



## **Funeral Consumers Alliance of Central Ohio**

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Senate Insurance, Commerce and Labor Committee Hearing SSB 196 May 21, 2008  
Testimony

Good afternoon, Senator Stivers, Senator Kearney, Members of the Committee. My name is Marie Lorz. I am a volunteer. I am here this afternoon representing thousands of Ohio consumers who are members of the five affiliates of the national Funeral Consumers Alliance. These affiliates are located in Cleveland, Toledo and Northwest Ohio, Akron-Canton and Northeast Ohio, Columbus and Central Ohio and Cincinnati. We advocate for all Ohio consumers regarding the practices of the funeral industry.

We appreciate the opportunity to testify in support of Substitute Senate Bill 196, as far as it goes, to protect Ohio families from fraudulent activity on the part of some funeral directors. The Funeral Consumers Alliance has been pleased to work with other interested parties and Senator Schaffer's gifted legislative aide to hammer out notifications, contract disclosures and other improved legal provisions which constitute better protection for what FCA estimates conservatively to be the 3,400 Ohio consumers who annually purchase preneed arrangements.

Nevertheless, pleased as we are to testify in support of his bill, there are two issues which are troubling. One is included in the Bill. The second is an important protection which has been omitted from the SB 196.

FCA welcomes the guarantee of portability of contracts from one funeral home to another. The lack of this freedom has been a bone of contention between FCA and some Ohio funeral homes in the past. However we believe the levying of a penalty of 10% of the principal for the transfer of a preneed contract is a troubling practice. When no funeral services have been rendered, why must Mother forfeit \$800 of her \$8,000 contract when she has to move from Cleveland to Dayton to be near her daughter now that the older woman can no longer live alone? FCA understands that setting up the contract can be construed as more than just the cost of doing business. But for our elders to be penalized 10% of their own money when they must relocate is, in our estimation, unconscionable in this day of social mobility and increasing length of life.

Our second concern is restitution to the defrauded consumer. We all know there are loopholes in this bill which some dishonest people in the industry will discover and exploit. Ironically all the interested parties who met over many months to craft these compromises agreed that a Consumer Protection Recovery Fund was a viable concept. But we were unable to engage a governmental or regulatory entity to take on the functions of such a fund. Gentlemen, we all understand that it is never possible to anticipate every opportunity for deception. Thus almost a third of the state legislatures informed enough to acknowledge the millions of dollars which have disappeared in dozens of states across the country have established this kind of vehicle for restitution to victims of funeral consumer fraud. The Funeral Consumers Alliance affiliates in Ohio intend to be active in efforts to achieve this protection for Ohio families.

Thank you for the opportunity to speak to you. I'll be glad to attempt to answer your questions.