



September 30, 2024

Senator Amy Sinclair, Chair  
Government Oversight Committee

Representative Brooke Boden, Chair  
Government Oversight Committee

RE: Annual report regarding the regulation of preneed funerals and perpetual care cemeteries

Dear Senator Sinclair and Representative Boden:

I write to present the Iowa Insurance Division's 2023 annual report of the administration of the Cemetery and Funeral Merchandise and Funeral Services Act, (Iowa Code chapter 523A) and the Iowa Cemetery Act (Iowa Code chapter 523I). Throughout 2023, the Division has been active in the regulation and oversight of the preneed funeral and cemetery industries, and this report will highlight the Division's role as the court-appointed Receiver of the Joyce Funeral Home and Linwood Cemetery, as well as discuss industry trends observed by the Division.

Trends in Perpetual Care Cemetery Industry

The increased adoption of cremation as an alternative to the traditional in-earth burial has continued to affect pre-need providers, as well as the perpetual care cemeteries. The National Funeral Directors Association 2023 Cremation and Burial Report states that the U.S. cremation rate is expected to increase in the United States from 60.5% in 2023 to 81.4% in 2045. Also according to the report, the rise in cremation is due to cost considerations, environmental concerns, an increasingly transient population, changing consumer preferences, and fewer religious prohibitions against the practice. COVID-19 pandemic restrictions and safety precautions also introduced consumers to non-traditional funeral and memorial service options, and many are continuing to forgo traditional services and merchandise in favor of more cost-effective or environmentally friendly choices.

The revenue necessary to protect, preserve, and maintain perpetual care cemeteries is produced by the sale of interment rights, monuments, and other items that may adorn a grave. Cemeteries make more revenue and incur more cost from a traditional burial than from a cremation and burial in a columbarium. The decline in traditional burials equates to declining revenue without a concomitant decrease in costs. This combination of a shift toward lower revenue services while fixed costs remain high has negatively affected many Iowa cemeteries.

Where this imbalance between fixed costs and lower revenue services is severe enough, cemeteries have become insolvent. Insolvent cemeteries may be forced to enter a receivership or be placed under the jurisdiction of a local municipality, such as a township or city government. Some perpetual care cemeteries have avoided receivership through partnership with city or county governments. The Division currently has one cemetery receivership, Linwood Cemetery. Three other cemeteries went into receivership in recent years, and those receiverships have closed. The Division has assisted other cemeteries in working with cities to avoid receivership.

#### Joyce Funeral Home Receivership

In addition to cemetery receiverships, the Division was appointed receiver of the Joyce Funeral Home in Emmetsburg, Iowa in June of 2020. The Division previously reported liquidating the two Joyce Funeral Home buildings and holding a court-approved claims process. The Division reviewed all claims and recommended to the court that it approve 22 of the claims, conditionally approve two more claims and deny 5 claims. The Division further recommended that the initial amount of the claim, updated for inflation based on the Consumer Price Index. For example, of 19 claims valued at \$76,465.04, the Division recommended paying \$101,775.03. The Division also recommended paying 3 claims related to victims compensated as part of the criminal case against Andy Joyce; the restitution amount for them was adjusted so that between the two settlements they received the same amount of restitution as the other 19 victims who made a claim. In June, the court approved this recommendation.

Division expenditures for fiscal year 2023 for the Joyce Funeral Home Receivership totaled \$1,044.35. Since the Receivership was granted in June of 2020, Division expenditures totaled \$66,933.71.

#### Linwood Cemetery Receivership

Linwood Cemetery is a perpetual care cemetery in Dubuque, IA. Linwood came into Division receivership on July 20, 2020. Division expenditures for Linwood Cemetery for the fiscal year 2023 totaled \$97,382.73. Since the receivership was granted, expenditures total \$258,904.56. Pursuant to 523I.212(5), where no private entity is willing or able to assume responsibility for the cemetery, the court may assign it to the “the applicable governmental subdivision.” Such is the case with Linwood Cemetery, but litigation regarding whether the City of Dubuque or various townships are the appropriate governmental subdivision have delayed the termination of the receivership and the transfer of the cemetery to the appropriate governmental subdivision.

Conclusion

As we continue our efforts to identify issues faced by the preneed funeral and cemetery industry and address the ones we can, we will bring them to your attention and report on our efforts. Please let me know if you have any questions.

Respectfully,

A handwritten signature in black ink, appearing to read "Doug Ommen". The signature is fluid and cursive, with a large initial "D" and "O".

Doug Ommen  
Commissioner of Insurance

Copies to:

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