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Rachel Giani
Texas Department of Insurance
PO Box 149104
MC 110-1A
Austin, TX 78714-9104

Re: National Prearranged Services ("NPS")

Dear Ms. Giani:

I need to add an issue to the multitude your office already faces with regard to NPS.

Regulators from the various states have generally recommended to consumers that they continue paying on their NPS contracts. At least in Missouri, NPS offered installment plans of up to ten years. From at least 2001, NPS employed an installment plan that incorporated finance charges and a mortality expense. The preneed contracts were to be trust funded, and did not include any disclosures about insurance investments. In essence, the consumer was charged for two insurance products.

A funeral home has provided to me the terms of some of these contracts. In the Spring of 2006, a \$7,117 preneed contract was sold with a 10-year pay in, with a down payment of \$105.86 and monthly payments of the same amount. The contract would require total payments of \$12,703.20. The consumer still owes \$10,056.70 on that \$7,117 contract.

A 2004 contract with a sales price of \$8,339 has a balance due of \$7,957.53. The family has already paid \$4,610.87.

An independent source advises me that NPS required these rates to be used even if the family attempted to waive the "credit life" coverage. I have also been advised that these installment plans were aggressively marketed by NPS' sales force during the past few years.

It is not in the best interest of consumers to continue paying on the long installment plans if a mortality charge is incorporated into the payment and the purchase was made in the past few years. Can we discuss this issue at your convenience?

Sincerely,



William Stalter