

**Testimony of Bradley J. Chute, CFSP, Immediate Past President
Ohio Funeral Directors Association
Before the Senate Finance Subcommittee on Health and Medicaid
H.B. 166**

May 9, 2019

Chairman Hackett, Vice-Chair Steve Huffman and Ranking Member Thomas, I am Brad Chute and I am appearing today in my capacity as the Immediate Past President of the Ohio Funeral Directors Association. My family operates funeral homes in Newark, Frazeytsburg and Dresden.

As way of background, the last Biennial Budget included some of the most significant consumer protections in the country for Ohio funeral consumers. The centerpiece of the new consumer protections was the establishment of a Preneed Recovery Fund. The purpose of the fund is to reimburse purchasers of preneed funeral contracts who have suffered financial loss as a result of the malfeasance, misfeasance, default, failure, or insolvency in connection with the sale of a preneed funeral contract.

The Preneed Recovery Fund created in the last biennial budget applies to all preneed funeral contracts sold and funded through a trust or life insurance. The fund operates as follows:

- **\$10 per preneed contract sold is required to be paid into the Preneed Recovery Fund.** If the balance in the fund exceeds \$2 million at the end of a fiscal year the fee shall be reduced to \$5. If the balance exceeds \$3 million at the end of a fiscal year the fee shall be suspended for the next fiscal year.
- **The fund is authorized to spend moneys received for the following:**
 - To make reimbursements on approved applications.
 - To purchase insurance to cover losses.
 - To invest a portion of the funds as permitted by fiduciaries under Ohio law.
 - To pay expenses of administering the fund.

As a result of the establishment of the Preneed Recovery Fund and other consumer protections in Ohio law, Ohio is now a leader in the country in protecting funeral consumers. It is important to note that the fund does not receive a state appropriation. The fund balance as of the end of April 2019 was \$393,140 with a total of 39,314 preneed contracts submitted.

In implementing the law, the Ohio Funeral Directors Association, with input from the State Board of Embalmers & Funeral Directors, determined that a few corrections need to be made to clarify and improve upon current law. Our suggested changes are as follows:

1. Give the Board of Embalmers and Funeral Directors rulemaking authority relating to the requirements for the sale of preneed funeral services and funeral goods, the content and funding of preneed funeral contracts, and the payment and administration of preneed funeral funds.
2. Provide further clarity relating to the requirements for funeral homes, embalming facilities and crematory facilities to display their applicable licenses in a conspicuous place within their facilities.
3. Establish the process for the Board of Embalmers & Funeral Directors to recognize a license issued to an embalmer or funeral director by another state, as a basis to be issued an Ohio license.
4. Establish standards relating to the information required on a tag of a vessel containing cremated remains.
5. Provide penalties for a licensee or permit holder who knowingly enters into an agreement with an unlicensed person who has sold funeral or cremation services to a member of the public.
6. Require crematories to make and keep detailed records of the final disposition of cremated remains.
7. Establish procedures for the payment made by the purchaser of a preneed contract funded by an insurance policy or trust and establish a process for the seller of a preneed contract who receives excess funds to deposit the funds into a trust or purchase insurance or annuity policies to fund additional preneed funeral contracts.

With this as a background, the Ohio Funeral Directors Association would appreciate your support to amend these suggested changes into H.B. 166 to better protect Ohio consumers.

Thank you. I am happy to answer any questions you may have.