



# ***Funeral Consumers Alliance of Maryland and Environs***

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*Protecting a consumer's right to a meaningful, dignified, and affordable funeral.*

## **HB 71 - Support**

### **Testimony for the House Committee on Health & Government Operations of the Maryland General Assembly**

February 2, 2012

Submitted by Brian E. Ditzler, Vice President,  
**Funeral Consumers Alliance of Maryland & Environs**

Chairman Hammen and Members of the Committee:

Thank you for the opportunity to provide testimony from the Funeral Consumers Alliance of Maryland and Environs in support of House Bill 71. HB 71 would exempt the Family Security Trust Fund from the requirement that its interest be transferred yearly to Maryland's General Fund.

Our organization is the volunteer-run, regional chapter of the national non-profit Funeral Consumers Alliance (FCA). The 100 or so chapters across the country of the FCA are dedicated to helping the consumer be more informed about after death care options available to them, and protecting the public from fraud and abuse in cremation, funeral and burial transactions. I am vice president of the local chapter, which has several hundred members across the state, plus many more in DC and Delaware, who take an active interest in matters relating to the after death care of loved ones.

The Family Security Trust Fund is administered by Maryland's Board of Morticians and Funeral Directors for the benefit of consumers in the state who may suffer from theft, embezzlement, fraud or forgery of their "preneed" payments by a licensed mortician, funeral director, apprentice mortician or funeral director, or unlicensed employee of a licensed funeral establishment in Maryland.

The Family Security Trust Fund was enacted in July 2008 after House Bill 1090 was passed unanimously by both houses of the Maryland General Assembly and was signed into law by the Governor.

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To appreciate how prudently the monies in the Family Security Trust Fund are administered, it might be useful to understand how payments to consumers are decided.

Each claim of preneed money allegedly stolen must state all relevant facts, the amount of money lost, and include appropriate documentation or other evidence that supports the claim.

The Board of Morticians reviews all claims, may conduct investigations of claims and, when appropriate, will schedule hearings. The burden of proof is on the consumer at any claim hearing. When guilt (of a licensee in the state) is determined and a claim has been proven valid, the Board orders full or partial payment of the claim from the Family Security Trust Fund.

The maximum amount the Fund may pay out to substantiated claims is limited to the actual monetary loss the consumer suffered and may not include any punitive or other damages.

Each individual or funeral establishment that the Board finds responsible for the misconduct that gave rise to a claim will have their license suspended and be expected to reimburse the Trust Fund. A licensee found guilty will not be considered for reinstatement to an active status until all money paid from the Fund on that claim is reimbursed in full, plus interest from the time the Fund made payment to the consumer.

While it is important to acknowledge that the State is short of the income needed to carry out its obligations, the amount of money the Family Security Trust Fund earns annually in interest is modest, so its absence from the State's General Fund each year would hardly be noticed.

Allowing the annual interest earned to remain in the Family Security Trust Fund helps that fund to continue growing along with the assistance of \$375 annual fees that must be paid by all funeral establishments in the state. Once the Fund reaches \$1million, funeral establishments in the state will be required to pay a fee only if the Trust Fund balance falls below \$1 million.

In summary, HB 71 is a reasonable request that would have a modest impact on the State's General Fund, while helping a Trust Fund that greatly benefits the consumer. The bill has the support of the Funeral Consumers Alliance of Maryland & Environs, and we encourage this committee to issue a favorable report on HB 71.