

PROPOSED NEW STATUTES 2011

Raised Bill No. 6300 an ACT CONCERNING FUNERAL SERVICE CONTRACTS

THE PARTIAL, COLLATERAL OR COMPLETE ASSIGNMENT OF AN OWNERSHIP OF AN EXISTING LIFE INSURANCE POLICY FOR THE PURPOSE OF FUNDING A PRE-ARRANGED FUNERAL SERVICE CONTRACTS IN THE STATE OF CONNECTICUT.

GOOD MORNING LADIES AND GENTLEMAN MY NAME IS ROBERT MUCCINO AND I AM A LIFE LONG RESIDENT OF THE STATE OF CONNECTICUT AND A CURRENT LICENSED FUNERAL DIRECTOR AND EMBALMER IN CONNECTICUT. ALSO, I AM EMPLOYED BY SERVICE CORPORATION INTERNATIONAL AND AM A REPRESENTATIVE FOR THE COMPANY HERE TODAY. I AM EMPLOYED AS AN AREA MANAGER IN CONNECTICUT RESPONSIBLE 15 FUNERAL HOMES AND A CREMATORY THE COMPANY IS PRIVILEGED TO OWN AND OPERATE THROUGHOUT CONNECTICUT. WE SERVE THE PUBLIC, AT THEIR MOST DIFFICULT TIME WITH A LOSS OF A LOVED ONE.

ALSO, I AM HERE TODAY SPEAKING AS A CONCERNED CONSUMER AS WELL

THE MAIN **PURPOSE OF MY TESTIMONY TODAY IS TO AMEND AND ALLOW THE ASSIGNMENT OF LIFE INSURANCE POLICIES TO FUND PRE-ARRANGED FUNERAL CONTRACTS BEFORE THE NEED (OR A DEATH) ARISES FOR CONNECTICUT CONSUMERS.** OUR CURRENT STATUTES DO NOT HAVE ANY LANGUAGE PROVISION TO REFLECT THE MEANS USING A LIFE INSURANCE POLICY TO FUND PRE-ARRANGED FUNERAL CONTRACTS BECAUSE THIS DOES NOT EXIST, IT THEREFORE CREATES A MAJOR DILEMA FOR CONSUMERS TO SAFELY FUND THEIR FUNERALS IN ADVANCE. ALSO, THIS HAS CREATED A WIDE VARIETY OF OPINIONS ACROSS THE STATE WITHIN THE CONNECTICUT DEPARTMENT OF SOCIAL SERVICES OFFICES, AND NEEDS TO BE CLARIFIED.

CURRENTLY SHOULD A DEATH OCCUR WITHOUT PRE-ARRANGING IN ADVANCE, A CONSUMER'S BENEFICIARY CAN ASSIGN A PORTION OF THE DEATH BENEFIT LIFE INSURANCE POLICY TO COVER FUNERAL EXPENSES FOR THE DECEASED.

TODAY MORE THAN EVER CONSUMERS ARE LIVING LONGER, IN FACT A LOT OF THEM LIVING WELL INTO THEIR 90'S AND BEYOND (I PERSONALLY HAVE 5 FAMILY MEMBERS IN THEIR 90'S) {also just read the Obituaries and you will see them, in fact on Monday my local newspaper had 5 people in their 90's WHO HAD DIED OVER THE WEEKEND} most OF THEM ARE LIVING ON A FIXED INCOME IN RETIREMENT FOR 30 YEARS OR MORE, MAINLY DUE TO BETTER LIVING AND MODERN MEDICAL CARE AND TECHNOLOGY THAT EXISTS TODAY. SOME HAVE IN FACT OUT LIVED THEIR OTHER FAMILY MEMBERS AND IN SOME CASES THEIR CHILDREN. THESE SENIORS ARE LIVING IN LIFE CARE FACILITIES, ASSISTED LIVING AND SKILLED NURSING CARE FACILITIES THROUGH OUT THE STATE AS I AM SURE MOST OF YOU ARE AWARE. THEY ARE USING THEIR INCOME AND SAVINGS FOR THEIR DAILY CARE NEEDS. DUE TO THEIR EXTENDED LIFE {WHICH MOST HAD NOT IMAGINED THEY WOULD ACHIEVE} THIS HAS USED UP THEIR PERSONAL FINANCIAL WEALTH. THEREFORE, MOST ONLY HAVE A LIFE INSURANCE POLICY THEY PURCHASED SOMETIME AGO POSSIBLY 30, 40 YEARS AGO AS A MEANS TO COVER FUNERAL EXPENSES UPON THEIR DEATH, PROVIDING SECURITY TO THE SURVIVING FAMILY TO NOT NEED TO COVER THESE COSTS. MOST OFTEN THESE POLICIES ARE PAID UP, MEANING THEY ARE NOT PAYING ANY PREMIUMS FOR THEIR DEATH BENEFIT COVERAGE.

Should an individual need Medicaid title #19 assistance to cover their living expenses in a Skilled Nursing facility there is an application process, maybe some of you are aware? Spend down period in their personal assets prior to making application. There are 3 criteria I am aware of for this process

- 1) set up a pre-arranged funeral service contract with a licensed funeral home in Connecticut

Current statutes are 2 contracts irrevocable \$5,400 contract and Revocable Burial space contract

- 2) Individuals may only have a maximum of \$1,600 in assets

- 3) Individuals may only have a maximum of \$1,500 in life insurance policy. (Or a combination of assets insurance cash value and assets not to exceed the limits to qualify)

The main issue today is should their life insurance policy exceed the maximum limit death benefit and cash value combinations of assets. They need to cancel (or revoke) the policy TO COMPLY WITH THE CRITERIA. By CASHING IN THE POLICY their return is **NOT** the death benefit but the MUCH lower cash value to the policy. Example of an insured who purchased a life insurance policy some 30 years ago or more paying all their premium payments and is paid up today. Currently To comply with Medicaid this policy would need to be cashed in. So, lets say for example purposes the death benefit is \$10,000, and the cash value is \$2,000. By cancelling or (revoking) this policy and not assigning it for the purpose of death or to fund a pre-arranged contract the return would only be the cash value the lower amount \$2,000 and not the full value \$10,000 or providing the original intended purpose to cover funeral expenses. The only real winner here is the Insurance companies because they have received all the premium payments for the policy, and only pay out the LOWER cash (\$2,000) value and NOT the FULL DEATH BENEFIT (\$10,000) of the policy. THEREFORE COSTING A LARGE VALUE TO THE CONSUMER.

By allowing and permitting the use of a life insurance policy assignment to the funeral home for the purpose of funding a Prearranged Funeral contract in advance would mainly be a consumer benefit.

Using the FULL-VALUE DEATH BENEFIT and NOT THE CASH VALUE LOWER AMOUNT of the Life Insurance Policy . Again remember these proceeds should be used to cover their funeral expenses as was originally intended when it was purchased, no a loss in face value by cashing in, and receiving the lower cash value. Since we are still in economic uncertain times many client families served today strongly rely upon using their Life Insurance Policies to cover their funeral expenses. We are seeing this trend more and more on a daily basis. There would, NOT AND {I REPEAT NOT} be any cost the state of Connecticut for this purpose what so ever.

However, by not allowing this change to take place today will surely HAVE AN increases RISK of applications for the current \$1,800 Medicaid funeral cost death benefit the state allows for those individuals on Medicaid title #19. Which could quite possibly cost more in the future? So as you can see we are in fact proposing to in prevent a future expensive situation with a solution today.

By not voting in favor will Therefore increase future claims and most likely cost the state on the back end, even more. I'm sure no one wants future expense increases down the road, when we could have done something about it today, I'm sure you will all agree.

Also, if you are thinking this proposal is intended to increase profits for the funeral homes in the state I assure you all that is not the case at all. We try to maintain our costs as best as possible and within our control. The main purpose is to maintain full value of a Life Insurance policy originally purchased by consumers in Connecticut, so as not to pass on the funeral costs to the next family

Generation for their loved one funeral services. Today, more than ever consumers are seeking the lowest possible costs in every purchase they make including funerals to be within their budgets.

Our goal is to solve a problem and not create one in the future. Also, there are approximately 10,000 baby boomer's turning 65 this year the solution needs to be today not tomorrow, which could possibly be a bigger issue.

FINALLY, THERE IS 1CERTAINITY IN A PERSONS LIFE AND THAT IS DEATH.

CONSUMERS SHOULD HAVE THE RIGHT TO FINALIZE THEIR WISHES IN ADVANCE IN WRITING AND HAVE THE RIGHT TO USE THEIR LIFE INSURANCE POLICIES TO FUND THESE CONTRACTS AS ORIGINALLY INTENDED, ESPECIALLY SINCE IN A LOT OF CASES THIS IS THEIR ONLY MEANS TO COVER THESE EXPENSES AND WHY THEY ORIGINALLY PURCHASED LIFE INSURANCE PROTECTION AND NOT TO FINANCIALLY BURDEN THEIR SURVIVING FAMILY MEMBERS. SO I TRUST EACH OF YOU, ELECTED OFFICIALS WILL DO THE RIGHT THING AND VOTE FOR RAISED BILL #6300 FOR THE CONSUMERS OF CONNECTICUT.

CAN I FURTHER ANSWER ANY QUESTIONS?

THANK YOU