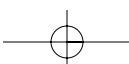


Cutler's expert prospecting methods have opened many doors for him in South Carolina.



# Take Me Home... COUNTRY ROAD

Interviews **Karl Lueders**  
Photography **Milton Morris**

“**E**verybody’s good at something...” That’s what your mother would tell when you realized you couldn’t hit a curve ball or you got a D in math. “...it just takes people a while to figure it out.” That was the catch.

Shepherd “Shep” Cutler didn’t need much time to figure out he was good at selling insurance. Born and raised in Southern California, Cutler moved with his family to South Carolina when he was 19. There, he enrolled in the University of South Carolina, but after a few weeks, knowing his father was unable to work because of a stroke, Cutler took a part-time job selling hospitalization insurance. Cutler liked the work — and the pay — so much that he turned it into a full-time job and never went back to college.

“I took the job thinking that I would be going back to school, but never did,” says Cutler. “Of course, after you’ve been in this business three or four years, you’ve got a renewal chain coming in that can deflect your interest from school. But I have no regrets.

“It’s funny, we’ve had a number of college guys that would take six months to a year off and come work for us. I would tell them about my experience, but make sure they went back to school.”

Cutler’s life experience piled up quickly. By the mid-1960s, he started his own insurance company, right about the time Medicare developed supplements, which he began marketing aggressively. It was through these Medicare supplement sales that Cutler began to hear seniors’ concerns



After almost three decades of marketing final expense insurance, Shep Cutler takes a rural route to senior clients

about burial costs. Just 20 years after founding Cutler and Associates, Shep made final expense the primary focus of his insurance agency.

Whether or not Cutler was bold enough to give himself the nickname King of Final Expense, he has become a great cultivator of selling talent nationwide. It’s this reputation that brought *Senior Market Advisor* to Columbia to uncover these royal marketing tips:

**SMA:** Describe in more detail how you became a final expense specialist.

**SC:** We actually started writing Medicare supplements back in 1965 when Medicare first came out. As years went by, our policyholders would ask, “Do you have anything for cash burial or is it possible to get another \$3,000 or \$5,000 worth of life insurance?” At that time in the late ’60s, you really didn’t have a lot of that, so we had a hard time addressing it. Around the mid-’80s, several carriers started coming out with final expense plans that seemed fairly reasonable. But we wouldn’t get into the market until some of the triple A-rated companies gave what we thought were fine-tuned products.

**SMA:** But you were there in the early days to help fill the void for seniors who wanted to cover burial costs.

**SC:** That’s right.

**SMA:** Do you think that seniors know how much a funeral costs, but they don’t really think about it until the worst possible time?

**SC:** That’s so true. But when a person 65 to 70 years old


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learns that he or she can handle it for about \$20 or \$30 a month and increase their estate by \$5,000 (see “30 Years of Experience in 30 Seconds”), they’re very, very receptive to that. When new brokers learn about final expense, chances are that the last names on those first applications will be the same [as the brokers’]. What they’ve done is they’ve either written themselves, a brother or a parent because they realize this is a very important product.

**SMA:** The immediate family is always a captive audience, but I assume the hardest part about selling such an obvious product is getting in front of the right audience.

**SC:** That’s right. We’ve found some very effective lead programs such as newspaper inserts, magazines and direct mail. Those ads give examples of what a final expense plan would cost at age 65 or 70 or 75, and then we get inquiries from the general public. Right now, I would say that final expense is one of the hottest products in the senior market.

**SMA:** What are the most effective ways to prospect for final expense clients?

**SC:** We have found that a newspaper insert on a regular basis seems to be very effective. A newspaper insert saying something like “Final expense up to \$35,000 if you can qualify. Most people do qualify.” And then, of course, we show the premium and include a business reply card they can send back. That’s one of the best ways. A personal producing general agent can spend \$500 or \$600 on 10,000 of those and get a return of maybe half a percent. That’s one of the better prospecting ways.

We also use direct mail. We found that that’s not quite as effective, but it still is fairly good. And then we have magazines throughout South and North Carolina that go to anybody and everybody who has electricity. Those co-op magazines have mostly a rural readership. And those people seem to have more time to look at things such as that. We do a little bit of telemarketing but not an awful lot. Between the four, we can keep agents fairly busy with good new prospects.

**SMA:** When you talk about an insert are you talking about a sheet of paper that falls out of the newspaper?

**SC:** Right. We have a perforated business reply card right on  
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**Catchings served double duty early in his career, teaching elementary school by day and selling encyclopedias and insurance at night.**

## The Education of Howard Catchings

“People buy from who they know” and other pearls of wisdom from Mississippi’s Burial Man.

All Howard Catchings ever wanted to do was wear a necktie to work. Considering his background, that was a pretty lofty goal. Growing up in rural Mississippi in the early 1940s, Catchings’ dream seemed as far off as becoming an astronaut. Howard’s father died when he was young, forcing his mother to find work to care for Howard and his three brothers. “Since I was the oldest,” says Catchings, “during that time, I was something of a man of the house and I started trying to be responsible.”

Sales intuition developed early for Catchings, who started selling two different newspaper subscriptions at the age of 9 to help with money. “I sold the *Jackson Daily News* and *The Clarion-Ledger*. When a new paper came in town, they found me to help them sell it. I guess that’s how I got my selling career started, not knowing I was preparing for my future.”

Still, Catchings’ prospects looked bleak. At the time, role models in Jackson — where Catchings’ family finally settled — were few. “There were teachers and preachers, and I didn’t want to be a preacher,” remembers Catchings. In 1963, after graduating from Jackson State University, Catchings began teaching. The only other man in Catchings’ school was the principal, who implored Howard to remain a teacher so he

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it. They just take the postcard off that says, "Yes I'm interested in more information on your final expense plan," and they send it back to us. That's really tried and true. I think it's probably the best prospecting program there is.

There are some programs that say, "You will receive a Medicare supplement book," or "You'll receive some information on Social Security." And people send it in thinking that's what they're gonna get. We don't like to do that. We actually like to spell out what it is. Our return is a lot less but then the return is a quality return.

**SMA:** Do these leads turn into a seminar presentation or do you do all one-on-one?

**SC:** One-on-one.

**SMA:** And do you go to their home or do they come to your office?

**SC:** Well, generally we go to their home, because you're in the country, but some people would rather come to our office, which is centrally located in the state. But I would say 85 to 90 percent of the sales are made in the prospect's home.

**SMA:** What do you think the closing rate is for this kind of product?

**SC:** It depends on the producer but I would say that the closing rate would go anywhere from a minimum of 33 percent — almost one out of three will take the policy away from you, they want it so much — to as high as 70 percent.

**SMA:** Is there a higher commission on final expense?

**SC:** Yes there is. With final expense your compensation runs maybe even 20 percent more than it does on long term care insurance in the first year. After the first year, of course, your commission drops considerably whereas, with Medicare sup-



**Cutler's most lucrative market is farm country: "It just seems like people in rural areas have a little bit more time to talk to you."**

plements, it's usually level. Even long term care gives you a larger second-year and subsequent-year commission. But final expense will drop maybe 90 percent between the first and second year.

**SMA:** What percentage of your business comes from people over the age of 50?

**SC:** About 80 percent. It is a senior market, no doubt about it.

**SMA:** Do you find that when you're selling to seniors, you get a lot of the sons and daughters interested in the product when they see how reasonable the policy is, or is

## Howard Catchings

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could serve as a role model for the hundreds of boys that came through his school system with little or no paternal influence. Despite the \$3,400-a-year salary, Catchings enjoyed helping youths similar to himself while building community ties... until, as Catchings puts it, "Needmore got on my back." Needmore?

"Need more money." To solve that problem, Catchings began selling encyclopedias after school until an insurance agent came to his school to sell a life insurance-type savings plan. "He knew one person in that school but sold a

policy to 31 out of 33 people. When he came to my house, I told him, 'How do you sell these things? Because I could have sold to all 33.' So he gave me an interview and told me he would come back to train me a few days later. By the time he showed up, I already had 19 checks and applications."

It's this opportunity that drew Catchings to final expense, or "burial insurance," as he prefers to call it. Most of the insurance salesmen at the time were only selling policies to the teachers and the principals in the Jackson school system, but Catchings realized that the majority of the people employed by the schools

were blue-collar workers who probably didn't have a checking account. Instead of competing with white agents in the educated black market, Catchings extended his reach, becoming the insurance agent for the everyman.

By 1980, Catchings retired from teaching and concentrated on burial insurance full-time. His production skills earned him Million Dollar Round Table status, including three appointments to the Top of the Table. More importantly, his community networking skills have earned him status in Jackson that no other African-American had

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it a separate marketing tack to get those under 50?

**SC:** What we find is the children of the client that we're talking to recommend final expense highly and want their parents to take something like this out. Of course, it could evolve into insurance on the children, but all that happens is that the parents get a pat on the back from children.

**SMA:** You mentioned that part of your marketing goes out to rural areas. Granted, Columbia's not Los Angeles, but Columbia is an urban center in South Carolina.

**SC:** It's all rural for the most part. For example, we really don't write an awful lot of business in Charleston, Greenville or Columbia, but we do write in the suburbs and out in the rural areas from those cities. You're going to write an awful lot of business in farm country; you might want to say it's blue-collar but it isn't necessarily blue-collar. It just seems like the people in the rural areas have a little bit more time to talk to you. I think they read things in the newspaper a little bit closer. Conservatively, 75 to 80 percent of our business comes from the rural areas.

**SMA:** Do you find a way to package different insurance products into one sale, or is final expense a one-stop deal?

**SC:** That's a good question. If you are talking to someone about final expense, it is natural to ask the client about their Medicare supplement coverage. If they happen to have a Medicare supplement and they are paying more money than the company you're representing, many times you can package both of them together. It's a terrific door opener be-

## 30 Years of Experience in 30 Seconds

Shep Cutler's been selling final expense plans for almost 30 years. You can tap this knowledge in the time it takes you to read his presentation:

**"Mr.** Jones, I'm glad you've made an inquiry about our final expense plan. And I want to let you know that today, before I leave your house, I'm going to be able to increase your estate by \$5,000. Now you can use that \$5,000 for anything you feel is necessary. You might want to use that for final expense cash burial or you might want to earmark that for some of the bills that go on after you've passed away. Maybe it's the electric bill; maybe you may want to leave it to a church or you may want to leave it to a charity, that's entirely up to you. But I'll be able to increase your estate today by \$5,000 and at your age, Mr. Jones, 65 years old, the premium will be \$26.55 a month. How does that sound to you?"

cause the final expense product itself is inexpensive. Once people have confidence in you, you can talk to them about Medicare supplements or a long term care insurance product.

**SMA:** When you're pitching final expense, how do you compare it to a pre-need plan from a funeral home?

**SC:** When we have run into it, basically we're saying [the final

## Howard Catchings

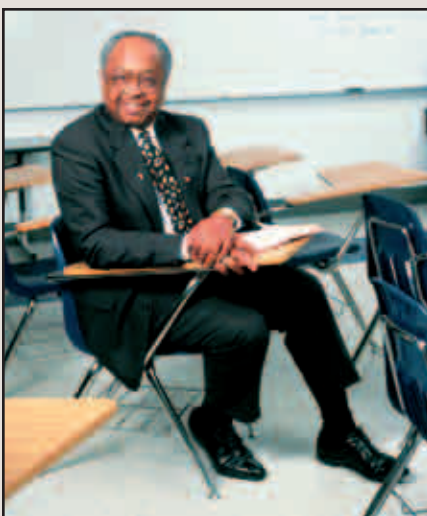
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achieved before him. He was the first black chairman of the Jackson Chamber of Commerce and Junior Achievement; he became the first black president of the General Agents Conference, and this July, he'll be named president of the local Rotary Club. As a result, Catchings has become known as Mississippi's "Burial Man."

"I've found that people do business with people they know," says Catchings now 62, but showing few signs of slowing. "I used to think it was a waste of time, but now, if people know you, they trust you and they see you're doing something good for free, you might well do your work just as well."

Below is some more sales wisdom on selling final expense, er... burial insurance, from the man who believes this is the one product everybody needs:

**Door-to-door sales.** I used to knock on



**Catchings has been a Jackson mainstay from the school desk to the kitchen table.**

doors selling mortgage cancellation and life insurance. When a person would move into a new neighborhood, I would help them move their furniture in. Then I would sell them. I used to be known

as a kitchen-table salesman; in my office now I have a conference table that looks like a kitchen table.

**What's in a name?** Calling burial final expense is just as bad as calling it life insurance because people might not know what that is. But everybody, white folks, black folks, pink, yellow, orange... understands when you say "burial." [My agency] sells anywhere between 15,000 to 20,000 applications a year.

If you say "life insurance," that turns them off. Life insurance is for the family and the burial insurance is for the funeral home. I'm glad they have life insurance. But they don't want the funeral home to get their life insurance policy. I'm saying, why give the funeral home your life insurance policy when you can buy this dollar- or two-dollar-a-week burial plan and if anything happens you can protect your life insurance policy?

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expense policy] doesn't necessarily have to be used for funeral expenses. One thing we've found that seems to light the fire in a client is that he or she can earmark this money for one of their children, just to take care of some of those extra expenses that go on after you've passed away. A lot of times people say, "Listen, I've already taken care of all that. I've bought my plot and I also have all of my arrangements taken care of so I really don't need that." But there may be other expenses that come up beside cash burial. It can do other things.

**SMA:** Is there a contingency of final expense producers that you find yourself competing against, or is this one of those markets that you have to yourself?

**SC:** There was a time I did have it to myself, but I don't any more. There are some awfully strong people that I am in competition with not only in the southeast, but nationally.

**SMA:** Why is that?

**SC:** More carriers have gotten into it now. You have the finer carriers writing these products. And, of course, the senior population is exploding.

**SMA:** Do you consider final expense to be a one-call close product?

**SC:** For the most part it is. It's a simple, inexpensive product. If you're using the right lead programs, people already have it in mind to go ahead and increase their estate.

**SMA:** You've been selling insurance since 1959? That makes you what, 43?



**"I'm having more fun than ever before... I guess if you knock on the same doors long enough, you finally get things right."**

**SC:** I'm 62, but it's funny, I'm more active now than I've ever been. It's more fun than it's ever been.

**SMA:** Why do you say that?

**SC:** I guess maybe just because I've been in the business so long, like anything else you do, if you knock on the same door for a number of years, you finally get things right. 🍀

## Howard Catchings

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**Funeral costs.** The average cost of a funeral in Mississippi now is \$6,000. It's too expensive to live, too expensive to get sick, now it's gotten to be too expensive to die. But even if you sell them a \$5,000 policy and the funeral is worth \$6,000, they've only got to come up with what? \$1,000.

If the policy is worth \$20,000 or \$30,000, I make out two checks: one to the funeral home for the cost of the funeral and another check for the balance which goes to the beneficiary.

**Funerals.** We go to a lot of funerals. One reason is that we want the people to see us with the family. The family and friends see me there and figure I must be paying out. The next day, they start calling me: "We need to get that burial policy."

**Death pays the bills.** All I need is one person to die to prove the worth of burial insurance. Not too long ago, we enrolled a group of people on Tuesday and by Saturday, one of the enrollees — a 20-year-old man — died from a heart attack. The policy was good. Everybody that refused the insurance that Tuesday was in line to buy right after that. I hated for the man to die, but he sure sold me a lot of insurance policies.

**Pre-need vs. real need.** Pre-need is when you go into the funeral home and you pick your funeral. Say your funeral would cost \$7,000 right now. Well, you've got to pay the \$7,000 cash up front and whenever you die, it will be taken care of. Or you can pay for the funeral by the month. If you pay the whole thing in one time you're covered for the whole \$7,000, but if you pay it

by the month and you die six months later, you only get the amount of money that you paid. And what do you do if the funeral home goes out of business?

When I sell you a burial insurance policy, even until you pay the first month's premium, you're still covered for the whole amount of the policy.

**Rich seniors.** If seniors have enough cash lying around to pay for their own funeral, then I'm going to sell them a policy for one of their kids. They're going to buy it on some dangerous-living sister or brother. I'm gonna sell them something.

**Who needs it?** Everybody buys burial insurance. Everybody's gonna die. It's a necessity. It's cheap, it's guaranteed issue, and if you have an accidental death, it's gonna double.