

**Title 20-DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND
PROFESSIONAL REGISTRATION
Division 2120-State Board of Embalmers and Funeral Directors
Chapter 3 – Preneed**

PROPOSED RULE

20 CSR 2120-3.205 Mandatory Consumer Disclosures (*rule number is proposed number*)

Purpose: The purpose of this rule is to outline the requirements relating to mandatory consumers disclosures as it relates preneed contracts.

PURPOSE: *This rule sets forth the mandatory consumer disclosures that must be provided to each purchaser of a preneed contract.*

(1) Each purchaser of a preneed contract shall be provided the following written mandatory consumer disclosures at or before the time the consumer signs the contract unless otherwise provided by rule:

(A) This Contract is a Legally Binding Document

1. Before you sign this contract, you should read it and make sure you understand all terms and conditions. You may wish to consult with your legal counsel before you sign this contract.

(B) Right to Receive a Copy of this Contract

1. You have a right to receive a copy of this contract and any accompanying documents related to this contract such as any life insurance policies or evidence of a joint account.

(C) Right to Change Providers

1. The law gives you the right to change the provider named in this contract. The provider is the funeral home or other service provider who will provide the goods and services at the time of your death. If you want to change providers, you must provide both the seller and provider named in this contract with written notice that you wish to change providers and you must include the name and address of who you want to be your new provider. You may NOT be billed for any additional fees or charges to change providers. A change in providers requires the agreement of the new provider and may require a new preneed contract. Your seller and provider can help you determine whether a new contract is required or not.

(D) Qualifying for Public Assistance

1. If you decide to seek qualification to receive Medicaid or other public assistance, you may sign an agreement to make this contract irrevocable at any time. Even if you have agreed to make this contract irrevocable as part of your qualification for public assistance, you still may change providers at any time and make changes to the goods and services at any time. However, you cannot cancel this contract and cannot receive any refund.

(E) Your Right to Cancel this Contract

1. You have a right to cancel this contract at any time before your death. If you cancel this contract, you may not be entitled to receive all funds paid on this contract. If you want to cancel this contract, you must give the seller named in this contract written notice that you wish to cancel this contract.

2. If your contract is funded with a joint account, you must also provide written notice to the financial institution where your account is held. The financial institution must give you the principal in the account within fifteen (15) days of your request. Interest will be distributed as provided in this contract.

3. If your contract is funded with an insurance policy, canceling the contract will NOT cancel the insurance policy. You must follow the policies of the insurance company to cancel the insurance policy. If you cancel the insurance policy, you will receive only the cash surrender value of the policy which may be less than what you have paid into the policy.

4. If your contract is funded with a trust, you **must also provide written notice to the trustee. The trustee **shall** then distribute all funds held on your behalf in the trust within fifteen (15) days.**

(F) Seller's Right to Cancel This Contract

1. For a trust funded or joint account funded preneed contract, the seller may cancel this contract if you fail to make any installment payment within sixty (60) days of when it is due. Before the seller can cancel the contract, the seller **must provide you with written notice of the intent to cancel the contract and you may bring your account current within thirty (30) days of notice. If you don't pay the balance within thirty (30) days, then the seller can provide the funds to the provider at the time of death to be credited towards your funeral services or the seller can cancel the contract and will refund you eighty-five percent (85%) of your contract payments made.**

(G) What Happens if I Die Before My Contract is Paid in Full?

1. If you die before the contract is paid in full, your survivors have the option in trust funded or joint account funded contracts to pay the balance due on the contract and receive all goods and services that have been price guaranteed. If the balance is not paid, the amount paid on your contract will be applied to the price of your funeral based on the provider's current prices.

2. If your preneed contract is funded through an insurance policy, you should consult your insurance policy.

AUTHORITY: sections 333.340, 436.425, 436.456, 436.457 and 436.520, as amended by Senate Bill 1 (2009)