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## Funeral homes must honor pre-need contracts

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The state comptroller's office and funeral home directors insist that no one who has purchased a pre-need contract guaranteeing payment of their funeral expenses is at risk.

"I can tell you that the clients I represent are doing the right thing here," said Ed Wallace, attorney for funeral home directors who are suing the Illinois Funeral Directors Association. "They're honoring those contracts despite the failure of the defendants to do their job."

In the lawsuit, filed Wednesday in Sangamon County, funeral directors say they are morally, ethically and contractually obligated to pay for funerals if consumers have purchased guaranteed pre-need contracts.

Terry Plummer, a Litchfield funeral home director, said the Illinois comptroller's office has made it clear to funeral directors that they must honor the contracts, even if the money comes from their own pockets instead of the IFDA's allegedly mismanaged trust fund. Plummer also said surety bonds purchased by funeral homes would cover consumers even if a home goes bankrupt.

Carol Knowles, spokeswoman for Comptroller Dan Hynes, said the comptroller's office will step in if someone with a guaranteed pre-need contract doesn't get the services paid for.

"We would be there to intercede," Knowles said.

Not everyone is confident that the holders of pre-need contracts are safe.

"They are not at direct risk, but they have some indirect risk," said David Nixon, a Chatham funeral home consultant. "If a funeral home cannot stay in business because they're not getting the revenues they were expecting, then what happens to those pre-need policies?"

Nixon said small funeral homes with big investments in the IFDA's troubled trust fund could be bankruptcy risks, a view shared by John Duggan, an Aurora lawyer who is suing the IFDA on behalf of two women who hold pre-need contracts.

Most funeral homes will honor contracts, Duggan predicted, but some might not have the money to do so.

"The whole purpose of this trust is to protect the consumer from the possibility that the funeral home will default or go out of business," Duggan said. "Some of them (funeral homes) are going to fail because of this mismanagement of the IFDA trust. When a funeral home fails, the families will not get the benefits they expected when they signed their guaranteed contracts.

"The consumer is at risk, and so is the funeral home."

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