



# NEWS FROM SCDCA

SOUTH CAROLINA DEPARTMENT OF CONSUMER AFFAIRS  
*Carri Grube Lybarker, Administrator*



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SCDCA Media Contact: Juliana Harris, 803.734.4296

Email: [JHarris@scconsumer.gov](mailto:JHarris@scconsumer.gov)

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1.800.922.1594 (toll free in SC)

## FOR IMMEDIATE RELEASE

### *SCDCA Announces Increased Protection for Consumers*

**Columbia, SC...** The South Carolina Department of Consumer Affairs (SCDCA) is announcing changes made during the 2012 legislative session to the *Preneed Funeral Contracts Law* and the *Physical Fitness Services Center Regulation*. Both laws received updates that increase consumer protections and provide clearer guidance for business.

#### *Preneed Funeral Contracts*

SCDCA began licensing preneed funeral contract providers in 2006. Contracts may be funded by money or an insurance policy issued by a licensed insurance company. If the contract is paid for with money, all payments must be placed in a trust account until the merchandise or services are delivered or performed.

In addition to clarifying SCDCA's authority under the statute, changes to the Preneed Law include:

- ❖ *Addition of a renewal period.* Funeral homes offering preneed will now have to renew their license on a biannual basis. This requirement will assist SCDCA with maintaining accurate records, including bond information.
- ❖ *Loss reimbursement fund building.* The loss reimbursement fund is meant to assist consumers who have been defrauded by a preneed funeral contract provider. The fund's current balance is \$100,000 less than anticipated claims. To ensure the integrity of the loss reimbursement fund, the \$500,000 cap was removed and half of each renewal fee will be deposited into the fund.
- ❖ *Felony charges for preneed violators.* Two felony penalties were added, allowing for more recourse in the event that funds are mishandled or misappropriated and there is no money left to recover. Those convicted can face up to ten years in prison.

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Consumers wishing to purchase funeral or burial goods or services prior to death can find out more about the law and its protections by visiting <http://1.usa.gov/PUD66x>. A listing of licensed preneed funeral contract providers can also be found at <http://1.usa.gov/TDTPeR>.

### **Physical Fitness Services Regulation**

SCDCA began regulating physical fitness industries in 1985. As a part of the agency's "Regulatory Review", the regulation that accompanies the Physical Fitness Services Act received an update. Changes to the Physical Fitness Services Center Regulation include:

- ***The basis for the letter of credit or bond.*** A physical fitness center's letter of credit or bond will be based on the total number of members, not the number of locations.
- ***A center must notify SCDCA with changes in financial status.*** SCDCA must be notified in instances such as bankruptcy, the opening or closing of a facility in SC or felony indictments, among other things.
- ***Centers must file an annual report with SCDCA.*** This will allow for the evaluation of financial stability of the center. Many physical fitness facilities have closed during the economic downturn, leaving consumers who entered into prepaid contracts without a gym or their money.

More detailed information on the regulation change can be found at <http://1.usa.gov/N3fYoI>. Consumers wanting to know more about their rights under the physical fitness laws can visit <http://1.usa.gov/Rw9grT>.

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SCDCA aims to protect consumers from inequities in the marketplace through advocacy, complaint mediation, enforcement and education. To file a complaint or get information on consumer issues, visit [www.consumer.sc.gov](http://www.consumer.sc.gov) or call toll-free, 1.800.922.1594.

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