

# OFDA MASTER TRUST APPROVED AS INSTITUTIONAL DEPOSITOR



New law changes to Ohio Revised Code 4717 mandate the establishment of a preneed recovery fund, offering additional consumer protection. Unlike the existing Ohio Life and Health Insurance Guaranty Association that protects insurers against failure due to impairment or insolvency of member insurer, the purpose of the preneed recovery fund is to reimburse consumers who have suffered financial loss as a result of malfeasance, default, failure or insolvency in connection with the sale of a preneed contract by any licensee.

Any preneed contract written on or after September 29, 2017, except for a preneed funeral contract that is funded by the assignment of an existing life insurance policy, is subject to the \$10 fee. It is important to note “existing life insurance policy” means that it was not intended for the purpose of funding funeral or final disposition expenses and has been in existence for at least six months prior to the assignment.

The Ohio Board of Embalmers and Funeral Directors is responsible for promulgating rules and managing the fund. The funds will be held with the state of Ohio treasurer’s office, but not as part of the state treasury.

On a quarterly basis, depositors must report contract data and payment to the Automated Reporting and Preneed Payment System (ARPPS). Two categories of depositors have been identified by the Board.

- **Institutional depositor:** Entity, trust or insurance company authorized to submit reports and payment to ARPPS on behalf of a licensee
- **Funeral director depositor:** Funeral director actually in charge (AIC) responsible for reporting and payment of those contracts not reported by institutional depositor

“Recognizing the demands placed upon licensees and time constraints all funeral homes experience in today’s environment, the OFDA Master Trust Committee ambitiously sought Board approval as an institutional depositor,” stated Walt Lindsey, OFDA Master Trust Committee chair.

“It is imperative to remain relevant as an association and continue to be creative in our service initiatives for our membership,” said OFDA Executive Director Melissa Sullivan.

Those funeral homes utilizing the OFDA Master Trust as their funding entity for preneed contracts will enjoy the convenience of the trust handling the administrative functions of their preneed recovery fund reporting.

A leader in trust programs nationwide, the Master Trust prides itself on integrity, prudent management, being fully compliant with Ohio law and an impressive fund rate of return. Strengthening funeral home valuation and improving profitability is on the minds of every funeral home owner. Those who participate in the trust recognize and benefit from the impact it has on their bottom line.