DIFP
Department of Insurance
Financial Institutions &
Professional Registration

Matt Blunt, Governor
Douglas M. Ommen, Director

For immediate release: May 30, 2008

Department appoints special counsel to look into NPS matter

JEFFERSON CITY, MO – The department today announced the appointment of a special counsel to investigate the events that led to the current hazardous financial condition of National Prearranged Services and Lincoln Memorial Life Insurance Company.

“Missouri funeral directors are experiencing financial strain and contract holders deserve answers to their questions about how NPS and its affiliated insurance company deteriorated into their current financial state,” Director Doug Ommen said. “The independent special counsel will help provide those answers.”

The department named attorney Miller Leonard of Platte City to investigate suspected violations of Missouri’s insurance and pre-need funeral contract laws which may have contributed to the financial difficulties of National Prearranged Services (NPS) and Lincoln Memorial Life Insurance Company (Lincoln Memorial). As part of the investigation, he will also look into the circumstances following a 1994 consent judgment obtained by the Attorney General’s Office to permanently control the actions of NPS and the administration of its trust.

Leonard has also been directed to develop a report for the Missouri General Assembly with recommendations for legislative change. Leonard, who formally served as an assistant county prosecutor, will be assisted by a team of investigators.

On May 14, 2008, the Texas Department of Insurance placed NPS and Lincoln Memorial into receivership, and a Texas county district court issued a permanent injunction restraining the companies and their agents from conducting company business and restraining other parties from taking any action against the property of NPS and Lincoln Memorial at this time.

Earlier this month, the Missouri insurance department obtained a consent order from Lincoln Memorial in which the company agreed to reverse the replacement of all whole life insurance policies including policies converted, surrendered or lapsed and reverse all policy loans made against the whole life policies.

In April, the Missouri State Board of Embalmers and Funeral Directors obtained a Memorandum of Understanding (MOU) with NPS to temporarily suspend all sales of pre-need contracts in the State of Missouri.

The department has established a free hotline (1-866-296-8801) and an e-mail address (pr.embalm@pr.mo.gov) to assist Missouri consumers who have purchased pre-need contracts from NPS. The hotline operates within the Division of Professional Registration and the Consumer Affairs Division of the Department of Insurance, Financial Institutions & Professional Registration. The hotline is available from 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.

For further information, contact: Emily Kampeter at (573) 526-4845.