

HB 1131 -- FUNERAL CONTRACTS

SPONSOR: Black (7)

This bill requires the Director of the Division of Finance within the Department of Insurance, Financial Institutions and Professional Registration, to establish a preneed funeral contracts trust.

The bill requires the division to appoint a trustee to be responsible for all operations of the trust. The trustee must be located in Missouri and have surplus and capital of \$1.5 billion. The trustee shall have full power and authority for its own use and benefit to ask, demand, collect, prosecute, dismiss, or settle any suit or proceedings at law in its prosecution of any suits or proceedings against any insurer, persons, or entities related in any way to such contracts on behalf of its providers.

All new preneed funeral contracts placed in the preneed funeral contracts trust shall be nonguaranteed contracts with an annual return of 4%.

The trustee must issue a promise to pay to the state of Missouri on all state tax credits paid by the state. The trustee must also issue a promise to pay to all providers for all death claims, contracts, orphan contracts, interest on all provider contracts (that are held by participating providers), and claims not fully paid to date. Contract providers are not obligated to preform services on the contracts held by providers who participate in the state trust until paid in full by the state trustee. After the trustee makes the payments required, the trustee must create a cash reserve to indemnify the trust indefinitely, and then must satisfy all state tax credits.