

**MEMORANDUM**

**TO:** David Ingram, Board of Embalmers and Funeral Directors

**FROM:** Emily Kaylor, Director of Regulatory Policy

**DATE:** October 12, 2017

**RE:** **CSI Review – Preneed Recovery Fund Rules (OAC 4717-14-01 through 4717-14-17 and 4717-8-01)**

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On behalf of Lt. Governor Mary Taylor, and pursuant to the authority granted to the Common Sense Initiative (CSI) Office under Ohio Revised Code (ORC) section 107.54, the CSI Office has reviewed the abovementioned administrative rule package and associated Business Impact Analysis (BIA). This memo represents the CSI Office's comments to the Agency as provided for in ORC 107.54.

**Analysis**

This rule package consists of one amended and 17 new rules submitted by the Board of Embalmers and Funeral Directors. It was submitted to the CSI Office on September 29, 2017 and the comment period closed on October 6 with no comments received.

The rules establish guidelines for the preneed recovery fund as created by House Bill 49 of the 132nd General Assembly. This fund will reimburse consumers who purchase funeral prearrangements from a licensee and suffer financial loss due to the licensee's wrongdoing.

The BIA identifies the impacted community as licensed funeral directors, embalmers, crematory operators, and other licensees of the Board. The Board explains the impacts of the rules include fees and fines for noncompliance. Additionally, the rules establish recordkeeping and reporting requirements for funeral homes regarding preneed contracts. The fees are established in Rule 4717-14-09 at ten dollars per preneed contract until the fund reaches two million dollars at which point the fee decreases to five dollars per preneed contract, in accordance with ORC 4717.41 which requires a fifty percent reduction of the fee when the fund reaches two million dollars.

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77 South High Street | 30th Floor | Columbus, Ohio 43215-6117  
CSIOhio@governor.ohio.gov

When the fund balance reaches three million dollars, no fees will be levied, also in accordance with ORC 4717.41.

The Board shared the rules with the three state associations which represent almost 100 percent of funeral service providers in Ohio. These associations were included in drafting the statutory language and the rules since last year. Many of the rules are based on their suggestions and when the Board distributed the final drafts for early stakeholder outreach no comments were received. Additionally, no comments were received during the CSI public comment period.

### **Recommendation**

For the reasons explained above, the CSI office does not have any recommendations for this rule package.

### **Conclusion**

Based on the above comments, the CSI Office concludes that the Board of Embalmers and Funeral Directors should proceed with the formal filing of this rule package with the Joint Committee on Agency Rule Review.