two dollars~~ ~~(\$132)~~ one thousand dollars (\$1,000). Upon receipt of an application for transfer, the board may grant a temporary certificate of authority to the proposed transferee, based upon criteria established by the board, by rule, ~~which~~. The criteria shall promote the purposes of this chapter in protecting the consumer. A temporary certificate of authority shall expire 60 days after issuance unless renewed by the board."

"§4-13-192

(a) ~~On or before July 1, each~~ Each year, the



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certificate holder shall file ~~a report~~ one or more reports of its preneed contract activity on a form or in a format prescribed by the board and as often as deemed necessary by the board. The information reported shall include the total number of preneed contracts in force at the end of the previous calendar year, the total number of preneed contracts sold during the previous calendar year, the total number of preneed contracts fulfilled during the previous calendar year, the total number of preneed contracts in force at the end of the previous calendar year, and such other information as may be required by the board. The report shall be organized by type of funding, including life insurance, annuity, trust, letter of credit, or surety bond. The report shall also provide a certification by the trustee of the amount of assets held by the trust at the beginning of the reporting period and at the end of the reporting period, together with the amount of deposits and withdrawals during the reporting period. ~~If a certificate holder twice defaults in complying with the requirements of this subsection, the board may require that the certificate holder thereafter submit the report within 45 days after the end of each calendar quarter and shall continue so reporting for a time to be determined by the board.~~

(b) The certificate holder shall maintain a written log of preneed sales. The log shall be on a form or in a format prescribed by the board, shall detail all information required by the board, and shall be available for inspection at any time by the board.

(c) Each cemetery authority shall maintain a written



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log of the sale of cemetery interment rights. The log shall be on a form or in a format prescribed by the board and shall detail all information required by the board.

(d) The board may maintain a statewide database of preneed contracts reported to the board pursuant to subsection (a). The board may make information in this database searchable by the public by means of unique identifiers, or any other means, that the board determines respects the privacy of those involved while also protecting consumers from financial waste by allowing families to determine if a deceased loved one has an existing preneed contract. Any preneed consumer who does not wish for his or her information to appear in this searchable database may opt out by following a process established by the board."

"§34-13-199

(a) All individuals who offer preneed contracts to the public, or who execute preneed contracts on behalf of a certificate holder, shall be registered with the board as preneed sales agents, pursuant to this chapter.

(b) All preneed sales agents and funeral directors acting as preneed sales agents shall be affiliated with the certificate holder that they are representing.

(c) A certificate holder shall be responsible for the activities of all preneed sales agents and all funeral directors acting as preneed sales agents who are affiliated with the certificate holder and who perform any type of preneed-related activity on behalf of the certificate holder. In addition to the preneed sales agents and funeral directors



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acting as preneed sales agents, each certificate holder shall also be subject to discipline if its preneed sales agents or funeral directors acting as preneed sales agents violate this chapter.

(d) A preneed sales agent and a funeral director acting as a preneed sales agent may sell, offer, and execute preneed contracts on behalf of all properly licensed entities owned or operated by the sponsoring certificate holder.

(e) An individual may begin operating as a preneed sales agent as soon as a completed application for registration, as set forth in subsection (g), is approved by the board.

(f) (1) The qualifications for a preneed sales agent are as follows:

a. The applicant must be at least 18 years of age.
b. The applicant must be in good standing with the board.

c. The applicant may not have any felony or misdemeanor convictions that relate to any activity regulated by this chapter or a crime involving moral turpitude, as defined by this chapter.

d. The applicant shall be of good moral character and submit to a criminal history background check pursuant to subdivision (2).

(2) An applicant for licensure as a preneed sales agent shall submit to the board, on a form sworn to by the applicant, his or her name, date of birth, Social Security number, and two complete sets of fingerprints for completion



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of a criminal history background check. The board shall submit the fingerprints to the Alabama State Law Enforcement Agency for a state criminal history background check. The fingerprints shall be forwarded by the agency to the Federal Bureau of Investigation for a national criminal history background check. Costs associated with conducting a criminal history background check shall be paid by the applicant. The board shall keep information received pursuant to this subdivision confidential, except that information received and relied upon in denying the issuance of a certificate of authority may be disclosed if necessary to support the denial. All character information, including the information obtained through the criminal history background checks, shall be considered in licensure decisions to the extent permissible by all applicable laws.

(g) An application for registration as a preneed sales agent shall be submitted to the board with an application fee determined by the board, ~~but not to exceed thirty-three dollars (\$33)~~ two hundred dollars (\$200), by the certificate holder in a form that has been prescribed by board rule. The application shall contain, at a minimum, all of the following:

(1) The name, address, Social Security number, and date of birth of the applicant and any other information as the board may reasonably require of the applicant.

(2) The name, address, and license number of the sponsoring certificate holder.

(3) A representation, signed by the applicant, that the applicant meets the requirements set forth in subsection (f).



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(4) A representation, signed by the certificate holder, that the applicant is authorized to offer, sell, and sign preneed contracts on behalf of the certificate holder and that the certificate holder has trained the applicant in this chapter relating to preneed sales, the provisions of the certificate holder's preneed contract, and the nature of the merchandise, services, or burial rights sold by the certificate holder.

(5) A statement indicating whether the applicant has any type of working or agency relationship with any other certificate holder or insurance company.

(h) An individual may be registered as a preneed sales agent on behalf of more than one certificate holder, provided that the individual has received the written consent of all certificate holders.

(i) A certificate holder who has registered a preneed sales agent shall notify the board within 30 days after the individual's status as a preneed sales agent has been terminated.

(j) Upon approval of an application that complies with all of the requirements of subsection (g), the board shall register the applicant. The board, in accordance with this chapter, shall provide for annual renewal of registration upon receipt of a renewal application and a renewal fee not to exceed ~~thirty-three dollars (\$33)~~ two hundred dollars (\$200) as set by the board."

Section 2. This act shall become effective on June 1, 2026.