



**Substitute House Bill No. 5381**

**Public Act No. 26-57**

**AN ACT CONCERNING UNLAWFUL FUNERAL SERVICE PRACTICES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (*Effective from passage*) (a) As used in this section:

(1) "Funeral service contract" means a funeral service contract, as defined in section 42-200 of the general statutes, as amended by this act, that is entered into on or before July 1, 2026;

(2) "Beneficiary" has the same meaning as provided in section 42-200 of the general statutes, as amended by this act;

(3) "Purchaser" has the same meaning as provided in section 42-200 of the general statutes, as amended by this act; and

(4) "Eligible person" means a beneficiary or purchaser of a funeral service contract, the estate of a beneficiary or a legally authorized agent of a beneficiary.

(b) There is established a separate, nonlapsing account to be known as the "funeral service guaranty account". The account shall contain (1) any amounts appropriated or otherwise made available by the state for the purposes of this section, (2) any moneys required by law to be

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deposited in the account, and (3) gifts, grants, donations or bequests made for the purposes of this section. Investment earnings credited to the assets of the account shall become part of the assets of the account. The State Treasurer shall administer the account.

(c) All moneys deposited in the account shall be used by the Department of Consumer Protection for the purposes of this section. The Commissioner of Consumer Protection may deduct and retain from the moneys in the account an amount equal to the costs incurred by the department in administering the provisions of this section, including personnel expenses, except said amount shall not exceed two per cent of the balance in the account in any fiscal year.

(d) Beginning on and after July 1, 2027, the Commissioner of Consumer Protection shall use the funeral service guaranty account to provide restitution to eligible persons who were victims of fraudulent or otherwise unlawful practices involving moneys paid pursuant to a funeral service contract. The department shall not provide any restitution that exceeds the balance available for restitution in the account.

(e) To make a claim for payment from the account, an eligible person shall submit to the Department of Consumer Protection the following: (1) A copy of the original funeral service contract; (2) proof of any funeral services provided under the funeral service contract; (3) proof of status as an eligible person pursuant to subsection (a) of this section; and (4) proof of any payment for funeral or burial services not provided in the funeral service contract. The commissioner may consider any superior court or small claims court order entered against the provider of the funeral service contract with the eligible person but shall not require the submission of such an order.

(f) To preserve the integrity of the funeral service guaranty account, the commission may order payment from the account of an amount less

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than the eligible person's actual loss or damages incurred or less than the order of restitution awarded by the commissioner. No payment shall be made from the account in an amount of more than ten thousand dollars for any one funeral service contract.

(g) If the amount deposited in the account is insufficient to satisfy any duly authorized claim or portion thereof, the commissioner shall, when sufficient funds have been deposited in the account, satisfy such unpaid claims or portions thereof in the order that such claims or portions thereof were determined.

(h) Whenever the commissioner has caused any amount to be paid from the account to an eligible person, the commissioner shall be subrogated to all the rights of the eligible person up to the amount paid plus reasonable interest and, prior to receipt of any payment from the account, the eligible person shall assign all of this right, title and interest in the claim up to the amount to the commissioner, and any amount and interest recovered by the commissioner on the claim shall be deposited to the account.

(i) If the commissioner orders the payment of any amount to an eligible person against the provider of a funeral service contract, the commissioner shall determine whether such provider is possessed of assets liable to be sold or applied in satisfaction of the claim on the account. If the commissioner discovers any such assets, the commissioner may request that the Attorney General take any action necessary for reimbursement to the account.

(j) The commissioner shall adopt regulations, in accordance with the provisions of chapter 54 of the general statutes, concerning the requirements for obtaining restitution under this section and a process for issuing restitution to eligible persons. Such regulations shall be proposed not later than April 1, 2028, or ninety days after the issuance of the final report from the funeral service working group, established

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pursuant to section 3 of this act, whichever is earlier. Notwithstanding the provisions of sections 4-168 to 4-172, inclusive, of the general statutes, in order to effectuate the provisions of this section, prior to adopting such regulations and not later than June 1, 2027, the commissioner shall adopt policies and procedures to implement the provisions of this section. Not later than June 1, 2027, the commissioner shall implement policies and procedures necessary to administer the provisions of this section while in the process of adopting such policies and procedures as regulations, provided the department posts such policies and procedures on the eRegulations System prior to adopting them. Policies and procedures implemented pursuant to this section shall be valid until regulations are adopted in accordance with the provisions of chapter 54 of the general statutes.

Sec. 2. Subsection (b) of section 42-200 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2026*):

(b) A funeral service contract shall be in writing and shall contain, except as provided in subsection (c) of this section; [ , the following:]

(1) The name, address, telephone number and Social Security number of the beneficiary and the purchaser;

(2) The name, address, telephone number and license number of the funeral director for the funeral service establishment providing the goods or services;

(3) A list of the selected goods or services, if any;

(4) The amount of funds paid or to be paid by the purchaser for such contract, the method of payment and a description of how such funds will be invested and how such investments are limited to those authorized pursuant to subsection (c) of section 42-202;

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(5) A description of any price guarantees by the funeral service establishment or, if there are no such guarantees, a specific statement that the contract contains no guarantees on the price of the goods or services contained in the contract;

(6) The name and address of the escrow agent designated to hold the prepaid funeral services funds;

(7) A written representation, in clear and conspicuous bold type, that the purchaser should receive a notice from the escrow agent acknowledging receipt of the initial deposit and the amount of such deposit not later than twenty-five days after receipt of such deposit by a licensed funeral director;

(8) A description of any fees to be paid from the escrow account to the escrow agent or any third party provider;

(9) A description of the ability of the purchaser or the beneficiary to cancel a revocable funeral service contract and the effect of cancelling such contract;

(10) For irrevocable contracts, a description of the ability of the beneficiary to transfer such contract to another funeral home; [and]

(11) The signature of the purchaser or authorized representative and the licensed funeral director of the funeral service establishment; and

(12) A statement signed by the purchaser attesting that, prior to executing such contract, the purchaser received (A) a copy of the fact sheet on funeral service contracts published on the Department of Consumer Protection's Internet web site, and (B) time to review such fact sheet.

Sec. 3. (NEW) (*Effective from passage*) (a) There is established a working group to study issues related to prepaid funeral service

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contracts, the creation of consumer protections for purchasers of such contracts or their agents, and the establishment and implementation of a guaranty fund for consumers who purchase such contracts.

(b) The working group shall consist of the following members:

(1) One appointed by the House chairperson of the joint standing committee of the General Assembly having cognizance of matters relating to consumer protection;

(2) One appointed by the Senate chairperson of the joint standing committee of the General Assembly having cognizance of matters relating to consumer protection;

(3) One appointed by the House ranking member of the joint standing committee of the General Assembly having cognizance of matters relating to consumer protection;

(4) One appointed by the Senate ranking member of the joint standing committee of the General Assembly having cognizance of matters relating to consumer protection;

(5) The Commissioner of Consumer Protection, or the commissioner's designee;

(6) The Commissioner of Public Health, or the commissioner's designee;

(7) The Insurance Commissioner, or the commissioner's designee;

(8) The Banking Commissioner, or the commissioner's designee;

(9) The Probate Court Administrator, or the administrator's designee;

(10) A representative of an association representing funeral directors, who shall be appointed jointly by the chairpersons of the joint standing

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committee of the General Assembly having cognizance of matters relating to consumer protection;

(11) A representative of an association representing banks, who shall be appointed jointly by the chairpersons of the joint standing committee of the General Assembly having cognizance of matters relating to consumer protection; and

(12) A representative of an association representing insurance companies, who shall be appointed jointly by the chairpersons of the joint standing committee of the General Assembly having cognizance of matters relating to consumer protection.

(c) Any member of the working group appointed under subdivision (1), (2), (3) or (4) of subsection (b) of this section may be a member of the General Assembly, provided any member of the working group appointed under said subdivisions who is a member of the General Assembly shall serve as a nonvoting member of the working group unless such member is selected to serve as a chairperson of the working group, in which case such member shall have a vote on the working group.

(d) All initial appointments to the working group shall be made not later than thirty days after the effective date of this section. Any vacancy shall be filled by the appointing authority.

(e) The chairpersons of the joint standing committee of the General Assembly having cognizance of matters relating to consumer protection shall select two chairpersons of the working group from among the members of the working group appointed under subdivision (1), (2), (3) or (4) of subsection (b) of this section. Such chairpersons shall schedule the first meeting of the working group, which shall be held not later than sixty days after the effective date of this section. The working group shall meet not less frequently than monthly and may meet at such other

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times as the chairpersons, in their discretion, deem necessary.

(f) The administrative staff of the joint standing committee of the General Assembly having cognizance of matters relating to consumer protection shall serve as administrative staff of the working group.

(g) Not later than December 1, 2027, the working group shall submit an initial report on its findings and recommendations to the joint standing committee of the General Assembly having cognizance of matters relating to consumer protection, in accordance with the provisions of section 11-4a of the general statutes.

(h) Not later than January 1, 2027, the working group shall submit a final report on its findings and recommendations to the joint standing committee of the General Assembly having cognizance of matters relating to consumer protection, in accordance with the provisions of section 11-4a of the general statutes. The working group shall terminate on the date that it submits such final report or January 1, 2028, whichever is later.