**Section 930.60 Preneed Funeral Contracts or Prearrangements**

a) The following information shall be given in writing to the applicant at the time an application is made, prior to accepting the applicant's initial premium or deposit for a preneed funeral contract or prearrangement as defined in Section 930.50(j) which is funded or to be funded by a life insurance policy:

1) the fact that a life insurance policy is involved or being used to fund a prearrangement,

2) the nature of the relationship among the soliciting agent or agents, the provider of the funeral or cemetery merchandise or services, and any other person,

3) the relationship of the life insurance policy to the funding of the prearrangement and the nature and existence of any guarantees relating to the prearrangement,

4) the impact on the prearrangement:

A) of any changes in the life insurance policy including but not limited to, changes in the assignment, beneficiary designation or use of the proceeds,

B) of any penalties to be incurred by the policyholder as a result of failure to make premium payments,

C) of any penalties to be incurred or monies to be received as a result of cancellation or surrender of the life insurance policy,

5) the fact that the family or representative of the deceased has the right to change the choice of the provider of the funeral/cemetery merchandise and services upon the demise of the insured,

6) an itemized list of the merchandise and services which are applied or contracted for in the prearrangement and all information concerning the price of the funeral service, including an indication that the purchase price is either guaranteed at the time of purchase or to be determined at the time of need,

7) all information concerning:

A) the disposition of any proceeds from the policy in excess of the amount needed to fund the prearrangement; and

B) any remaining or outstanding obligations of the estate for payment of any difference between the amount actually needed to fund the prearrangement and the life insurance policy proceeds; and

C) payment of proceeds to a secondary beneficiary in the event the policy proceeds exceed the prearranged costs of the funeral/cemetery merchandise and services,

8) any penalties or restrictions, including but not limited to geographic restrictions or the inability of the provider to perform, on the delivery of merchandise, services or the prearrangement guarantee.

b) No person shall be designated the owner of a life insurance policy used to fund a prearrangement if the person's only insurable interest in the insured is the receipt of the proceeds from the policy or in naming who shall receive the proceeds. Such persons would include the funeral home providing the services and the insurance producer who sold the policy.

(Source: Amended at 22 Ill. Reg. 3058, effective June 1, 1998)