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Burial Insurance, at \$2 Per Week, Survives Skeptics



Kate Medley for The New York Times

At the municipal garage in Jackson, Miss., Wye Hurd, an insurance agent, tells Nathaniel Nolden about plans he could use to pay burial expenses.

By ERIK ECKHOLM Published: December 3, 2006

JACKSON, Miss. — Vickie T. White, who grew up in a small Mississippi town, remembers her parents' leaving an envelope out each week for the burial insurance man. So when her granddaughter was born, it seemed natural to buy a policy for her.

"It's something everyone should think of," Ms. White said. "But I wouldn't in a million years have imagined that I'd have to be using it two weeks before she turned 2."

After a head-on collision in February left her daughter maimed and her granddaughter dead, Ms. White, a 47-year-old office worker for the City of Jackson, could afford to pick out a little white and gold coffin. "Without that policy, I don't know what I would have done," she said. "You just don't want to put your loved one away any old kind of way."

Over the decades, the burial insurance business has been marred by scams and racially discriminatory pricing. Even today experts say the policies are costlier than conventional term insurance.

Many lower-income people have a different perspective. They see holding burial insurance as a point of pride, as well as security. They want a dignified funeral for themselves and their kin, and they have seen the crushing debts left by funerals that may cost well over \$5,000.

Ms. White had her granddaughter's coffin sealed in a vault.

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“That may seem unusual for a baby,” she said, “but that was the last thing I ever could do for her, you know.”

The burial insurance industry is tapping into a long tradition and deep feelings about last rites among many low-income Americans and especially among blacks, who started cooperative societies even in slavery to promise decent burials.

Many of the buyers feel they cannot afford large life insurance policies but see small policies intended to cover funerals, costing as little as \$2 a week, as a priority.

“If I say I want to sell you life insurance, they say no,” said Howard D. Catchings, who started selling small burial policies to blue-collar workers here in the late 1960s and became one of Jackson’s most prominent and prosperous black businessmen. “If I say burial insurance, they say yes.”

Mr. Catchings, 67, said his agency sold up to 15,000 such policies a year — they are simply small life insurance policies worth an average of \$5,000 — by sending 15 agents to school systems, public agencies and companies to meet the janitors, bus drivers and secretaries. When he started, he said, all the customers were black, but he now sells to a rising share of white clients.

Insurance associations said they did not have figures on the number of policies bought to cover burial expenses, in part because most are listed as life insurance.

A number of smaller companies still focus on the black neighborhoods of major cities, offering \$5,000 or \$10,000 policies intended for funeral costs. Some agents go to homes to collect monthly premiums in cash.

Insurers and funeral homes also offer plans explicitly tied to funeral costs.

On a sales visit to the Hinds County maintenance yards outside Jackson, Wye Hurd, an agent of the Catchings Insurance Agency, hardly had to make a pitch. In an elegant maroon dress, joking with potential clients, Ms. Hurd, 43, brought a spark of color to the manager’s office. The customers were mainly black men in blue work clothes, their first names embroidered on chest patches, who earn perhaps \$10 to \$15 an hour. A dozen streamed in to buy modest policies for themselves, their spouses and children, and sometimes their grandchildren.

“Your premiums never change, nor does your coverage change; your benefits go into effect today, and there’s no waiting period,” Ms. Hurd told Bobby Jenkins, a 36-year-old repairman who is unmarried but has a 9-year-old son. “For \$3 a week you’ll be covered for \$6,000.”

Mr. Jenkins quickly signed up and authorized a second \$3 weekly payroll deduction to buy a separate policy for his son, worth \$18,000 because payments are starting early in life.

“My grandfather and parents always had burial policies on me,” Mr. Jenkins said. “Now it’s time I should do this.” Gerald D. Jaynes, professor of economics and African-American studies at [Yale](#), said that from the 19th century, blacks joined mutual aid societies to save for burials. Many black-owned insurance companies, including the largest one, North Carolina Mutual, started out by selling burial policies when major companies excluded black customers or set discriminatory rates.

For religious and social reasons, blacks fiercely want to have a respectable funeral, Mr. Jaynes said, and preachers often refer to burial as a homecoming.



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“People know their relatives are going to try and put on the best possible funeral for them,” he said.

Those without money or insurance often “pass the hat” at church or even make pleas on the radio for donations, and also end up negotiating with funeral homes for loans.

“It can be very humiliating for the family,” said Audrey Wiley, an owner of the Westhaven Memorial Funeral Home in Jackson, who also sells insurance. “Many of the families we come into contact with want to do better, but they just can’t afford it.”

A typical funeral with a sealed metal coffin costs about \$6,200, Ms. Wiley said. For less, a nonsealing coffin may be used and families may do without limousines to the cemetery, for example. Cremation, not a tradition among blacks, is also a cheaper option.

At the lower end, some who arrive with decades-old \$600 burial policies are just wrapped in canvas, Ms. Audrey said, something that happens at her funeral home several times a year. Indigents with no relatives are buried by the county in a pauper’s field — to many, a terrifying fate.

J. Robert Hunter, director of insurance for the Consumer Federation of America in Washington, said that some companies had pressured unsophisticated consumers to buy burial policies and that healthy individuals could get far more insurance for the same fees if they bought, say, 20- or 30-year term policies.

Term policies, however, may end before death, the main thing on the minds of these customers. Burial policies can continue for life, and sellers offer policies that seem convenient and easy to understand.

For one thing, small policies are offered without a medical examination: buyers must simply swear that that are not currently in a nursing home or ill and are not infected with [H.I.V.](#), the virus that causes AIDS.

The use of payroll deductions, which the Catchings agency does, or at-home premium collections can also be attractive.

“This is a good product for people without checking accounts,” Mr. Catchings said. “The money comes out of their check before they go to the nightclubs, so they know if they die their funeral will be paid for.”

“The low income people can’t afford the hundred-thousand-dollar policies — they’ve got to eat and pay the rent,” he said, “but they will buy a 2- or 3-dollar-a-week policy, and they’ll buy it on their spouses and their children.”

“Everybody wants to have an upscale funeral,” he said.

David King, an electrician and carpenter for Hinds County who is 25, unmarried and has no children, could get a \$10,000 policy for \$3 a week, “and you keep the same rate forever,” Ms. Hurd, the saleswoman, told him.

“That’s not very much,” he said, signing the papers. “Might as well get it while the getting’s good.”

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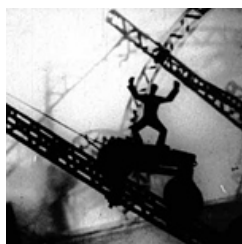
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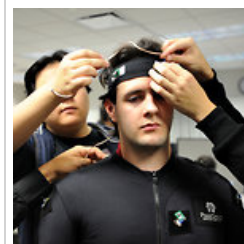
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