

The Right Way to “Honor” a Competitor’s Preneed Contract

If your funeral home is in Florida, or any other state that does not expressly permit a preneed contract purchaser to assign the contract to another funeral provider, there is a correct way to handle a consumer that brings in another funeral home’s preneed contract.

The deathcare industry is cooperative; it’s the very nature of a funeral director to assist. That propensity sometimes translates into a funeral home “honoring” a preneed contract sold by another funeral home. I urge you to refrain from doing so and here are some reasons why.



In Florida, and many other states, preneed contracts are not transferrable or assignable. But, unless made irrevocable, every preneed contract can be cancelled. Inasmuch, when the purchaser, or the family of the beneficiary, does not desire the fulfillment of a preneed contract by the seller of the contract, the family should cancel the contract pursuant to its terms, receive the appropriate refund and then enter into a contract with the provider it chooses. That provider can agree to “honor” the prices set forth in the original preneed contract, but it should not honor the contract itself.

Also, the seller of the preneed contract is *not* obligated to give the provider the funds that are in trust for the preneed contract. Therefore, if your funeral home “honors” another funeral home’s preneed contract, the selling funeral home is not required to pay your funeral home – at all. You take a risk by accepting another funeral home’s preneed contract.

Though, on most occasions, the selling funeral home will request that the funds in trust are directed to the providing funeral home, if the preneed contract sale was recent, the funds in trust are not likely sufficient to cover the costs of the providing funeral home.

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Reduced to essentials, if a consumer desires to use your funeral home but has purchased a preneed contract elsewhere, direct the consumer to cancel the preneed contract pursuant to the terms of the contract and the relevant law. You may then freely contract with the consumer. Whether you agree to the same prices as your competitor is up to you.

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