

## 2018-2019 Preneed Recovery Fund Annual Report

Fiscal Year 2018-2019 Balance	\$446,233.91
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Cash	\$445,524.00
Investments	\$709.91



### ARPPS Reporting Highlights

- An average of 7,420 contracts sold through six quarters.
- 44,552 total contracts sold by Ohio licensees.

**2019-2020 PRENEED RECOVERY FUND FEE**

**\$10**

*\* A \$10 fee will be assessed throughout the 2019-2020 fiscal year.*

## **Overview**

The Preneed Recovery Fund experienced great growth during the fiscal year 2018-2019. At the close of the state's fiscal year on June 30, 2019, the Preneed Recovery Fund had a total available balance of \$446,233.91. The total balance included \$445,524 from quarterly payments and an additional \$709.91 from investments. Joint collaborative efforts with institutional depositors and the Ohio Treasurer's Office created efficiencies in reporting and growth of the fund.

## **Institutional Depositors**

During the 2018-2019 fiscal year, reporting in ARRPS was streamlined with the help of institutional depositors. The Board collaborated with three new institutional depositors, Cincinnati Equitable, Funeral Directors Life Insurance Company, and Loyal Christian Benefit Association. The new institutional depositors along with the existing institutional depositor, Ohio Funeral Directors Association, Master Trust, assisted its members/clients in remaining compliant with the quarterly obligations required by the Board. The Board looks forward to continuing its working relationship with the current institutional depositors and adding to the list of institutional depositors in the future.

## **Investments**

Section 4717.41 of the Revised Code permits the Board to invest portions of the fund that are not currently needed to reimburse losses and maintain adequate reserves. During the March 27, 2019 Board Meeting, representatives from the Ohio Treasurer's Office appeared before the Board to present the State Treasury Asset Reserve of Ohio. Following the presentation, the Board [voted to approve](#) investment of portions of the fund into STAR Ohio.

The State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer of Ohio. The STAR Ohio program provides Ohio governmental subdivisions the ability to invest in high-grade, short-term securities and offers shareholders safety, penalty fee liquidity and comparatively higher yields. Currently, the fund provides a current yield of two and one-half percent (2.50%) interest earned daily. STAR Ohio has an AAAM rating, the highest rating awarded by Standard & Poor's Rating Service. This rating is based on analysis of the pool's management, investment guidelines, portfolio holdings and market price exposure. In June 2019, the Board made its first investment into STAR Ohio.

*What's next for the Preneed Recovery Fund?*

## **Staffing**

The Ohio Revised Code authorizes the Board to hire staff to administer the Preneed Recovery Fund. The Board successfully hired a candidate to fill the Preneed Compliance Administrator/Analyst position. The employee, scheduled to begin in the fall of 2019, will administer the Preneed Recovery Fund and manage the day to day operations of the

program. Additionally, the employee will also manage the Preneed Funeral Contract Annual Report and conduct random compliance audits of preneed records and practices.

### **Reimbursement application**

The purpose of the Preneed Recovery Fund is to reimburse purchasers of preneed funeral contracts who have suffered financial loss caused by licensee malfeasance, misfeasance, default, failure, or insolvency. During fiscal year 2019-2020, the Board will carry out the purpose of the Preneed Recovery Fund by processing claims that are approved for reimbursement. The reimbursement application will be available on the Board's website on September 30, 2019.

The Board is excited to see the Preneed Recovery Fund program fully functional during fiscal year 2019-2020. With a dedicated member of staff to manage the fund, the release of the reimbursement application, safe investment in a fund with gradual growth, the Preneed Recovery Fund is now the scalable consumer protection program it was intended to be.

Visit <http://www.funeral.ohio.gov/> for more resources and information regarding the Preneed Recovery Fund. Please contact 614-466-4252 for the ARPPS help desk or [arpps@funeral.ohio.gov](mailto:arpps@funeral.ohio.gov) for assistance or questions about the system.