

May 16, 2008

Dear Funeral Director,

The National Prearranged Services, Inc., (NPS) problem is not solved. The group of funeral directors that met in Chillicothe two weeks ago voted to form a group designed to pursue all options in getting the money back. The group is comprised solely of firms that are NPS providers.

The Group elected a board of directors. The Board met and agreed on several things. The first was the name of the new group. After discussion, the board agreed upon Consumers Funeral Assurance (CFA). Scott Lindley, Chillicothe, MO, was selected as President of the CFA, Steve Lewis, Palmyra, MO, as Vice-President, and Brad Speaks, Independence, MO, as Secretary/Treasurer. These officers form the executive committee.

The Board gave the executive committee the authority to do only one thing – to pursue all avenues to recover on the NPS contracts by finding any available resources for payment and looking for solutions.

The executive committee has met with representatives of the Attorney General, the Department of Insurance, the Missouri Guaranty Association, the Lt. Governor, Bremen Bank (the last trustee of the funds), NPS and Lincoln Memorial, the Auditor's office, and the Secretary of State's office. They have also lobbied hard in the legislature. Those efforts are all bearing fruit, although there is a lot yet to be done.

One of the most critical issues being addressed is the need to arrange immediate cash flow financing for CFA members. Most firms will experience cash flow problems in the very near future. Various options are being explored. Meetings with the Missouri Guaranty Association have been fruitful and it appears that they may be able to step in to help. The plans backed by whole life insurance policies are in the best position.

However, it has been learned that there are approximately 6,763 NPS contracts that are not funded with either term life insurance or cash and the state guarantee fund will not protect those accounts. Those contracts constitute the "black hole" with which we are most concerned. If that number is higher, then of course the problem is magnified. It seems certain that in order to get any state funds to cover the gap we may need to investigate the formation of a quasi-state agency organization to assist with the payment of these claims. Direct State relief would probably never flow directly to any one funeral home.

In the event lawsuits are needed in the future, CFA will stand together. In the meantime, in order to participate in some of the cash flow solutions that are being discussed, the funeral homes would need to be members of CFA.

To bring you up to date on the facts, a meeting is planned for 1:00 p.m. on Wednesday, May 21, at the Stoney Creek Inn, in Columbia, Missouri. Please plan to attend the meeting on Wednesday. Your participation is crucial to our mutual success. If you are aware of other NPS providers, please let them know about the meeting and encourage them to attend as well. We have a lot of work in front of us. Please bring to the meeting the latest NPS printouts you have that will provide information as to whether the account was backed by whole life, term, or no insurance. We must identify who holds these 6,763 contracts in question.

If you have questions or concerns, please call Scott Lindley at 660-247-3364, Steve Lewis at 573-248-4604, or Brad Speaks, at 816-807-2484.

Sincerely,
Brad Speaks
Secretary/Treasurer