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Governor
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Department of Insurance
Financial Institutions
and Professional Registration
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Department sets up hotline to assist NPS pre-need contract holders

JEFFERSON CITY, MO – The Department of Insurance, Financial Institutions & Professional Registration today announced the creation of a free hotline (1-866-296-8801) to assist Missouri consumers who have purchased pre-need contracts from National Prearranged Services (NPS).

"The department continues to investigate this matter to ensure Missouri consumers get the services and benefits they've been promised by NPS," Director Doug Ommen said. "This hotline will provide individual consumers one-on-one access to important information."

A pre-need contract is an arrangement which requires current payment of money for future delivery of funeral or burial services. The pre-need trust receives deposits, administers and disburses payments received under the contracts. All funds in a pre-need trust must be invested and reinvested by the trustee.

In Missouri, Lincoln Memorial Life Insurance Company (Lincoln Memorial) issued whole life policies to the pre-need trust to cover the lives of those who purchased pre-need contracts through National Prearranged Services (NPS).

Beginning in June 2000, Lincoln Memorial began replacing whole life insurance policies with term life insurance policies without the authorization of the trustee. The insurance company also made loans to NPS or NPS's investment advisor secured by the cash value and benefits of one or more of the whole life insurance policies without securing the consent of the pre-need trustee. Lincoln Memorial made such replacements and loans without notifying policyholders.

Earlier this week, the department ordered Lincoln Memorial to immediately reverse the replacement of whole life policies and any policy loans that were made against the whole life insurance policies. The Insurance Market Regulation Division further requested that the department order Lincoln Memorial to refund all premiums paid for term life insurance policies in which a term policy was the only type of policy issued on pre-need contracts. The division also seeks monetary penalties and payment of investigation costs.

On April 9, 2008, the Missouri State Board of Embalmers and Funeral Directors obtained a Memorandum of Understanding with NPS to temporarily suspend all sales of pre-need contracts in the State of Missouri. The board took this action in order to sufficiently review NPS's business activities.

The hotline operates within the Division of Professional Registration and the Consumer Affairs Division of the Department of Insurance, Financial Institutions and Professional Registration and will be available 8 a.m. - 5 p.m., Monday - Friday. Missouri State Board of Embalmers and Funeral Director licensees should continue to call 573-751-0813 with normal business inquiries. For more information regarding NPS, please visit www.pr.mo.gov/embalmers.asp.

About the Missouri Department of Insurance, Financial Institutions & Professional Registration

The Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP) is responsible for consumer protection through the regulation of financial industries and professionals. The department's seven divisions work to maintain consumer confidence by examining and monitoring industries and professions and by establishing coherent and evolving policies. DIFP works to enforce state regulations both efficiently and effectively while encouraging a competitive environment for industries and professions to ensure consumers have access to quality products.