



Senator Matt Bartle – Serving Jackson County

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Protecting Consumers from Pre-need Funeral Contract Scams

The last things any family wants to worry about after a loved one passes away are the costs and arrangements associated with a funeral. To help their families avoid this painful process and ease the financial burden, many Missourians pay for their own funerals in advance through what are called pre-need funeral contracts.

A pre-need funeral contract is an arrangement that requires payment up-front for the future delivery of funeral or burial services and can be purchased at most funeral homes. The consumer pays a fixed amount and receives the guarantee that, upon death, the full costs of the funeral, burial or cremation will be covered—regardless if the future cost is higher than what was originally paid. These payments are held in a trust, CD or some other investment vehicle, and the interest is used to pay for rising costs of inflation when a funeral is eventually required.

However, because of the elapsed time between payment and service, the potential for mismanagement is always present. Such is the case with the collapse of a St. Louis-based company (along with two related insurance companies housed in Texas) that provided pre-need funeral contracts. These failures are expected to affect thousands of consumers from several states.

As a result of legislation passed in 2008 ([Senate Bill 788](#)), the Joint Committee on Pre-need Funeral Contracts was established for the purpose of studying and analyzing the consumer and economic impact of the pre-need funeral contract industry in Missouri. The committee made its recommendations to the Legislature in the form of [Senate Bill 1](#),

which has been discussed in the Senate over the past several days. This consumer protection bill, among other things, requires pre-need providers to be registered to conduct business in Missouri and to be of good moral character. It also allows buyers to cancel a pre-need contract at any time without cause and requires companies selling these contracts to issue a yearly report detailing information about how they are managing their funds. The legislation also increases the power of the Board of Funeral Directors to give it authority to investigate and audit companies who sell this product to consumers.

The common-sense regulations set forth in SB 1 provide an extra level of protection for Missourians who either already have a pre-need contract or are planning to sign one in the future. This bill awaits a vote in the Senate before being sent to the House of Representatives for its consideration.

If you have any comments or questions about this week's column or any other matter involving state government, please do not hesitate to contact me. You can reach my office by e-mail at matt_bartle@senate.mo.gov or by phone at (888) 711-9278. My web address is <http://www.senate.mo.gov/bartle>.

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