



Mike Chaney  
Commissioner Of  
Insurance  
State Fire Marshal

# Buyers' Guide to Burial Associations

## DISCLAIMER:

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MISSISSIPPI  
INSURANCE  
DEPARTMENT

Website: [www.mid.state.ms.us](http://www.mid.state.ms.us)  
Mail: P.O. Box 79, Jackson, MS 39205-0079  
Street: 1001 Woolfolk State Office Building,  
501 N. West St. Jackson, MS 39201

Phone: 601.359.3569  
Intrastate Toll-Free: 800.562.2957  
Fax: 601.359.1077



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## What is a burial association?

According to Mississippi law, a burial association may offer contracts in three amounts: \$150, \$300, and \$450. Regardless of how much money is paid in premium, the contract only pays the face amount at the insured's death. It is important to note that burial contracts require payments throughout the member's lifetime and do not "pay up" before the member's death.

Burial association contracts pay toward the cost of a funeral. Some contracts pay only the expenses of a funeral; however, the average cost of most funerals today far exceeds a single burial contract amount. As a result, several burial contracts may be purchased to pay the expenses of the funeral home you want to provide the service. It is important to understand the difference between life insurance and burial contracts. Life insurance pays a cash payment to any beneficiary designated in writing by the owner of the policy, while a burial contract pays burial costs to a designated funeral home. Generally speaking, the burial contract is honored by the funeral home named on the contract form.

Other burial contracts issued years ago have language that promise the member a complete funeral, listing specific

services and products provided under the contract. Under these contracts, the burial association is obligated to provide a complete service; however, you may be restricted to a certain type of casket and limited services by the funeral home (for example: only one day for the body to lie in state rather than several days; no vault; or other restrictions). Some older burial contracts promise to provide a complete funeral consisting of a casket, preparation of the body, etc.



However, you should realize that the casket provided with this service may be a low-grade wooden or cloth-covered cardboard casket only. This kind of burial contract will not entitle you to select any casket you want. This older type burial contract may also have other restrictions on the type of funeral provided. If the next-of-kin decides to change any of the items provided under a complete funeral in one of these older type burial contracts, the funeral home may not be required to provide the complete service but only credit the amount of the burial contract towards a more expensive funeral. It is important to read a burial contract very carefully and clarify any questions with the issuing burial association.

## What are the different types of burial contracts?

**A Single Contract** - This type of contract provides benefits only for the named insured.

**A Family Contract** - This type of contract provides benefits for those family members listed as named insureds. The contract remains in force until all named insureds are deceased, as long as premiums are paid to the burial association.

## If I stop paying my burial premiums, what refund will I be entitled to receive?



Under the law, if you discontinue paying premiums there is no refund or cash settlement you are entitled to receive for Burial Association contracts.

## Besides burial associations, are other types of programs available to pay funeral expenses?

Life insurance companies offer policies of larger amounts than burial association contracts, and are sometimes marketed as “burial insurance”.

These life insurance policies may be classified as Industrial Life (which is limited to \$5,000 in benefits) or Ordinary Life (which has no limitation on the amount of the contract).

Mutual benefit societies also pay funeral expenses for their members but are not licensed insurance companies.

There are also “pre-need” and “pre-paid” plans, where you make arrangements and pay for your funeral prior to your death by entering into a contract with a registered seller of these plans. These contracts are regulated by

## What happens if the person making final arrangements decides not to use the funeral home where I purchased the burial association contract?

the Mississippi Secretary of State. In 1974, the laws for “Class A” burial contracts were changed to provide the following:

Section 83-37-13(8) of the Mississippi Code states that if death of the insured occurs more than fifty (50) miles from any location of the funeral home named in the contract and should the beneficiary elect to not use the services of the funeral home listed in the contract, the burial association must pay in cash for the member's final expenses a minimum of fifty percent (50%) of the

contract face amount; or furnish the full return of the premiums paid by the member, not to exceed three-fourths percent (3/4%) of the contract amount, whichever is greater.

If death or burial occurs within fifty (50) miles of any location of the funeral



home named in the contract, and the beneficiary desires to use a funeral home other than the funeral home named in the contract, the burial association is only required to pay the full return of the premium paid by the member, not to exceed the contract face amount.

Class A burial contracts written prior to 1974 do not have this provision. It is important to discuss with the funeral home how much they will pay towards your funeral expenses if your next-of-kin does not use the funeral home listed in the contract. Some burial associations have mutual agreements to pay the full face amount of the contract to another funeral home; other

burial associations will not pay the full amount. You should discuss this matter with the person who will be responsible for these final decisions so you will not be prevented from receiving the full amount which you are entitled to receive.

## Who should I contact with questions about my burial contract or need assistance in getting a claim paid?

The Mississippi Insurance Department:

**Call** — (601) 359-3569 or toll-free (within Mississippi) at 1-800-562-2957.

**Write** — Consumer Assistance Division, Mississippi Insurance Department, P.O. Box 79, Jackson, MS 39205.

For “Pre-Need” or “Pre-Paid” plan information:

**Call**—The Mississippi Secretary of State’s Office at 601-359-1550.

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