

EXECUTIVE SUMMARY
STATE SPONSORED TRUS
CONSUMER FUNERAL ASSURANCE
FOR
NATIONAL PRE-ARRANGED
SERVICES FUNERAL
TRUST PRODUCTS

1. APPROPRIATIONS
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4. SUBROGATION AGREEMENT
5. STATE BOARDS NUMBERS
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State sponsored CFA Trust will provide payments for funeral contracts resulting from the collapse of NPS (3). These payments will be paid in behalf of 250,000 Missourians, to providers of the contracts in the state of Missouri (9). The trust will also receive all new pre-arrangement contracts written by the providers in the state. The providers in the trust will represent 50% to 60% of the funeral home providers in the state of Missouri after 7 to 10 years of operation the fund will have a billion dollars in the corpus. The future general assembly will not go forward with tax credits, which is the reason for creating state sponsor trust(7).

1. General Assembly

Annual appropriation from the General Assembly to the Director of Finance (why this way?) (All monies were held in licensed Missouri banks held in trust according to the FBI and Ag Office investigation) The Director of Finance then appoints a trustee for a state sponsored trust ⁽¹⁾ ^(2, 7) ⁽³⁾. **All future operations of trust and paying claims to be paid by providers. NO cost to tax payers ⁽⁹⁾. Savings to the state of Missouri and tax payers will be \$7 million.**

2. All contract holders of NPS contracts and all providers of these contracts subrogate them to state sponsored trust ⁽⁴⁾. State sponsor trust issues promise to pay to all providers on all death claims and all contracts, orphans contracts and claims not fully paid to date. Promise to pay issued to the state Garr Fund on all claims paid by the Director of Finance receives, annual report from State Trustee. All death claims in current year to be paid to providers and trustee

issues promise to pay to providers on claims not paid and promise to pay back to Director of Finance on each claim paid for current year. \$14 million saving **\$7 million to tax payers.**

3. New contracts paid to providers by new customers are placed in state sponsored trust: All new contracts are non-guaranteed contracts and will accumulate 2% of interest per account per year in state sponsored trust. All excess interest in the pool used to repay promises to pay the interest excess will be split equally between state of Missouri promise to pay and providers promise to pay, after 7 years should be \$700 million in trust to repay promises to pay. (Between 1983 & 2003 \$1.93 billion face value of contracts sold in state of Missouri⁽⁵⁾. **[Providers must turn over any existing business held in trust, joint accounts to state trustee in order to get claims and promise to pay paid⁽⁵⁾.]**

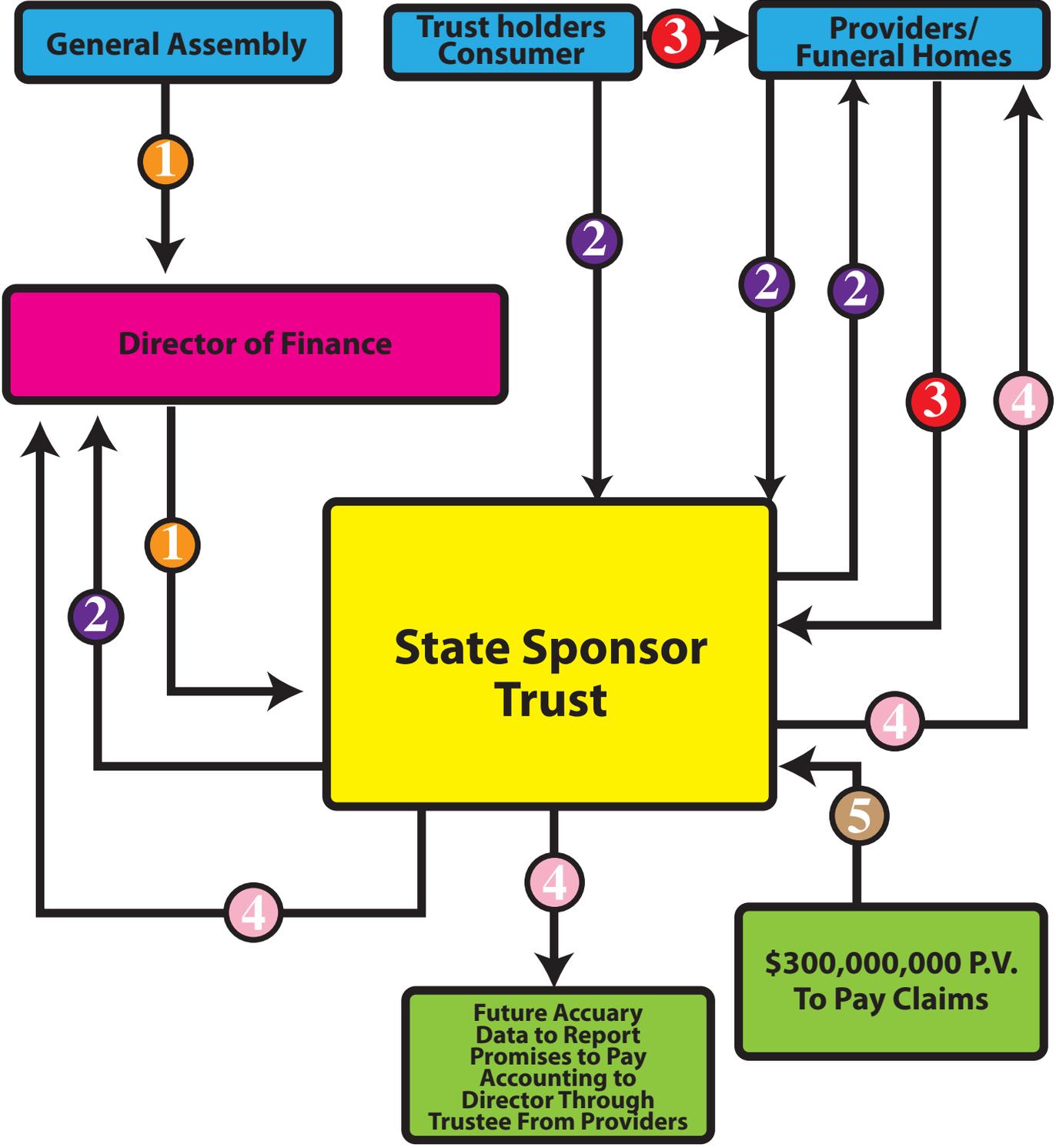
4. After 7 to 10 years of operation the promises to pay to the state of Missouri and the providers would be repaid by excess interest pool not obligated by new contracts⁽⁶⁾.

Example: \$700 million x 6% = \$42 million

5. \$300 million placed in state sponsored trust at present value to pay claims and pay promises to pay from trustee. These would be repaid in 10 years or less from excess interest in the pool to state and Missouri providers. **Annual appropriation \$9 million versus \$18 million. There would be \$9 million additional savings to the state of Missouri and everyone would be paid back in less than 10 years, for a total savings each year of \$9 million⁽⁶⁾.**

The above funds furnished by outside source.

6. Recapture for state of Missouri instead of receiver in Texas ⁽⁹⁾. Money goes to state sponsor trust \$150 to \$200 million that is missing from NPS Trust that collapsed.



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2

All contract holders of NPS contracts and all providers of these contracts subrogate them to state sponsored trust. State sponsor trust issues promise to pay to all providers on all death claims and all contracts, orphans contracts and claims not fully paid to date. Promise to pay issued to the state on all claims paid by trustee to Director of Finance, annual report to Director of Finance. All death claims in current year to be paid to providers and trustee issues promise to pay to providers on claims not paid and promise to pay back to Director of Finance on each claim paid for current year. \$14 million saving **\$7 million to tax payers.** State sponsored trust in position for recapture.

3

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