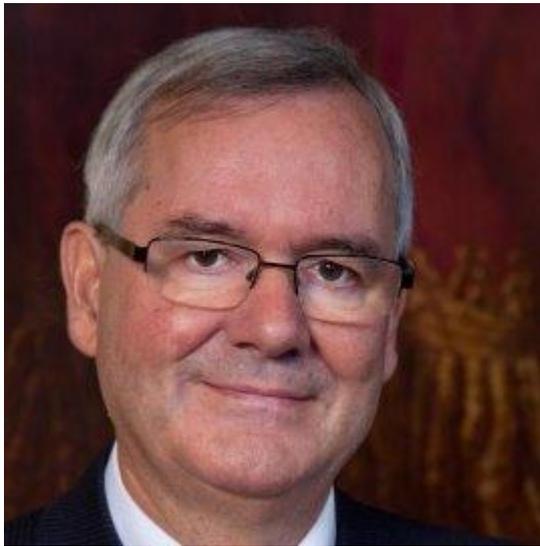


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Bargain sale of a funeral company



The “cremation-affair”, made public by "Follow the Money", a platform of investigative journalism, calls for some very serious integrity questions.

This is partly due to the special character of the funeral industry and the fact that the sold funeral company was owned by an association: the Royal Association for Optional Cremation. The group in question was typically a part of the social economy, a sector that includes economic activities carried out by companies in the legal form of co-operation, mutual trust or association. The ethics of the social economy are based on principles such as pursuit of social goals,

democratic decision-making, solidarity and responsibility, social embedding, transparency, and the use of profits for the benefit of members or the public interest.

Common roots

Funeral insurance has common roots with health insurance. In the nineteenth century, a family could be financially ruined if one of the members needed expensive medical care. Likewise, the sudden death of a young breadwinner, a big disaster in itself, could increase the worry if there was no money for a proper funeral. The sickness insurance and the funeral insurance have come to offer a solution to these relatively large financial risks for people with low income. Both of them are based on strong social motives, under the slogan: 'Bearing each other's burdens'.

Cremation instead of burial

The Association, which was established in 1874, strived in the Netherlands for decades for the possibility to choose cremation instead of burial. Ultimately, this goal succeeded in full and in 1974 the Association, which had changed its name into the Association of Optional Cremation, received the predicate 'Royal' because of the important role it played in accepting cremations in the Netherlands. In the twentieth century, the association offered its members funeral insurance and could offer funerals and cremations as an insured service or as a paid service, the latter through its own crematories.

Transition to a limited company

The funeral service has grown immensely over recent decades. The wishes of people diversified and new innovative technologies were introduced. The Association built crematories and managed cemeteries, but also focused on cremation technology for other providers. In 1990 it was decided to change the business into a limited company, of which the Association maintained all shares. The company performed well in terms of product development and service.

The directors of the limited company were paid very well, but there came a time that it was no longer enough for them. They wanted total control over the company and wanted to separate it from the association. They thus abandoned their core task: serving the social

mission that the Society fulfilled for its members and society.

Deal does not fit in the social economy

It is incomprehensible that the Board of the Association has not immediately blocked the aspiration of directors to withdraw the company from the Association, and - as said by the Board members now - has even encouraged it. The board has been guided by its advisor, who was also director of the association's company, and his interest. The democratic legitimacy had to come from a member council consisting of only five people. After the company had come into the hands of the directors for a “fancy price”, the remaining assets were virtually completely withdrawn from the influence of the Association. This has been transferred to a good-value foundation that has since been controlled by some gentlemen involved in the transaction.

In a short period of time, the almost 150-year-old venerable Royal Association, grown from the guilders and cents that have been contributed by many tens of thousands of people over time, has been financially and economically dismantled by the involvement of a small group. Personal profit strives from a few came in place of profit streams in favor of the collectivity. That does not fit into the social economy.

Lessons to be learned

From this case many lessons are also to be learned for health insurance and healthcare provision organisations. People who have been assigned functions and power in these sectors should never lose sight of the power given to them in view of the social objectives of the institutions they serve. Own interests must be subordinate to it. Integer actions by directors and supervisors begin with the fullest awareness of this premise. They must constantly appeal to each other.

Geert Jan Hamilton is former chairman of the International Association of Mutual Benefit Societies (AIM) and Secretary General of the Dutch Senate. He writes this column on a personal title.