

367.942 Records of licensee -- Examination by Attorney General.

- (1) Every licensee shall keep and maintain adequate records including but not limited to the following:
 - (a) A cash receipts journal listing moneys received in chronological order, dates, and amounts received, and identification of the payor or purchaser;
 - (b) A cash disbursement journal containing the same information for moneys disbursed. If a separate bank account is kept exclusively for any such funds, the checkbook could be used as a cash disbursement journal;
 - (c) A "reconciliation" done at least once every twelve (12) months. The reconciliation shall indicate the beginning balance in the trust account, payments received during the period, interest earned during the period, disbursements on either cancellation or the death of the beneficiary, and the ending balance for the period. The ending balance for each period is determined as follows:

Beginning Balance
+ Payments received
+ Interest
- Disbursements
Ending Balance;
 - (d) Documentation files supporting the reconciliation and containing the preneed burial contract. Each file, consisting of a separate file for each contract, should include the name and address of the purchaser, the beneficiary, and the financial institution in which the trust funds were deposited. Passbooks, certificates, and other evidence of the account with the financial institution should be kept with the individual files, depending on the safety and security of the files; and
 - (e) A certified copy of a verification of death, issued by the state registrar of the Vital Statistics Branch or its successor agency as authorized by KRS Chapter 213, or a provisional certificate of death as described in KRS 213.076, upon the death of each person for whose service funds were paid to the licensee by the trustee under a preneed burial contract.
- (2) All sales, trust fund, and accounting records of the agent licensee shall be readily available at the agent's principal place of business in this state at reasonable times for examination by an authorized representative of the Attorney General's office.
- (3) The necessary expenses of any examination made pursuant to this section shall be paid by the licensee, but in no case shall the Attorney General or his or her authorized representatives be paid more than the actual expenses of such examination not to exceed the lesser of the following amounts: one hundred dollars (\$100) per day for each auditor or five dollars (\$5) for each agent's sales contract examined. The agent may pay for this expense using interest moneys which have accrued on the agent's existing preneed funeral trust fund accounts. Any withdrawal of interest for this purpose shall be taken as a pro rata share of all of the agent's existing preneed funeral trust fund accounts. The Attorney General shall be advised in writing by the agent when interest moneys

is the source of payment and shall receive written certification from the financial institution or agent that the withdrawal was a pro rata share.

- (4) This section shall apply to examinations of all preneed funeral contracts whether entered into prior to or after July 13, 1984.

Effective: July 12, 2006

History: Amended 2006 Ky. Acts ch. 102, sec. 2, effective July 12, 2006. -- Amended 1992 Ky. Acts ch. 305, sec. 2, effective July 14, 1992. -- Created 1984 Ky. Acts ch. 116, sec. 6, effective July 13, 1984.