

Farmers Coming to Wisconsin!

Farmer's Insurance Company has announced they are starting sales operations in the State of Wisconsin. They are planning to open 400 sales offices in the Milwaukee and Madison areas first, and then expanding though out the state in coming years. One may speculate as to why Farmers has made this decision. Could it be because American Family went into Farmers stronghold states, Washington and Oregon?

What we do know is American Family has been *losing* market share in the State of Wisconsin. Whether this has been by design or not is unknown. Certainly, the steadily increasing rates by American Family have greatly contributed to this trend. Both American Family and State Farm have been raising rates, claiming several years of storm losses as the primary reason for the rate increases.

This further enhances the mystery as to why Farmers wants to enter into a state where the top two insurers, American Family and State Farm, appear to be losing money. This just adds fuel to the fire if this is some sort of retaliatory action against American Family by Farmers. Or is Farmers "smelling blood in the water" and going after the market share of business being lost primarily by American Family? Either scenario is bad news for American Family agents.

Regardless of the reason why Farmers is entering Wisconsin, this will have a significant negative impact immediately upon the income of American Family agents in the Milwaukee and Madison areas who are already struggling to be competitive. Farmers will first be flooding the media with ads looking for agents, and then once agents have been hired, they'll add even more media exposure by promoting their newly appointed agents in their ads. If Farmers follows the trend normally used by American Family of under-cutting (buying the business) when entering new states, American Family will be even more non-competitive than they currently are.

What is going on with American Family in their home state is puzzling at best. Are they giving up and succumbing to the competition and just leaving the agents out to dry? This is the feeling being expressed by the Wisconsin agents who have contacted NAAFA. While American Family continues to expand into new states, they seem to have forgotten about the mature states which have always been the company's financial backbone. Perhaps this is another sign of the inept management technique being demonstrated by current management. While the majority of their rhetoric is directed at future customer satisfaction and opening new states, nothing has been addressed as to what is the plan for agents in mature states. **With Farmers entering Wisconsin, is the silence from American Family the sound of surrender and resignation?**