

**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 2120-3.210 Formation Of An Insurance Funded Preneed Contract** (rule number is proposed number)

*Purpose: The purpose of the proposed rule is to provide clarification of an insurance funded preneed contract.*

Purpose:

- (1) A preneed contract is **required** when a funeral home agrees to accept proceeds from a life insurance policy and use those proceeds to pay for funeral goods and services when those goods and services are not immediately required.
- (2) Whenever an insurance funded preneed contract is formed, that agreement must be documented by a written agreement between a purchaser and a seller in compliance with the provision of Chapters 333 and 436.
- (3) An insurance funded preneed contract may be guaranteed or non-guaranteed and **shall** clearly state on the contract whether the prices quoted are guaranteed.
- (4) Any life insurance policy or annuity may be used as a funding source for a preneed contract regardless of when or from whom it was purchased including insurance policies marketed as a “final expense policy” or “burial policy.”
- (5) A preneed contract funded by insurance may provide, as a term of the contract, that the contract is deemed cancelled if the insurance policy is cancelled or if the beneficiary or assignment is changed to another seller as such act **shall** be considered as a cancellation of the preneed contract by the purchaser.
- (6) An insurance funded preneed contract may contain agreements between the seller and the purchaser of the impact of the insurance policy being cancelled, lapsed, being reduced paid up, a reduced face amount or any other contingency that results in the insurance amount paid out being less than anticipated at the time of entry into the preneed contract.

**AUTHORITY:** *Sections 436.405.1(3), (4), (7). (8), 436.425, 436.450, 436.465, 436.520, RSMo.*