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Memorial Service Life and Lincoln Memorial Life Resource Page

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The Texas Department of Insurance (TDI) has placed Lincoln Memorial Life Insurance Company (Lincoln Memorial), Memorial Service Life Insurance Company (Memorial Service), and National Prearranged Services, Inc. (NPS) (collectively, the “Companies”) into receivership for rehabilitation under Chapter 443 of the Texas Insurance Code. The Travis

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County District Court issued an [Agreed Order Appointing Rehabilitator and Permanent Injunction](#) (“Agreed Order”) on May 14, 2008. Representatives of the Companies consented to the receivership and signed the Agreed Order.

TDI is providing consumers with answers to Frequently Asked Questions and other information about the actions taken in Texas. Additional information for the Texas funeral home industry is available from the Texas Department of Banking.

This web page will be updated as new information becomes available.

Frequently Asked Questions

Q: Who is in charge of Lincoln Memorial, Memorial Service, and NPS?

A: On May 14, 2008, Memorial Service Life Insurance Company (“Memorial”), Lincoln Memorial Life Insurance Company (“Lincoln”), and National Prearranged Services, Inc. (“NPS”) consented to be placed in

Receivership for rehabilitation by a Texas court, by way of an Agreed Order for Rehabilitation (“Agreed Order”). The Commissioner of Insurance for the State of Texas was named Receiver for Rehabilitation (“Rehabilitator”) for the companies. The Rehabilitator was automatically vested with title to all of the companies’ property and has taken over all the powers of the companies’ directors, officers and managers.

The Rehabilitator appointed Donna J. Garrett as the Special Deputy Receiver (“SDR”) of all three companies. As the SDR, Donna J. Garrett has all the rights and powers of the Rehabilitator. Ms. Garrett is now in charge of the three companies, and she and her staff are on-site in the two company offices in Texas and Missouri.

Q: Is it true that the Rehabilitator cannot sue certain key individuals and entities?

A: No. Before receivership, Texas regulators worked out a Rule 11 agreement with Memorial, Lincoln, and NPS: in return for their agreement to be placed into receivership without the expense and uncertainty of a trial,

the Rehabilitator agreed he would not bring suit against various parent companies, affiliates, and individuals associated with Lincoln, Memorial, and NPS **in a Texas court**. The Rule 11 Agreement limits the venues in which the Rehabilitator may sue the entities in question, but it does **not** bar the Rehabilitator from bringing any suit outside of Texas or preclude the Rehabilitator from taking any action. Both the Rule 11 Agreement and the Agreed Order for Rehabilitation may be found at <http://www.lincolnmemorallife.com/LegalDocs.aspx>.

Q: Can Lincoln Memorial or Memorial Service accept applications for an issue new policies?

A: No. The Companies stopped writing new business effective March 17, 2008. Under the Agreed Order, the companies are prohibited from conducting business, except as authorized by the Rehabilitator, who does not intend to authorize the Companies to accept applications or issue new policies.

Q: What effect does the Agreed Order have on current policies and claims payments?

A: The receivership does not affect current policies already in force, so if a consumer has a policy with Lincoln or Memorial that requires periodic payment, the consumer should continue to make those payments in order to keep the policy in force.

Likewise, claims will still be processed and paid. **Claims should be submitted as usual**, and claimants will be notified if this changes. Although the SDR cannot provide specific dates regarding the payment of claims, claims are a top priority, and **the goal is to pay all claims within 45-60 days**. At this time, the evidence available to the SDR indicates that there are no claims more than 60 days past due. Funeral providers are not receiving, and should not expect to receive additional compensation in the form of contract growth payment from NPS. The Rehabilitator understands that both the absence of growth payments and the 45-60 day payment timeframe pose a hardship to some funeral homes, and is doing everything possible to ensure the greatest protection possible to affected parties.

Q: Lincoln Memorial or Memorial Service

provides insurance coverage to secure pre-need funeral contracts that I (as a funeral provider) have entered into with consumers. Is that coverage in jeopardy?

A: The SDR has received numerous inquiries regarding whether insurance policies that secure NPS contracts are still in place. Generally speaking, coverage is still in place. For those consumers who purchased a pre-need funeral benefit contract that requires periodic payments, they must continue making those payments in order to keep their policies in force.

In some states, the entity responsible for paying premiums to Lincoln was a trust. Lincoln may have issued whole life policies that were paid in full in some trust states, but NPS subsequently surrendered many of those policies and replaced them with term life policies that require continued payment. In the event that a trust failed to remit continued payments to Lincoln, those policies are subject to cancellation, **though the SDR has no plan to cancel any such policy**. The SDR is continuing to work with regulators and the affected insurance guaranty associations to

take all steps necessary to ensure that consumers receive the benefits that they paid for.

In the event that Lincoln Memorial and Memorial Service are placed in liquidation, the individual guaranty associations would be available to pay covered contractual obligations, as set out in the applicable statutes. The individual guaranty associations cannot pay benefits under a policy that has been terminated before a claim is made. At this time, the SDR is unable to confirm the status of any individual or group life policies.

Q: Am I (as the funeral provider) still required to honor the pre-need contract?

A: The Agreed Order placing these companies into receivership does not alter the obligations that funeral homes have to consumers. The obligation to honor the pre-need contract is governed by each funeral home's contract with NPS and the laws of each state. In Texas, funeral directors are required to honor the pre-need contract.

Q: Are Lincoln Memorial, Memorial Service,

and NPS insolvent?

A: At this time, there is no determination by any court that the three companies are insolvent. In the event that Lincoln Memorial and Memorial Service encountered severe financial difficulties and were placed in liquidation, the guaranty associations would be available to pay covered contractual obligations, subject to certain restrictions.

Q: What kind of action will the SDR take against individuals who contributed to this situation?

A: A great deal of information being reported about the companies centers on the activities of the individuals who were in charge of the companies prior to receivership, and the actions taken by the companies prior to receivership. The SDR will be examining company transactions that took place prior to the receivership and that are within the jurisdiction of the receivership court. The SDR will take whatever steps are appropriate and will explore all viable avenues to protect funeral homes and other creditors.

Q: What is the best way to receive

continuing updates about the situation or to find out more information about my prepaid funeral contract, insurance policy, or any other information?

A: Much has been reported regarding the situation at the companies, and some of that information may be taken out of context or inaccurate. Consumers and funeral homes monitoring the situation should do so through the appropriate regulatory entities and by contacting the SDR at 1-800-334-3851 or 314-726-6706. Call volume is very high, but staff is working diligently to assist you with your questions. Inquires may also be sent by email to customerservice@n-p-s-inc.com or submitted by e-mail through www.lincolnmemorallife.com. Copies of relevant Texas court documents are also available on the www.lincolnmemorallife.com website.

The following websites are updated regularly and provide accurate information:

1. The SDR's website for the companies: <http://www.lincolnmemorallife.com/>
2. TDI's website: <http://www.tdi.state.tx.us/life/cpmmemorial.html>

3. NPS's company website: <http://www.npsnetwork.com/consumers.html>

Prevent Insurance Fraud

Insurance Fraud Toll-Free Hotline - 1-888-327-8818

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File an Insurance Complaint

Read about TDI's consumer complaints process in the Helping You With Your Insurance Complaint publication. You may also e-mail, mail, or fax your complaint along with copies of your supporting documents to

**Texas Department of Insurance
Consumer Protection Program (MC**

111-1A)

P.O. Box 149091

Austin, TX 78714-9091

Fax: 512-475-1771

E-mail: ConsumerProtection@tdi.state.tx.us

For more information contact:

ConsumerProtection@tdi.state.tx.us

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