



**Texas Department of Insurance**  
**www.tdi.state.tx.us - Consumer Helpline 1-800-252-3439**

*April 9, 2008*

## **Insurance, Banking Departments Issue Orders on Companies Involved With Pre-Need Funeral Contracts**

AUSTIN – The Texas Department of Insurance (TDI) has issued a Hazardous Financial Condition Order for Memorial Service Life Insurance Company, Lincoln Memorial Life Insurance Co., and National Prearranged Services, Inc. pursuant to Chapter 404 of the Texas Insurance Code. At the same time, the Texas Department of Banking (DOB) entered into an Agreed Order with National Prearranged Services, Inc., to cease selling prepaid funeral benefits contracts pursuant to Chapter 154 of the Texas Finance Code.

National Prearranged Services (NPS) of St. Louis sells pre-need funeral contracts in several states and is licensed in Texas by the DOB to sell insurance-funded prepaid funeral benefits contracts. NPS has approximately 39,000 insurance-funded prepaid funeral benefits contracts outstanding in Texas. NPS is a general agent for Lincoln Memorial Life Insurance Company and Memorial Service Life Insurance Company. NPS is ultimately owned by a Trust created by the Cassity family in the state of Missouri.

Lincoln Memorial Life Insurance Company and Memorial Service Life Insurance Company were placed in supervision by TDI in October 2007. Routine oversight activities by TDI revealed a significant amount of surrendered transactions by the companies at the end of 2006. In March 2008, TDI issued an order for the companies to cease writing new business in Texas. These actions were confidential, by statute.

The TDI-issued Hazardous Financial Condition Order requires the companies to establish a plan to pay policyholder claims and to address existing contracts.

The DOB-issued Agreed Order requires NPS to cease selling prepaid funeral benefits contracts in Texas. The DOB Order also requires NPS to take actions to comply with Chapter 154 of the Texas Finance Code for outstanding contracts and to return all prepaid funeral benefits contracts and associated payments received since March 17, 2008 to the purchasers. Finally, the DOB Order requires NPS to initiate actions to remove NPS as the policy beneficiary for policies issued in conjunction with Texas prepaid funeral benefits contracts.

"While every effort was made to secure the companies and return them to normal operations, the decision was made to take this regulatory action," said Texas Insurance Commissioner Mike Geeslin. "As we move forward, our goal is to use every law on the books to protect consumers, coordinate with other regulators and states and - most importantly - keep all parties informed as issues develop."

"It is imperative that we work closely with NPS and the funeral providers to ensure all Texas consumers receive their prepaid funeral goods and services as originally promised," said Texas Banking Commissioner Randall James.

TDI, the DOB and regulators in other states will continue to work with NPS, Memorial Service Life Insurance Company and Lincoln Memorial Life Insurance Company for a reasonable resolution for consumers in Texas and elsewhere.

Texas consumers with pre-need funeral contracts funded by insurance policies written by Memorial

Service Life can expect that the policies will be paid up to the face amount. However, it is unlikely that funeral providers will receive any additional compensation in the form of a policy or contract growth payment from NPS which will affect the 650 Texas funeral homes who have agreed to service the prepaid contracts as the funeral providers.

Consumers and insurance agents with questions about the status of a pre-need funeral contract should contact TDI's Consumer Protection at (800) 252-3439 or the DOB at (877) 276-5554. Funeral home operators/agents should direct questions to the DOB.

For more information contact: [PIO@tdi.state.tx.us](mailto:PIO@tdi.state.tx.us)

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