



House of Representatives

File No. 744

General Assembly

February Session, 2026

(Reprint of File No. 637)

Substitute House Bill No. 5381
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
April 29, 2026

AN ACT CONCERNING UNLAWFUL FUNERAL SERVICE PRACTICES.

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

- 1 Section 1. (NEW) (*Effective from passage*) (a) As used in this section:
- 2 (1) "Funeral service contract" means a funeral service contract, as
3 defined in section 42-200 of the general statutes, as amended by this act,
4 that is entered into on or before July 1, 2026;
- 5 (2) "Beneficiary" has the same meaning as provided in section 42-200
6 of the general statutes, as amended by this act;
- 7 (3) "Purchaser" has the same meaning as provided in section 42-200
8 of the general statutes, as amended by this act; and
- 9 (4) "Eligible person" means a beneficiary or purchaser of a funeral
10 service contract, the estate of a beneficiary or a legally authorized agent
11 of a beneficiary.

12 (b) There is established a separate, nonlapsing account to be known
13 as the "funeral service guaranty account". The account shall contain (1)
14 any amounts appropriated or otherwise made available by the state for
15 the purposes of this section, (2) any moneys required by law to be
16 deposited in the account, and (3) gifts, grants, donations or bequests
17 made for the purposes of this section. Investment earnings credited to
18 the assets of the account shall become part of the assets of the account.
19 The State Treasurer shall administer the account.

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

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

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

44 (f) To preserve the integrity of the funeral service guaranty account,
45 the commission may order payment from the account of an amount less
46 than the eligible person's actual loss or damages incurred or less than
47 the order of restitution awarded by the commissioner. No payment shall
48 be made from the account in an amount of more than ten thousand
49 dollars for any one funeral service contract.

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

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

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

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

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

89 Sec. 2. Subsection (b) of section 42-200 of the general statutes is
90 repealed and the following is substituted in lieu thereof (*Effective July 1,*
91 *2026*):

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

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

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

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

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

104 (5) A description of any price guarantees by the funeral service
105 establishment or, if there are no such guarantees, a specific statement

106 that the contract contains no guarantees on the price of the goods or
107 services contained in the contract;

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

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

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

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

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

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

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

129 Sec. 3. (NEW) (*Effective from passage*) (a) There is established a
130 working group to study issues related to prepaid funeral service
131 contracts, the creation of consumer protections for purchasers of such
132 contracts or their agents, and the establishment and implementation of
133 a guaranty fund for consumers who purchase such contracts.

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

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

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

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

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

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

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

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

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

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

154 (10) A representative of an association representing funeral directors,
155 who shall be appointed jointly by the chairpersons of the joint standing
156 committee of the General Assembly having cognizance of matters
157 relating to consumer protection;

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

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

166 (c) Any member of the working group appointed under subdivision
167 (1), (2), (3) or (4) of subsection (b) of this section may be a member of the
168 General Assembly, provided any member of the working group
169 appointed under said subdivisions who is a member of the General
170 Assembly shall serve as a nonvoting member of the working group
171 unless such member is selected to serve as a chairperson of the working
172 group, in which case such member shall have a vote on the working
173 group.

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

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

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

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

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

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>July 1, 2026</i>	42-200(b)
Sec. 3	<i>from passage</i>	New section

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 27 \$	FY 28 \$
Consumer Protection, Dept.	GF - Cost	None	76,750
State Comptroller - Fringe Benefits ¹	GF - Cost	None	31,260
Consumer Protection, Dept.	Funeral Service Guaranty Account - Potential Cost	None	See Below
Consumer Protection, Dept.	Funeral Service Guaranty Account - Potential Revenue Gain	None	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill requires the Department of Consumer Protection (DCP) to oversee the funeral service guaranty account (FSGA) and make grants to eligible applicants resulting in a cost to the state. To meet the requirements of the bill, DCP will have to hire a paralegal specialist for a salary and other expenses cost of \$76,750 in FY 28², along with associated fringe benefit costs of \$31,260 in FY 28. The new employee is needed to review applications, make payments from the account, and answer applicant questions.

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.82% of payroll in FY 27.

²The fiscal impact begins in FY 28 due to the 7/1/27 start date of the FSGA.

The bill specifies that DCP may deduct and retain up to two percent of the balance of the FSGA for the costs incurred in managing the account resulting in a potential cost to the FSGA and a corresponding potential revenue gain to DCP.

House "A" strikes the underlying bill and its associated fiscal impact resulting in the impact described above.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to employee wage increases and inflation.

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Bill Analysis**sHB 5381 (File 637, as amended by House "A")*****AN ACT ESTABLISHING AN ACCOUNT TO COMPENSATE VICTIMS OF UNLAWFUL FUNERAL SERVICE PRACTICES.*****SUMMARY:**

The bill makes various changes regarding funeral services laws, described below.

*House Amendment "A" (1) adds to the requirements the Department of Consumer Protection (DCP) must follow when administering the funeral service guaranty account, (2) requires DCP to adopt regulations, (3) alters the requirements of funeral service contracts, and (4) creates a working group to study prepaid funeral service contracts.

EFFECTIVE DATE: Sections 1 and 3 are effective from passage, section 2 is effective July 1, 2026.

Funeral Service Guaranty Account

The bill establishes a separate, non-lapsing account, called the "funeral service guaranty account." The account must contain (1) any amounts appropriated or made available by the state, (2) any monies required to be deposited in the account, and (3) gifts, grants, donations, or bequests. Investment earnings shall become part of the assets of the account and the State Treasurer is required to administer the account.

The bill allows DCP to deduct and retain up to two percent of the balance in the account for costs incurred by the department for administering the account.

Beginning July 1, 2027, DCP is required to use the funds in the account to provide restitution to eligible persons who were victims of

fraudulent or unlawful practices when purchasing funeral services. DCP cannot provide restitution that exceeds the balance in the account.

An eligible person may make a claim from the account by submitting the following documents to DCP:

1. A copy of the original funeral service contract,
2. Proof of any funeral services provided under the contract,
3. Proof that the person is a beneficiary or purchaser of a contract, the estate of a beneficiary, or a legally authorized agent of a beneficiary,
4. Proof of any payment for funeral or burial services not provided in the contract.

DCP may consider a court order entered against the provider of the funeral service contract with the eligible person but will not require the document to be submitted.

Payments from the Funeral Service Guaranty Account

DCP must follow these requirements when dispersing funds from the account:

1. No payment over \$10,000 will be made from the account for any one contract.
2. To preserve the integrity of the account DCP may order payment in an amount less than the eligible person's actual loss or damages or less than the restitution awarded.
3. If the account has insufficient funds to satisfy a claim, DCP shall satisfy any unpaid claim amounts once sufficient funds have been deposited into the account, in the order that the claims or portions of claims were determined.
4. Once an eligible person has been paid from the account, DCP

shall be subrogated to all the rights of the eligible person up to the amount paid plus reasonable interest. Any funds recovered by DCP shall be deposited into the account.

5. If DCP orders payment of any amount to an eligible person against a provider of a funeral services contract, DCP will determine if the provider has assets liable to be sold or applied in satisfaction of the claim. If DCP discovers any assets, the agency may request the Attorney General to take any action necessary to reimburse the account.

Regulations

The bill requires DCP to adopt regulations concerning requirements for obtaining restitution for eligible persons no later than April 1, 2028 or ninety days after the issued report from the working group. DCP will also adopt policies and procedures to implement the provisions of the bill not later than June 1, 2027.

Funeral Services Contracts

The bill makes the following changes to funeral services contracts:

1. That the notice from the escrow agent acknowledging receipt of the initial deposit be in bold type and state the amount of the deposit.
2. The contract is required to include a statement signed by the purchaser saying that prior to executing the contract the purchaser received: (1) the DCP fact sheet on funeral service contracts and (2) had time to review the fact sheet.

Prepaid Funeral Service Contracts Working Group

The bill creates a working group to study issues related to prepaid funeral service contracts, the creation of consumer protections for these contracts, and the establishment and implementation of the guaranty fund for these consumers.

The working group consists of twelve members appointed by various

legislators, commissioners, and associations. All initial appointments shall be made within thirty days of the effective date of the section.

The administrative staff of the General Law Committee shall serve as the administrative staff to the working group.

The working group will submit its initial report to the General Law committee by December 1, 2027 and shall submit its final report to the General Law committee by January 1, 2028. The working group shall terminate the day it submits its final report or by January 1, 2028, whichever is later.

COMMITTEE ACTION

Appropriations Committee

Joint Favorable Substitute

Yea 49 Nay 2