

Controversial funeral legislation dies

Other bill makes it easier to use life insurance for burials

By Daniel Connolly

Sunday, May 25, 2008

A proposal to allow Tennessee funeral directors to keep more money from prepaid contracts didn't make it through the legislature this session and was replaced by a less controversial measure that will loosen restrictions related to life insurance.

A leader of a consumer advocacy group said its members worked hard to block the original proposal.

"A good many of us contacted our legislators," said Paul Blankenship of the Funeral Consumers Alliance of the Mid-South.

This year, the group's Vermont division raised concerns about a bill that would have allowed funeral directors to take up to 10percent of the money people spend on prepaid funerals.

The funeral directors would have been required to contribute a portion of the payment to bail out victims of funeral fraud, but could stop contributing when the amount reached \$2.5 million.

The change would have been a departure from current Tennessee rules, which require that 100 percent of money for prepaid funerals be placed in a trust fund or used to buy an insurance policy.

Earlier this year, the Tennessee Funeral Directors Association backed the proposal, but on Friday, group leader Bob Batson said members were divided.

"It went away," he said. "We were pretty much divided in the association membership. The concept was good, we couldn't agree on the details."

A more immediate concern for the industry group, he said, was returning language accidentally deleted in earlier funeral-related legislation.

The bill that passed will make it easier for families to use life insurance policies to pay for funeral expenses, he said.

"Families would want to apply that to a funeral. And there was no avenue to let them do that directly through the funeral home at that point," he said.

The conflict played out against the backdrop of a massive embezzlement case at the Forest Hill funeral homes in Memphis.

Tennessee has accused former funeral home owner Clayton Smart and his associates of conspiring to steal millions of dollars from trust funds used to back prepaid funeral policies and cemetery maintenance.

A sponsor of the original bill, Sen. Steve Southerland, R-Morristown, said some Memphis lawmakers questioned the proposal.

"I think a lot of the legislators from Memphis, you mention anything about funeral homes and because of the situation that happened out there in the past, they're nervous about it," he said.

Sen. Jim Kyle, D-Memphis, who sponsored successful funeral-home-related legislation in 2006, said he wasn't familiar with the original, controversial plan.

Paying for funerals

Groups including AARP, the Funeral Consumers Alliance and Consumers Union, the publishers of Consumer Reports, advise against buying prepaid funerals in most cases. Here are tips from these organizations:

Compare prices from several funeral homes. Ask for a price list that lays out costs for products and services. You can save money by selecting only the items you need and avoiding package deals.

Don't pay in advance. Ask your local bank about setting up a pay-on-death account. When you die, the money will automatically go to a beneficiary for funeral costs.

Communicate your wishes clearly to family members and leave written instructions in an easy-to-find place.

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