

- Irrevocable contracts may not be cancelled, but the contract must explain how it can be transferred to a different funeral home.

Other Things to Know About Your Prepaid Funeral Service Contract

Within 25 days of making a payment to the funeral home, you should be notified by the escrow agent holding your money that it has received those funds.

- Every year, the escrow agent must send you a statement telling you how much is in your escrow account, including any interest or other income earned by the account.
- If the particular merchandise you purchase in your Prepaid Funeral Service Contract is not available at the time of the funeral, the funeral home must provide you with merchandise similar in style and of at least equal quality to the merchandise purchased in the contract.
- Under State law, no more than \$5,400 may be placed in an irrevocable Prepaid Funeral Service Contract. There is no limit to the amount that may be placed in a revocable account, although special rules apply to Title XIX recipients. Title XIX recipients are subject to Connecticut Department of Social Services and Medicaid laws; see www.ct.gov/dss.

- Funeral homes are not required to offer "cash advance" items (flowers, newspaper announcements, clergy fees and similar items for which prices are purely speculative) as part of the Prepaid Funeral Service Contract. If the funeral director allows you to make a payment towards these items, you are making a "cash advance" on these items. A funeral home is not permitted to mark-up a cash advance item.
- You may request in writing that your Prepaid Funeral Service Contract be transferred to another funeral home. The funeral director, however, may keep up to 5% of the value of the escrow account for administrative fees and expenses incurred at the time of transfer.
- For more information, you may visit the Department of Consumer Protection website at www.ct.gov/dcp or review the governing statutes, which are Connecticut General Statutes Section's 42-200 et seq.



State of Connecticut
Department of Consumer Protection
165 Capitol Avenue
Hartford, CT 06106

Toll-free: 1-800-842-2649
dcp.tradepractices@ct.gov

Funeral Service Contracts

Facts for Consumers



STATE OF CONNECTICUT

Department of Consumer Protection

What is a Prepaid Funeral Service Contract?

- A “Prepaid Funeral Service Contract” (sometimes referred to as a “pre-need” funeral service contract), is a contract where you provide advanced funding (before there is a death) for funeral services that will be provided at some point in the future.
- Prepaid Funeral Service Contracts are regulated by the Department of Consumer Protection (“Department”) under Connecticut General Statutes Section 42-200, et seq. (commonly referred to as the “Pre-need Law”).
- Public Act 2012-36 allows for the funding of a funeral service contract by assigning the death benefit under a life insurance policy regulated by the Connecticut Insurance Department. You should check the Connecticut Insurance Department website (<http://www.ct.gov/cid>) or call the agency at 1-800-203-3447 to confirm that the insurer and, if applicable, the producer (agent), is properly licensed.
- If you choose to prepay for your funeral service through a Prepaid Funeral Service contract, and NOT fund it with the assignment of a life insurance policy, your payments must be held in an escrow account. This means that it is being held by an authorized escrow agent (not the person who sold you the contract) and will be protected so that it is available when you need it.

- Only a licensed funeral director or embalmer can offer you a Prepaid Funeral Service Contract. They, however, may not serve as the escrow agent.
- If you ask about purchasing a Prepaid Funeral Service Contract, the funeral director or embalmer must provide you with a copy of the price list for the goods and services you are considering and a separate list for specific merchandise.
- If you enter into a Prepaid Funeral Service Contract, you must be given, in writing:
 - A signed copy of the contract.
 - A receipt for any payments made to the funeral director or embalmer.
 - An itemized listing of the funeral goods and services that you purchased.
 - The name and address of the escrow agent holding your money, unless the contract is funded by a life insurance policy, in which case you must receive the name and address of the insurance company issuing the individual or group life insurance policy.
- Your escrow-funded Prepaid Funeral Service Contract does not meet the requirements of the Pre-need Law if, for example:
 - There is not an authorized third party serving as the escrow agent .
 - There is a surrender penalty fee of more than 5% if you choose not to have the funeral home provide your funeral services.
 - There is a cancellation fee beyond reasonable costs actually incurred by the funeral home in performing under the contract.
 - These do not apply when funding the contract with an insurance policy.

What Must be Included in a Prepaid Funeral Service Contract?

- A list of the goods or services being sold.
- The amount being paid and the method of payment.
- How your money will be invested, if you chose to fund your Prepaid Funeral Service Contract with an escrow account.
 - The funds must be put in an escrow account within 15 days
 - Within 10 days of receiving the funds, the escrow agent must notify you that it received your money.
- The name of the agent for the escrow account holding your money or the name and address of the insurance company issuing the individual or group life insurance policy.
 - The escrow agent CANNOT be the funeral director or embalmer.
- Whether the price for the products and services you are buying is guaranteed (i.e. it will not change). If the price is not guaranteed (i.e. the price may increase at a later date), the contract must say so.
- Whether the contract is revocable (it can be cancelled) or irrevocable (it cannot be cancelled).
- Revocable contracts must explain how the contract can be cancelled and what the effects of cancellation are.