

March 15, 2012

Co-Chair Senator Terry Geratana
Co-Chair Representative Betsy Ritter
Public Health Committee
Legislative Office Building, Room 1D
Hartford, CT 06106

RE: House Bill 5498

Dear Members of the Committee on Public Health:

Homesteaders Life Company is a life insurance company authorized to sell life insurance policies to fund prearranged funeral contracts in 49 states plus the District of Columbia. Homesteaders is a national leader in the preneed insurance market and has been in business for over 106 years.

Homesteaders respectfully submits testimony on House Bill 5498, specifically in support of the substituted language that will clarify that insurance-funded prearranged funeral contracts are permitted as an alternative to escrow funding.

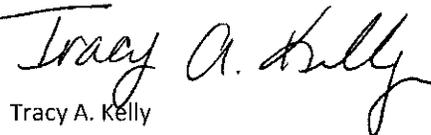
Homesteaders, along with a coalition of preneed insurers, requests that language reflecting that insurance funded prearranged funeral contracts are allowed in the state of Connecticut be inserted into Section 42-200 of the Connecticut Statutes and corresponding statutes.

Insurance funded prearranged funeral contracts have always been allowed in the state of Connecticut, however there has been confusion recently based upon misinterpretation by some regulators and funeral home inspectors. Section 42-200 currently only identifies one funding mechanism, escrow funding. This leads to confusion by consumers and industry providers. Insurance funding is currently allowed and controlled by insurance statutes and regulations; however it has become difficult throughout the past few years to overcome the confusion of consumers, regulators and the industry providers. To overcome this confusion we are requesting that clarifying language be placed in Section 42-200.

Insurance funded prearranged funeral contracts are not a new concept. They are allowed in all states except New York and Maine. In 2011, almost \$2 billion was written in insurance funded prearranged funeral contracts. It is an alternative favored by regulators throughout the United States due to the protections afforded by the extensive network of state life insurance guaranty associations.

Homesteaders, therefore submits testimony in support of House Bill 5498.

Sincerely,



Tracy A. Kelly

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