



Texas Department of Insurance

FOR IMMEDIATE RELEASE
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News Release

FOR MORE INFORMATION
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Special Deputy Receiver Files Plan to Protect Consumers Who Purchased Pre-Need Funeral Contracts from National Prearranged Services (NPS)

AUSTIN – Donna Garrett, the Special Deputy Receiver (SDR) of Lincoln Memorial Life Insurance Company, Memorial Service Life Insurance Company, and National Prearranged Services, Inc. (NPS) filed a liquidation plan with the Texas receivership court on August 11. The plan is designed to protect consumers with insurance policies issued by Lincoln Memorial and Memorial Service. The plan was developed by the SDR, the Texas Department of Insurance (TDI), and the National Organization of Life and Health Insurance Guaranty Associations (NOLHGA).

Lincoln Memorial and Memorial Service primarily wrote insurance policies related to prepaid funeral contracts purchased by consumers through NPS. All three companies were affiliated under common ownership and placed in receivership together in May 2008.

"The liquidation plan is an innovative solution to provide benefits to consumers who bought these insurance policies," said Mike Geeslin, Texas Commissioner of Insurance.

"It's a workable resolution of some very complicated issues," agreed Linda Bohrer, Acting Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, a state where the companies had an active presence. "The SDR, TDI, and NOLHGA have really worked hard to develop a plan that benefits consumers, and as a consequence, funeral homes as well."

"With thousands of policies sold in Missouri, this is a positive development for consumers and funeral homes in our state," Missouri Attorney General Jay Nixon said. "I am encouraged by this step taken by the responsible regulators in Texas and the NOLHGA."

Under the liquidation plan, state guaranty associations will pay the original insurance policy death benefit for policyholders of Lincoln Memorial and Memorial Service. Payment will be to the funeral home or other burial service providers when burial services are provided notwithstanding that policy loans, assignments, conversions, and other insurance policy transactions not authorized by the consumer may have taken place. Obligations of prepaid funeral contracts that are not funded by insurance policies (such as cost-of-living or inflation growth adjustments) are not paid under the Plan because guaranty associations are prevented by their laws from paying non-insurance obligations.

"The Missouri State Board of Embalmers and Funeral Directors wants to extend its thanks to TDI, the SDR and NOLHGA for their hard work and dedication throughout this process," said James Reinhard, Chairman of the Missouri State Board of Embalmers and Funeral Directors.

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The liquidation plan was filed along with a request that the companies be declared insolvent and ordered liquidated. The plan will take effect after the court approves it. In the meantime, the SDR will continue processing claims for death benefits, but payment of claims will be suspended, pending approval of the plan.

"After the plan is approved and the order is final, the guaranty associations will immediately begin paying claims, including claims that were processed but not paid pending plan approval, as specified in the plan," said Peter Gallanis, President of NOLHGA.

"For prepaid contracts backed by insurance policies where, if required, the consumer has kept installment payments current, funeral directors and other providers of burial services will be paid the face amount of the policy. We are very pleased with the plan," said Stephanie Newberg, Deputy Commissioner of the Texas Department of Banking.

The SDR and TDI recommend that anyone paying premiums for an insurance policy related to a preneed funeral contract should continue paying premiums when they are due to keep the policy in force. Failure to pay these premiums could result in losing the coverage provided by the applicable guaranty association.

The liquidation plan is posted on the SDR's website at www.LincolnMemorialLife.com, under the link "Application for Order of Liquidation and for Order Approving Plan of Liquidation."

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About NOLHGA: *The National Organization of Life and Health Insurance Guaranty Associations (NOLHGA) is a voluntary association made up of the life and health insurance guaranty associations of all 50 states, the District of Columbia, and Puerto Rico. State guaranty associations provide coverage (up to the limits set forth in state law) for resident policyholders of insurers licensed to do business in their states. NOLHGA assists its member associations in quickly and cost-effectively providing coverage to policyholders in the event of a multi-state life or health insurer insolvency. <http://www.nolhga.com/>.*

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