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## NFDA Releases Guidelines for Evaluating Preneed Trusts and Insurers

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Brookfield, Wis. – The National Funeral Directors Association (NFDA) has released guidelines to help funeral directors evaluate the financial stability of companies that provide trust and insurance products to individuals who wish to prepay for their funeral or burial expenses. The guidelines are part of the association's *Preneed With Integrity™* initiative. The goal of *Preneed With Integrity™* is to raise the bar on ethics and professional practices in the arena of advance funeral planning.

According to NFDA President John Reed, CFSP, CPC, "As funeral directors, it's our responsibility to research and evaluate the financial strength and business practices of any preneed trust or insurance company whose products and services we are considering to make available to the families we serve."

The guidelines for evaluating preneed trusts encourage funeral directors to have a complete understanding of the state laws that govern preneed trust agreements, including trusting requirements and the percent of trust funds that must be deposited. The guidelines also suggest that funeral directors ask trust administrators for detailed information about the trust and its operations, its management history, and current performance and business practices.

According to the Guidelines, funeral directors should look for trusts that offer good net investment growth, complete investment and financials transparency, and a strong balance sheet.

When evaluating preneed insurers, funeral directors should check with the department of insurance in their state for information about laws and regulations that govern preneed insurance agreements, to determine if the insurer is licensed, and to check the insurer's complaint record. The guidelines recommend asking the insurer for detailed information about its balance sheet strength, operating performance, business profile and practices, management history, and compliance with all state and federal laws and regulations. Funeral directors should also check with an independent rating service for a third-party evaluation of an insurer's financial strength.

The guidelines state that insurers should have a good investment portfolio mix, investment quality, a good total return on the investment portfolio and a strong balance sheet.

NFDA's "Guidelines for Evaluating Preneed Trusts" and "Guidelines for Evaluating

Preneed Insurers" are available to members free of charge through the association's FaxBack system. The system can be accessed by visiting [www.nfda.org/faxback.php](http://www.nfda.org/faxback.php). NFDA members that need assistance navigating the FaxBack system should call their personal NFDA member services representative at 800-228-6332.

NFDA is the world's leading funeral service association, serving 19,000 individual members who represent more than 10,200 funeral homes in the United States and internationally. From its headquarters in Brookfield, Wis., and its Advocacy office in Washington, D.C., NFDA informs, educates and advocates to help members enhance the quality of service they provide to families. For more information, visit [www.nfda.org](http://www.nfda.org).

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