Non-Compliance Issue #1 – Incorrect contract numbering sequence
Exhibits A, B, & C – column #4 – ‘Contract Number’

Statute References:
Code of Iowa
523A.604 Purchase agreements — numbering.
Purchase agreements for cemetery merchandise, funeral merchandise, funeral services, or a combination thereof shall be sequentially numbered by each seller in compliance with procedures specified by the commissioner by rules adopted under chapter 17A.
2007 Acts, ch 175, §24

Iowa Administrative Code
(Emergency filed 9/28/07 - published 10/24/07, effective 9/28/07)
191—105.2(523A) Numbering purchase agreements. Preneed sellers shall assign numbers, in sequential order, to each purchase agreement sold during a calendar year.
105.2(1) Prenumbered contracts are not required. If a contract is not prenumbered, the sales agent shall write the contract number on the purchase agreement at the time it is executed.
105.2(2) The copy of the purchase agreement given to the purchaser shall include the contract number assigned to the purchase agreement.
105.2(3) If a correction to the contract number is required, the correction shall be recorded in the sales logs required by subrule 105.3(3), and documentation that retains evidence of the initial number used shall be maintained.
(Filed 10/16/08, Notice 7/2/08 - published 11/05/2008, effective 12/10/08)
105.2(4) A numbering system that consists of a two-part number separated by a hyphen would satisfy this rule. The first portion of the number would be the date the contract was written. The second portion of the number would be sequential and indicate the number of contracts executed by the preneed seller, to date, in the applicable calendar year. A preneed seller with multiple locations may use a prefix to identify each location by number. A preneed seller with multiple sales agents may use a numerical suffix to identify the sales agent.

Preneed Seller = business entity
Sales Agent = person selling for the business entity (Preneed Seller)
Prefix = added to the beginning
Suffix = after/at the end of

Instructions References:
Instructions: page 3, Column 4
Input the applicable contract number assigned to the preneed contract per Iowa laws and rules, indicating the number of contracts executed by the Preneed Seller, to date, in the applicable calendar year. Do not input/utilize the trust account number or the insurance policy number. If additional money is being added to an existing preneed contract written prior to 07/01/2007, there may not be an applicable contract number. If there is not a contract number, then leave the data field cell empty. If adding money to an existing contract (without any changes) do not issue a new preneed contract number, but utilize the existing contract number. If new preneed merchandise/services are being purchased, which are not included in the existing contract, a new contract is required to be written, and is not considered to be an 'add-on'. (See below*)

Q&A: page 4, #26
Q. What is the ‘Contract Number’? (#4 Ex. A, B & C)
A. Effective 7/1/2007, the contract number is the number that has been assigned to the preneed contract by the preneed business entity, per Iowa laws and rules. It is not a bank account or insurance policy number.
(See below*)
Non-Compliance Issue #1 – Incorrect contract numbering sequence (continued)

*This paragraph sets for the Division's expectations and policy regarding contract numbering systems. A Preneed Seller using a numbering system not conforming to this paragraph should contact the Division. Exceptions will be granted upon a showing of good cause.

a. The contract numbering system is to be created by the Preneed Seller and the Preneed Seller is to assign the contract numbers.

b. Each purchase agreement sold during a calendar year shall be uniquely identified by number; however, pre-numbered contracts are not required.

c. In conjunction with the Preneed Seller's sales log, the numbering system shall allow the Division's investigators and examiners to determine the number of contracts executed by the Preneed Seller in Iowa each calendar year and test unused numbers. The contract numbers must be sequential without any breaks in the numbering sequence other than numbers issued but not used and voided as the result of errors, lack of execution, etc. In the event of a corrected contract number, the correct(ed) contract number shall be reported on the annual report and the initial number used on the purchase agreement shall be marked as a voided contract number in the Preneed Seller's sales log.

d. The numbering sequence shall include only preneed purchase agreements sold in Iowa.

e. Contract numbering systems shall be hyphenated, in order to clearly show a sequential order in the root portion of the number, unless approved by the Division. The root portion of the number shall be separated from the remainder of the contract number by a hyphen or hyphens.

f. Unless pre-numbered contracts are used, contract numbers shall include the date or year the contract was executed using either the entire year or the last two numbers of the year and the numbering sequence shall begin on January 1st and end on December 31st of each year.

g. The preferred numbering system is a two-part number separated by a hyphen in which the first portion of the number is the date or year the contract was executed and the second portion of the number is sequential and indicates the number of contract numbers assigned by the Preneed Seller to date, including any voided contract numbers, in the applicable calendar year.  
   \[2012-1, 2012-2, 2012-3, \text{etc.}, \text{or} \ 12-1, 12-2, 12-3, \text{etc.}\]

h. The root portion of the contract number may include two letters used to identify two connected agreements executed on the same date with the same purchaser where the dichotomy is solely to separate non-guaranteed price items from guaranteed price items. The letters "GD" shall be used to identify a guaranteed price agreement, and "NG" shall be used to identify a non-guaranteed price agreement. In these situations, where one agreement is guaranteed and the other is not and the only difference in the contract numbers is the two additional letters, the two agreements shall be treated as one contract for reporting and filing fee purposes. 
   \[2012-1\text{GD}, 2012-1\text{NG}, \text{or} \ 12-1\text{GD}, 12-1\text{NG}\]
i. A Preneed Seller with multiple sales agents may use a numerical prefix or suffix to identify the sales agent, if separated by a hyphen, or the root portion of the contract number may include two to three letters to identify the applicable sales person.

   3-2012-1, 1-2012-2, 1-2012-3, 2-2012-4, or 3-12-1, 1-12-2, 1-12-3, 2-12-4
   2012-1-3, 2012-2-1, 2012-3-1, 2012-4-2, or 12-1-3, 12-2-1, 12-3-1, 12-4-2
   2012-1AB, 2012-2CD, 2012-3EFG, 2012-4CD, or 12-1AB, 12-2CD, 12-3EFG, 12-4CD

j. A Preneed Seller with multiple locations may use a prefix or suffix, if separated by a hyphen, to identify the location where the contract was executed or the root portion of the contract number may include letters or words to identify the applicable locations.

   3-2012-1, 1-2012-2, 1-2012-3, 2-2012-4, or 3-12-1, 1-12-2, 1-12-3, 2-12-4
   2012-1-3, 2012-2-1, 2012-3-1, 2012-4-2, or 12-1-3, 12-2-1, 12-3-1, 12-4-2

---

Form view:

<table>
<thead>
<tr>
<th>3* Beneficiary Name (if different)</th>
<th>4* Contract Number</th>
<th>5* Original Date of Contract</th>
</tr>
</thead>
</table>

---

V-1-3
Non-Compliance Issue #2 – Original Contract Date not input
Exhibits A, B & C – column #5 – ‘Original Date of Contract’

Statute Reference
Iowa Administrative Code
105.4(1) Annual reports by preneed sellers. A licensed preneed seller shall file a completed annual report form with the commissioner on or before April 1 each year. The form and instructions may be obtained through the commissioner’s Web site. The report shall include a list of contracts sold during the year covered by the report, including the date of each contract, the total purchase price, the name of the purchaser, the name of the beneficiary and, for each contract sold after July 1, 2007, the number assigned to the contract. Along with submitting the report, the preneed seller shall submit a filing fee, as set forth in Iowa Code Supplement section 523A.204.

Instructions References:
Instructions - page 4, Column #5
Input the date that the original preneed contract was signed by the Purchaser/Owner and the Preneed Seller (business entity) for every contract that is listed on this report (new, existing, add-on payments or death withdrawals). This is not the date that the funding agency provides and/or completes their processing.

Q&A – page 5, #27
Q. What is the ‘Original Date of Contract’? (#5 Ex. A, B & C)
A. This is the date that the original preneed contract was signed by all interested parties, and went into effect. The original contract date is to be input for ‘add-on’s’ (see #21 above). It is not the date that the financial institution/insurance company provides.

Form view – Ex. A, B, & C:

<table>
<thead>
<tr>
<th>4* Contract Number</th>
<th>5* Original Contract Date</th>
<th>6* Original Contract Dollar Amount</th>
</tr>
</thead>
</table>

V-2
Non-Compliance Issue #3 – Incorrect Filing Fee Amount Due calculated
Cover & Calcs. page, item 4g

Statute Reference:
Administrative Code of Iowa
IAC 191-105.4(1) - Annual reports by preneed sellers. A licensed preneed seller shall file a completed annual report form with the commissioner on or before April 1 each year. The form and instructions may be obtained through the commissioner’s Web site. The report shall include a list of contracts sold during the year covered by the report, including the date of each contract, the total purchase price, the name of the purchaser, the name of the beneficiary and, for each contract sold after July 1, 2007, the number assigned to the contract. Along with submitting the report, the preneed seller shall submit a filing fee, as set forth in Iowa Code Supplement section 523A.204.

Instructions References:
Instructions – page 2 – ‘First page of report’ paragraph, Item #4g
g. This is the state filing fee amount due for the calendar year 2012 Preneed Seller’s Annual Report adding lines 4c & 4f together, which calculates automatically.

Q&A – pages 1 & 2 - #7 & #8
7. Q. Is the $20 contract fee due and payable on all contracts?
   A. No. The $20 contract fee is only due and payable on each new preneed contract for merchandise and services written during the 2012 calendar year. It does not matter if the preneed contract involves more than one source of funding (more than one insurance policy or more than one bank account). This fee is not required to be paid when adding additional money to existing preneed contracts, as additional funds can be added to an existing contract and a new preneed contract is not necessary for that purpose. However, to the extent that two preneed contracts were written at different times and each contract has different preneed products/services which are not on the other contract, each contract would be subject to the fee in the year written. Enter the number of new preneed contracts/purchase agreements sold from 01-01-12 through 12-31-12. A new preneed contract is reportable even if cancelled or a death occurs in the same year, and the fee applies. It is set in statute by legislature and there are no exemptions. The only time the fee is not due and payable is when the contract is cancelled within three (3) business days per the Door-To-Door Sales Act, or within the cancellation time period specified in the contract and with all money having been refunded to the Purchaser, per 523A.602. --- line 4c

8. Q. Is the $5 Sales Agent fee only due and payable for new employees/appointees during 2012; or if the Sales Agent did not have any sales in 2012?
   A. The $5 Sales Agent fee is due and payable for each preneed licensed employee appointed to sell preneed products/services for the business entity at any time during 2012, whether the agent is new or retained. This fee applies even if the employee/appointee is no longer working for the business entity. This fee applies even if a Sales Agent did not have any sales in 2012. --- line 4f
Non-Compliance Issue #3 – Incorrect Filing Fee Amount Due calculated (continued)

Form view:

**Calculate the amount of the state filing (preneed) fees due for the calendar year 2012.**

<table>
<thead>
<tr>
<th>a.</th>
<th>Enter the number of <em>new</em> preneed contracts sold from 01-01-12 through 12-31-12. (See Instructions.) Multiply line 4a by the amount of the new contract's filing fee.</th>
</tr>
</thead>
<tbody>
<tr>
<td>b.</td>
<td>× $20.00</td>
</tr>
<tr>
<td>c.</td>
<td>Sub-Total</td>
</tr>
<tr>
<td>d.</td>
<td>Enter the total number of Sales Agents who were appointed to sell any preneed products/services at any time in 2012 for this licensed business entity, whether they made any sales or not. Multiply line 4d by the amount of the sales agent's filing fee.</td>
</tr>
<tr>
<td>e.</td>
<td>× $5.00</td>
</tr>
<tr>
<td>f.</td>
<td>Sub-Total</td>
</tr>
<tr>
<td>g.</td>
<td>Amount due for 2012. Add together lines 4c &amp; 4f.</td>
</tr>
<tr>
<td></td>
<td>STATE FILING FEE AMOUNT DUE</td>
</tr>
<tr>
<td></td>
<td>#VALUE!</td>
</tr>
</tbody>
</table>

**Note:** The State Filing Fee Amount Due (4g) calculates automatically by adding cells 4c and 4f ‘Sub-Total’ data together.
Non-Compliance Issue #4 – Exhibit tabs have not been renamed
Exhibits A, B, & C

Exhibit tabs:
The exhibit tabs are located at the bottom of the Excel window screen shot. They are labeled as:

- Instructions
- Q&A
- Cover & Calcs.
- Annual Appointment
- Ex A
- Ex B
- Ex C

Instructions Reference:
Instructions – page 1 – ‘Report Documents’ paragraph
(2nd paragraph under the yellow box)

Report Documents - Submit only one (1) set of the 2012 report documents, which includes information, data and fees for all locations combined together that are applicable to the Preneed Seller License. If you have questions about the data required in this report, please refer to the Question and Answer (Q&A) Sheet. Data is to be presented by individual location. Before you start entering data, make sure that you have enough exhibit pages added to the report. Include one (1) exhibit for each financial institution, each insurance company, and/or each surety company as necessary in order to complete the report for each business location of the licensed business entity. To add extra exhibits, place the computer mouse on the applicable exhibit tab at the bottom of the screen, and right click on the mouse. A pop-up box appears, choose the 'Move or Copy' option. In the next new pop-up box that appears, left click on the checkmark box for 'Create a Copy'. Then in the 'Before Sheet' option box, left click the mouse on the named item that you want the newly copied sheet to be placed in front of within the report. You can always move a page of the report to a new location by left clicking on the mouse and holding it down and then dragging it to the desired location. All exhibit tabs are to be renamed with the name or initials of the applicable financial institution, insurance company or surety company. To rename the tab, place the mouse over the tab, right click, and then left click on the 'Rename' option. Now identify the financial institution/insurance company name and business location by typing data on the tab. Repeat these steps for the applicable number of exhibits required to submit a complete report.
Non-Compliance Issue #4 – Exhibit tabs have not been renamed (continued)

Form view:
Non-Compliance Issue #5 – Column Total(s) not input

(also issues: #13 Column Totals; #16 col. 6; #21 col. 9; #22 col. 10; #25 col. 8 Ex. A; #28 col. 9)

Exhibits

Instructions Reference:

Instructions
page 3 – **Column #1** - Mark an 'X' in this column if the preneed contract is **new in 2012**. Adding additional money to an existing contract (without any new changes) is not a new contract. When all applicable preneed contract data has been input on this exhibit, add the number of 'X's' in this column, and **input the total at the bottom of the column**. These are the contracts that the $20.00 fee applies to. The total number of 'X's' on all the exhibits combined/added together should match the number of new contracts that are input on the Cover & Calc. page in item 4a.

page 4 – **Column #6** - Input the total/original preneed contract dollar amount. This is the amount that the preneed contract was written for on the original/effective date of the initial contract signing. After all contract data has been input for this institution/company, add the dollar amounts in this column and **input the total at the bottom of the column**.

page 4 – **Column #8 Ex. B** - Input the dollar amount of the insurance proceeds that will be paid upon the death of the beneficiary, which is determined by the insurance company. This column is not to include accumulated dividends. After all preneed contract data has been input for this insurance company, add the dollar amounts in this column and **input the total at the bottom of the column**.

page 4 – **Column #9 Ex. A** - Input the dollar amount of all payments for this preneed contract that have been deposited into its trust account in 2012. For contracts that have had more than one payment made, the **total combined dollar amount** of all payments is to be input (e.g. 1+1=2). A separate line is not required to record each payment. This column is not to include accumulated interest. After all contract data has been input for this institution, add the dollar amounts in this column and **input the total at the bottom of the column**.

page 4 – **Column #9 Ex. B** - Input the dollar amount withdrawn from the preneed contract in 2012. After all contract data has been input for this company, add the dollar amounts in this column and **input the total at the bottom of the column**.

page 5 – **Column #9 Ex. C** - Input the dollar amount of the preneed contract that is covered by the surety bond. After all contract data has been input for this institution/company, add the dollar amounts in this column and **input the total at the bottom of the column**.

page 5 – **Column #10 Ex. A** - Input the total dollar amount of the current balance of the preneed contract in the (contract) trust account as of 12/31/2012. (e.g. 1+1=2) After all contract data has been input for this financial institution, add the dollar amounts in this column and **input the total at the bottom of the column**.

page 5 – **Column #10 Ex. C** - Input the dollar amount that was removed from bond coverage in 2012. After all contract data has been input for this company, add the dollar amounts in this column and **input the total at the bottom of the column**.

page 5 – **Column #11 Ex. A** - Input the dollar amount withdrawn from the preneed contract in 2012. After all contract data has been input on this exhibit form, add the dollar amounts in this column and **input the total at the bottom of the column**.

V-5-1
<table>
<thead>
<tr>
<th><strong>Ex. A</strong></th>
<th><strong>Fee</strong></th>
<th><strong>Pd.</strong></th>
<th><strong>Beneficiary</strong></th>
<th><strong>Original Contract Date of Contract</strong></th>
<th><strong>Contract Dollar Amount Subject to 523A</strong></th>
<th><strong>Payments Received This Year</strong></th>
<th><strong>Amount Deposited in Trust This Year</strong></th>
<th><strong>Current Balance Amount in Trust Account This Year</strong></th>
<th><strong>Amount Withdrawn and/or Comments</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>(Name &amp; Address)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>xxx</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Ex. B</strong></th>
<th><strong>Fee</strong></th>
<th><strong>Pd.</strong></th>
<th><strong>Beneficiary</strong></th>
<th><strong>Original Contract Date of Contract</strong></th>
<th><strong>Contract Dollar Amount Subject to 523A</strong></th>
<th><strong>Payments Received This Year</strong></th>
<th><strong>Available Benefit This Year</strong></th>
<th><strong>Amount Withdrawn and/or Comments</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>(Name &amp; Address)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>xxx</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Ex. C</strong></th>
<th><strong>Fee</strong></th>
<th><strong>Pd.</strong></th>
<th><strong>Obligee</strong></th>
<th><strong>Original Contract Date of Contract</strong></th>
<th><strong>Contract Dollar Amount Subject to 523A</strong></th>
<th><strong>Payments Received This Year</strong></th>
<th><strong>Amount Covered by Surety Bond</strong></th>
<th><strong>Amount Removed from Bond Coverage and/or Comments</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>(Name &amp; Address)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>xxx</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Non-Compliance Issue #6 – No PS SBS Tracking ID input or incorrect ID input

Instructions Reference –
Instructions: page 1 – ‘First page of report - Cover & Calculations:’ paragraph, Item #2 - Provide the requested information regarding the Preneed Seller (funeral home or cemetery business entity). Input the actual licensed name of the preneed business entity. Input the complete assigned Preneed Seller License number which begins with 'PS-' and utilizing the 5 digit license number. (i.e. PS-00xxx.) Input the PS SBS Tracking ID number. The PS license number and SBS Tracking ID number can be found on the annual report notification letter. The Preneed Seller License number can also be found on the current Preneed Seller License Certificate.

Q&A: page 1 #4 –
4. Q. What SBS Tracking ID number do I provide?
   A. You are to input the assigned 6 digit SBS Tracking ID number that is provided/shown on your Preneed Seller's annual report notification email/letter. Do not input an individual's (Sales Agent's) SBS Tracking ID number.

Form View: (not to scale)

2. Please provide the following information regarding the Preneed Seller:

   | Name of Preneed Seller (business entity) | PS- and SBS Tracking ID |

Annual Appointment (issue #13)
Instructions - page 2 – ‘Second page of report - Annual Appointments:’ paragraph
An Annual Appointment form is required to be submitted each year. This document has been included within the Preneed Seller's Annual Report package in order to ensure that compliance requirements are met. Input applicable names, the applicable prefix (PS/SA) and 5 digit preneed license numbers, along with the applicable assigned SBS Tracking ID of the Preneed Seller and all Sales Agent's that are currently (CY 2013) appointed to sell products and services for the business entity. Do not list those that were appointed to sell in 2012 and who are no longer licensed/appointed in 2013. During the year, when an agent is either hired or terminated, the RIU must be notified within 30 days. If you do not know the SA's preneed license number and/or SBS Tracking ID, ask him/her for it.

Form View: (not to scale)
Non-Compliance Issue #7 – No SA’s SBS Tracking ID input

Annual Appointment

Instructions Reference:
Instructions: page 2, ‘Second page of report - Annual Appointments:’ paragraph

An Annual Appointment form is required to be submitted each year. This document has been included within the Preneed Seller’s Annual Report package in order to ensure that compliance requirements are met. Input applicable names, the applicable prefix (PS/SA) and 5 digit preneed license numbers, along with the applicable assigned SBS Tracking ID of the Preneed Seller and all Sales Agent's that are currently (CY 2013) appointed to sell products and services for the business entity. Do not list those that were appointed to sell in 2012 and who are no longer licensed/appointed in 2013. During the year, when an agent is either hired or terminated, the RIU must be notified within 30 days. If you do not know the SA's preneed license number and/or SBS Tracking ID, ask him/her for it.

Q&A: page 2, item #14 -
14. Q. What if the preneed license number and/or SBS Tracking ID of the Sales Agent is not known?
A. Ask the Sales Agent for the applicable numbers. The information has been provided to them in the same manner as Preneed Seller information has been provided to the business entity, via email notification letters.

Form view:

<table>
<thead>
<tr>
<th>Sales Agent’s Name</th>
<th>Sales Agent’s License # and SBS Tracking ID</th>
</tr>
</thead>
<tbody>
<tr>
<td>-</td>
<td>SA-</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Non-Compliance Issue(s) #8 – (4 issues tied for this rank)

1. Incorrect *Sub-Total fee* amount calculated
   Cover & Calcs. – 4c

Statute Reference:
*Code of Iowa*

523A.204(2) Preneed seller annual reporting requirements — penalty. A preneed seller filing an annual report shall pay a filing fee of ten dollars per purchase agreement sold during the year covered by the report. Duplicate fees are not required for the same purchase agreement. If a purchase agreement has multiple sellers, the fee shall be paid by the preneed seller actually providing the merchandise and services.

523A.814 Examination fee. In addition to the filing fee paid pursuant to section 523A.204, subsection 2, a seller filing an annual report shall pay an examination fee in the amount of five dollars for each purchase agreement subject to a filing fee that is sold between July 1, 2005, and December 31, 2007, and in the amount of ten dollars for each purchase agreement subject to a filing fee that is sold after December 31, 2007.

2005 Acts, ch 128, §5; 2007 Acts, ch 175, §33

Instructions Reference:
Instructions: page 2, ‘First page of report – Cover & Calculations,’ paragraph (continued) Item #4c
c. This is the sub-total amount for lines 4a and 4b, which will calculate automatically.

Form View:

4. Calculate the amount of the state filing (preneed) fees due for the calendar year 2012.
   a. Enter the number of *new* preneed contracts sold from 01-01-12 through 12-31-12. (See Instructions.)
   b. Multiply line 4a by the amount of the new contract’s filing fee.
   c. Sub-Total

Note: The correct amount is calculated (4c) when the correct number of new contracts is input for 4a – ‘Enter the number of *new* preneed contracts sold from 01-01-12 through 12-31-12. (See Instructions.)’
Non-Compliance Issue(s) #8 continued:

2. **Incorrect number of 2012 Sales Agents input**
   Cover & Calcs. - 4d

Statute Reference:

**Code of Iowa**

523A.504 Appointment of sales agents — fee.

2. A preneed seller shall pay an annual fee of five dollars for each sales agent appointed by the preneed seller, which fee shall be submitted with the annual report. Fees collected under this subsection shall be deposited as provided in section 505.7.

Instructions Reference:

**Instructions**: page 2, ‘First page of report– Cover & Calculations:’ paragraph continued, **Item #4d**

**d.** Input the total number of Sales Agents who were appointed to sell any preneed products/services at any time in 2012 for this licensed business entity. Even if an Appointed Sales Agent did not make any sales during the 2012 calendar year, the person is to be included in the count. (See the Q&A sheet.)

**Q&A**: page 2, #8

8. **Q.** Is the $5 Sales Agent fee only due and payable for new employees/appointees during 2012; or if the Sales Agent did not have any sales in 2012?

   **A.** The $5 Sales Agent fee is due and payable for each preneed licensed employee appointed to sell preneed products/services for the business entity at any time during 2012, whether the agent is new or retained. This fee applies even if the employee/appointee is no longer working for the business entity. This fee applies even if a Sales Agent did not have any sales in 2012.

Form View:

4. **Calculate the amount of the state filing (preneed) fees due for the calendar year 2012.**

   **d.** Enter the total number of Sales Agents who were Appointed to sell any preneed products/services at any time in 2012 for this licensed business entity, whether they made any sales or not.

   **e.** Multiply line 4d by the amount of the sales agent's filing fee.

   **f.**

<table>
<thead>
<tr>
<th>Sub-Total</th>
<th>$5.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>#VALUE!</td>
</tr>
</tbody>
</table>
Non-Compliance Issue(s) #8 continued:

3. Incorrect Sub-Total fee amount calculated
   Cover & Calcs. 4f

Statute Reference:
Code of Iowa
523A.504 Appointment of sales agents — fee.
   2. A preneed seller shall pay an annual fee of five dollars for each sales agent appointed by the preneed seller, which fee shall be submitted with the annual report. Fees collected under this subsection shall be deposited as provided in section 505.7

Iowa Administrative Code
191—105.4(523A) Annual reports.
   105.4(1) Annual reports by preneed sellers. A licensed preneed seller shall file a completed annual report form with the commissioner on or before April 1 each year. The form and instructions may be obtained through the commissioner’s Web site. The report shall include a list of contracts sold during the year covered by the report, including the date of each contract, the total purchase price, the name of the purchaser, the name of the beneficiary and, for each contract sold after July 1, 2007, the number assigned to the contract. Along with submitting the report, the preneed seller shall submit a filing fee, as set forth in Iowa Code Supplement section 523A.204.

Instructions Reference:
Instructions: page 2, ‘First page of report – Cover & Calculations;’ paragraph continued, Item #4f
   f. This is the sub-total amount for lines 4d and 4e, which will calculate automatically.

Form View:
4. Calculate the amount of the state filing (preneed) fees due for the calendar year 2012.
   d. Enter the total number of Sales Agents who were Appointed to sell any preneed products/services at any time in 2012 for this licensed business entity, whether they made any sales or not.
   e. Multiply line 4d by the amount of the sales agent's filing fee.
   f. Sub-Total #VALUE!

Note: The correct amount is calculated (4f) when the correct number of new contracts is input for 4d – ‘Enter the number of new preneed contracts sold from 01-01-12 through 12-31-12. (See Instructions.)’
Non-Compliance Issue(s) #8 continued:

4. Contract dollar amount not input
Exhibits – column 7 (Ex. A)

Statute Reference:
191—105.4(523A) Annual reports.
105.4(1) Annual reports by preneed sellers. A licensed preneed seller shall file a completed annual report form with the commissioner on or before April 1 each year. The form and instructions may be obtained through the commissioner’s Web site. The report shall include a list of contracts sold during the year covered by the report, including the date of each contract, the total purchase price, the name of the purchaser, the name of the beneficiary and, for each contract sold after July 1, 2007, the number assigned to the contract. Along with submitting the report, the preneed seller shall submit a filing fee, as set forth in Iowa Code Supplement section 523A.204.

Instructions Reference:
Ex. A & C Input the preneed contract dollar amount subject to Iowa Code section 523A. In many or most situations, this number is the same as the total contract amount. However, contracts can include items that are not subject to Iowa Code Chapter 523A. If an item is physically delivered and taken by the purchaser, such as a cremation urn, the item can be treated as an at-need item and is not subject to Chapter 523A. A common example is where a contract includes the cost of interment rights (burial space, mausoleum crypt, etc.) and/or perpetual care, which are not items subject to Chapter 523A. The amount in this column should be the total of all the remaining items on the contract which are subject to Chapter 523A. This column has nothing to do with the trusting percentage and solely seeks to identify the total of items subject to the trusting requirements or their alternatives.

Form view:

<table>
<thead>
<tr>
<th>6*</th>
<th>7*</th>
<th>8*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original</td>
<td>Contract Dollar Amount</td>
<td>Payments</td>
</tr>
<tr>
<td>Total Contract Dollar Amount</td>
<td>Subject to 523A</td>
<td>Received</td>
</tr>
<tr>
<td></td>
<td></td>
<td>This Year</td>
</tr>
</tbody>
</table>
Non-Compliance Issue #9 – Incorrect number of new preneed contracts input

Statute Reference:

Code of Iowa

523A.204  Preneed seller annual reporting requirements — penalty.
2.  A preneed seller filing an annual report shall pay a filing fee of ten dollars per purchase agreement sold during the year covered by the report.  Duplicate fees are not required for the same purchase agreement.  If a purchase agreement has multiple sellers, the fee shall be paid by the preneed seller actually providing the merchandise and services.

523A.814  Examination fee.
In addition to the filing fee paid pursuant to section 523A.204, subsection 2, a seller filing an annual report shall pay an examination fee in the amount of five dollars for each purchase agreement subject to a filing fee that is sold between July 1, 2005, and December 31, 2007, and in the amount of ten dollars for each purchase agreement subject to a filing fee that is sold after December 31, 2007.

2005 Acts, ch 128, §5; 2007 Acts, ch 175, §33

Instructions Reference:

Instructions: page 2, 'First page of report— Cover & Calculations:' paragraph continued, Item #4a:
4a  Input the number of new preneed contracts/purchase agreements sold from 01-01-2012 through 12-31-2012.  A new preneed contract is reportable if a death occurs within the same year, unless it is cancelled within the 3 day Door-to-Door Sales Act time frame or as provided in the contract wording, and the fee applies. It is set in statute by the legislature and there are no exemptions. This number is to equal the total (combined) number count of "X's" (new contracts) of all the exhibit pages, and the Column 1 Total(s) of all exhibits combined.

Q&A: page 1, #7:
7. Q. Is the $20 contract fee due and payable on all contracts?
A. No. The $20 contract fee is only due and payable on each new preneed contract for merchandise and services written during the 2012 calendar year. It does not matter if the preneed contract involves more than one source of funding (more than one insurance policy or more than one bank account). This fee is not required to be paid when adding additional money to existing preneed contracts, as additional funds can be added to an existing contract and a new preneed contract is not necessary for that purpose. However, to the extent that two preneed contracts were written at different times and each contract has different preneed products/services which are not on the other contract, each contract would be subject to the fee in the year written. Enter the number of new preneed contracts/purchase agreements sold from 01-01-12 through 12-31-12. A new preneed contract is reportable even if cancelled or a death occurs in the same year, and the fee applies. It is set in statute by legislature and there are no exemptions. The only time the fee is not due and payable is when the contract is cancelled within three (3) business days per the Door-To-Door Sales Act, or within the cancellation time period specified in the contract and with all money having been refunded to the Purchaser, per 523A.602.

Form view:

4. Calculate the amount of the state filing (preneed) fees due for the calendar year 2012.
   a. Enter the number of new preneed contracts sold from 01-01-12 through 12-31-12. (See Instructions.)
Non-Compliance Issue #10 – Dollar amount of payments received this year not input
Exhibit A – column #8

Instructions Reference:
Instructions: page 4, ‘Additional pages of the report – Exhibits (A, B, & C)’ paragraph continued, Column 8:

8  Ex. A & C  Input the dollar amount of all payments received from the purchaser/owner in 2012 for the preneed contract. For contracts that have had more than one payment made, the total combined dollar amount of all payments is to be input. (e.g. 1+1=2) A separate line is not required to record each payment.

Form view:

<table>
<thead>
<tr>
<th>7* Contract Dollar Amount Subject to</th>
<th>8* Payments Received This Year</th>
<th>9* Amount Deposited in Trust This Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>523A</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>