The

NAAFA Report

2023 Fall Issue

WHY ARE SO MANY AGENTS QUITTING?

Agents are leaving in droves. Why? You may discover their reasons in our 3-part feature article:

"AGENTS ARE EXITING EN MASSE, WHY?"

NAAFA exists for the benefit of our members. We share knowledge, encourage, listen, promote communication, all of which helps us to grow into proud citizens of America. We honor our creator, pledge to our flag and country, value our customers, support our staff, promise honesty and commitment to our employer, and remain committed to the tasks to which we pledged. For this we're proud but humbled by our calling to be AGENTS WITH DIGNITY.

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THE NAAFA PRESIDENT'S MESSAGE

Dear Readers:

I have been sitting in this position for several years now and I'm so proud of what NAAFA has stood for. NAAFA has defended the American Family agents with a vigor that no other organization, (including the company they represent) has ever shown. Our vigor has indeed caused the company to retaliate in the past by terminating many of our members, including the former NAAFA President, secretary, and many of the board members. Lawsuits followed, but as most of you know, it is hard to kick against the goads. The deep pockets and certain actions of the company allow them to win in nearly every case. So, because of this risk, the NAAFA board found it necessary to protect all NAAFA members by going 'underground.' We simply don't publish our names, nor do we expose the names of our members, but that doesn't mean we aren't fighting for you just as vigorously as we possibly can.

We keep in contact with several of the other agent associations that parallel ours and we find the issues are similar. Agents, quitting with their captive companies in numbers not seen before; agents, intolerant of the unfairness and unethical behavior by the company they represent; agents, unhappy with drop in income due to non-marketable premium rates. Well, the list goes on and on, but we did find one area where NAAFA differs from other captive associations and that's in the membership numbers. Other associations tell us they have seen quite a drop in membership since so many agents have either been fired or retired. NAAFA simply has not seen this. We feel that's because with our assistance in providing the SECA Kit and other great accounting referrals, our retired or non-active AmFam agents are staying with us. We greatly appreciate this continued support. Thank you!

Now, back to this issue of The NAAFA Report: We have published the opinions of many who have forwarded their thoughts to us. Of course, we don't identify unless the author specifically asks us to. But as we have always told you, taking a stand for what you believe is one way you can work toward protecting your right to express, a freedom that seems to be slipping away in America. We have a few members who actually stand up directly to the company, expressing their concern about certain company policies. Bravo to you brave heroes. Take, for example, the agent who wrote the following:

> *"It is a known fact that new agents are encouraged to roll (churn) their newly acquired (usually gifted to them) Classic Book of Business over to Advance where they receive new business commissions of 16% while the established agent gets only 4% renewal commission on that Classic business. How does this affect the honest veteran agent? Well, the older agents' Termination benefits are based "solely" on the last 12 months' renewals. There is ZERO retirement benefit to the new business you write in your last year. So, when AmFam reduced non-transfer renewals from 9% to 8%, that represents over an 11% cut in renewal commissions. Doing the math then, on a $4M book of business, that equals about $40,000 annual pay cut to veteran agents for as long as they remain in agency!"*

Agents are *erroneously* reminded by the company that "they can outpace the loss of renewals by writing more new business at the 16% new business commissions." Let's take a closer look at that misconception: **Since less that 10% of any veteran agency's income is new business, the math proves that you cannot make more (even with double commissions) on 10% of your business while losing more than 10% on 90% of your gross premium.**

Well, we know our agents are not stupid. No wonder they want out. But of course, AmFam wants you out, too. After all, your contract costs the company so much more money than does the new agent contract, that they are willing to risk losing their fine, experienced, faithful, and ethical agents to "save the company money." And, of course, we know where a lot of that saving goes to…..corporate salaries! In this issue we have published several pages of the salaries of corporate biggies. Don't miss these pages by checking our contents page.

And so, we continue to urge you to stand up for what you believe, knowing that sometimes you have to explain in detail, why you believe what you're standing up for. If enough of you keep sending your thoughts and concerns to NAAFA, we will see that they get published without identifying you. Where else can you find this protection except through the NAAFA Report or through our members-only side of our website, www.NAAFA.com? JOIN or RENEW your NAAFA membership to help keep freedom alive!

Now in conclusion, I want to point out just a few of the many NAAFA Report articles you may want to look at next. But do take time to read our magazine from cover to cover…and do pass it on. Again, THANK YOU FOR YOUR SUPPORT!!

Your NAAFA President

Agents are Exiting En Masse, Why?

My Opinion on Who's Responsible for Corruption

Wow, This is Great News…or Is It?

Wokeism, Is that Where We're At?

Ever Wonder Why???

The NAAFA Report PAGE OF CONTENTS

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AGENTS ARE EXITING EN MASSE, WHY?

NAAFA Staff Contribution

Part 1

We keep asking that. Do you know? It seems a week doesn't go by but what we have one or two who call saying their retirement date is coming up soon. If the reason agents are quitting is because they think they are getting old, well, that's one thing, but if there are other reasons, we'd all profit from hearing what they are. After all, problems cannot be solved till they are identified.

NAAFA members know what we think about retiring without a plan. When we say that we mean that if your plan is to just relax, perhaps travel a bit, fish a bit, and just enjoy life…..well you're probably *heading for trouble*. Why? Because we believe that mentally challenging activities benefit the rest of the body and appear to prevent cognitive degeneration and aging.

The National Institute on Aging https://www.nia.nih.gov/news/cognitive-super-agers-defy-typical-age-related-decline-brainpower says there are several theories about why some people's cognitive abilities stay intact to the end of life. It's a guess at this point, but perhaps they start out in life with larger, strong brains. Or, they guess, perhaps their brains somehow change to compensate for aging's damaging effects. Or perhaps their brains just have stronger defenses against the assaults of ageing.

We prefer to side with their guess that "a person's environment may be a factor. Human and animal studies by NIA-supported scientists have contributed to the growing body of evidence that enriching experiences, such as *advanced education and mind-challenging occupations*, can help brains last longer. "

How many people do you know who changed occupations in their 50's or 60's? Did they succeed? We here at NAAFA can attest to the fact that we've seen many agents leave their AmFam agencies for other ventures. Many have gone the independent insurance agent route. Some have changed occupations completely. Invariably, they report back to us that they love what they are now doing. Note: we didn't hear them say they loved what they were doing at American Family.

Loving what you're doing is critical to good mental health. We hate quoting Google, but it does make a point when asked why it is important to do things that make you happy. Google says doing things that make you happy lowers your stress hormones, helps ease anxiety and depression, and improves your immune system. Feeling some positive emotions every day has a big effect on your happiness and well-being. That's why it is so important to do things that give you positive feelings." You don't know how often we hear retiring AmFam agents say, "I just can't take the stress anymore." This is so sad because these very agents have spent a lifetime believing the promise that they could work hard during the first years of their career at AmFam and then, through brilliance in training competent staff, begin to relax as they watched their agencies continue to grow. Nope! In most cases this doesn't happen.

Sometimes there are other reasons, but most of the time the blame lies with the company. Could the issue that is causing the stress be the same reason the company's best agents are leaving? Well, we've done a little research, a little questioning of agents, a little observation of our own, and perhaps we've spotted a few thing that might be contributing to the discomfort of the people working at American Family. And believe us when we say, it's not just the agents who are unhappy.

See Part 2, Continued on Page 5

Part 2, AGENTS ARE EXITING EN MASSE, WHY?

We are going to list the "***6 Signs a Company is Badly Managed***" from SHRM's article by Brian O'Connell. (https://www.shrm.org/resourcesandtools/hr-topics/people-managers/pages/badly-managed-companies-.aspx) Except that we are going to give our viewpoints on each of O'Connell's 6 signs. Here we go. See if you recognize any of them:

1) **Employees are fleeing**. Whether you are an employee (which AmFam agents are NOT) or a captive (you only work for one company) independent agent, if both types of workers are fleeing, something is definitely wrong….and it's not with the workers. Workers leave for several reasons, uncompetitive pay, unrecognized accomplishments, concerns for the future of the company, unrealistic expectations, and simply too much stress, to name a few.

   SHRM seems, in their article, to only look at these problems from the company standpoint. They point out the cost of hiring and training new employees. They look at the problems of having inexperienced staff. Instead of noticing the effect this has on their customers, they tend to only look at the effect all this has on company production. As agents, we are well aware of the effects of new inexperienced workers. Agents don't like waiting for hours on the phone for answers. And neither do customers. Let's face it, things move faster when people are experienced.

2) **Employees work on redundant projects, projects are delayed, and deadlines are missed**. Agents shouldn't have to consider what happens within the walls of AmFam. Redundant projects or delayed projects should be worked out by management within the company. Agents are concerned about their clients who must wait longer than is reasonable for their claims to be handled. Agents are concerned when they hear complaints about coverages being denied when the agent knows darned well that it shouldn't have been denied. Inexperienced claims adjustors who don't know the policies make many mistakes and who does it hurt *besides* the customer? The agent suffers because ultimately, he loses the business. And then, of course, the company loses the premium revenue. Everyone loses.

3) **The management team is in denial**. When agents are told that the company is doing well, yet the company's total assets are down (like in 2022), that member equity is down (like in 2022), that total revenue is flat (like in 2022), that net income is at a loss (like in 2022). Well, things aren't as bright and secure as the company would have you think. Yet the company tries to make you think all is well. When the company (management) continues to tell you that you are "agency owners," they are lying to you. What do you own? You don't own a book of business. You don't own but a small amount of the renewals your clients have brought in. (That is, you might get some of your renewals if you work long enough and if the company is strong enough to protect the bucket of money needed to pay Termination Benefits to the retiring agents!) It's no wonder agents have to question almost everything they're told.

4) **New ideas are dismissed**. Time and time again, NAAFA members have presented new and drastically needed ideas for improving the management and production of this company and they are totally ignored. Often a good idea from an agent is tabled with the hope by management that when that agent's idea is presented later, everyone will think it came from the company and not the agent. Often the humble agents say to themselves, "that's ok as long as it makes this company a more successful place to work."

5) **Managers focus on the negative**. Usually, managers focus on the negative when they are under presser by the company to produce. Listen up, Upper Management: This never works. If you want workers to produce more, focus on their strong points. Praise them, compliment them, and ask how they did it. Someone once said that if your manager is a jerk, it doesn't matter how much you like your work, you are probably going to hate your job. Relationships with AmFam managers is probably the number one reason agents quit. It's hard to work for someone you don't trust.

6) **A company doesn't have its own metrics**. We'll have to admit we weren't familiar with the term, "business metrics." It didn't take much research to find out that business metrics simply meant 'performance indicators.' We all agree that performance indicators are important, and believe us when we say, the company imposes a lot of *their* performance indicators on the agents. In fact, *we suspect that unrealistic performance indicators are the biggest reasons agents fail*. Agents have their own metrics and often they don't align with the company's. And what happens next? The agent is forced to align with the company's metrics, or he is fired and forced to leave because the company believes their 'metrics' are best.

See Part 3 on Page 12

WHAT'S WRONG WITH DUMPING LOW PRODUCERS?

Submitted by NAAFA Member

A recent article from Insurance Business online magazine (2/7/2023) said that Goosehead Insurance terminated (they chose to call it "slimmed down.") some 280 "underperforming" franchises, and they expect to rid themselves of a few more. https://www.insurancebusinessmag.com/us/news/breaking-news/goosehead-agent-cull-set-to-continue-437656.aspx Wow, does this sound familiar or what?

Goosehead claims that these franchises (agencies) accounted for about 2% of their business production. Why would a broker decide to terminate so many agents? They claim these underperforming agents consumed a high percentage of their valuable resources. By that, we assume they mean they have to answer too many questions, spend too much time forwarding commissions, etc. to make their employment pay off.

Isn't it interesting when an insurance corporation doesn't do as well as they think they should, it's always the agents' fault? Maybe the corporation is paying their own employees too much for what they're getting out of them. Maybe agents are discouraged about how woke Goosehead has become. When Goosehead fired an employee, an attorney, who decided to attend the January 6th Washington DC event, many wrote comments on the Insurance Business website stating that they felt Goosehead had no right to fire someone for expressing a political view. Just imagine, a world with no opinions allowed. Wow, scary.

Perhaps we have a different opinion about life than Goosehead has. Trying to be the biggest and the greatest might just lead you to destruction as many large corporations have discovered. Of course, Goosehead is far from being 'too large to fail.'

But we would like to believe that there are places in America where an agent in his 50s, 60s, and even 70s can still sell insurance independently without being harassed about production. And yes, we recognize that some of the underperformers at Goosehead must have been much younger, but if we, in America, don't learn to recognize that production is not the only thing to base the quality of one's workmanship on, we're going to see the death of many small businesses. Is that what we want? Absolutely not.

Someone has said, and we agree, that small businesses, even those owned and operated by one single person, are the backbone of America. Isn't it interesting that the majority of jobs in America are created by small businesses? Did you know that there are 33.2 million small businesses in America and combined with the large businesses, make up 99.9% of all U.S. businesses. And believe it or not, small businesses provide about 63% of all new jobs created in the U.S. between 1995 and 2021!! Imagine that. https://www.uschamber.com/small-business/state-of-small-business-now.

So, when the 55 or 65 year old people decide to keep working, let's encourage them because after all, they probably have a better rapport with their customers (which in turn, enhances the image of their business) than the high producers Goosehead or American Family want to keep on board.

A LITTLE GRAY HAIR IS A SMALL PRICE TO PAY FOR THIS MUCH WISDOM. ~Unknown

OUR GREATEST WEAKNESS LIES IN GIVING UP. THE MOST CERTAIN WAY TO SUCCEED IS ALWAYS TO TRY JUST ONE MORE TIME. ~~Thomas Edison

WHO WE ARE

NAAFA, Inc. is a professional organization established to promote education and communication for and between both active and non-active American Family agents. NAAFA is the vehicle whereby agents can express their opinions openly and without judgment. Our desire is to be a vital active group who is interested in sharing experiences, knowledge, and recommendations with other agents, always encouraging, listening, and growing in ways that not only profit the agents, but their businesses and customers as well.

OUR MISSION STATEMENT

NAAFA, Inc. shall strive to provide professional fellowship by dedicating its activities to encouraging the highest degree of ethical service both to our members and to the insuring public. NAAFA, Inc. will support the strictest adherence to the integrity of its members as professional insurance agents. We will promote professional conduct, protect confidentiality, and protect the legislative interests of our members through awareness and understanding of the issues facing the independent contractor insurance agent in the American society.

SUPPORT NAAFA PAINLESSLY

The most painless way you can pay NAAFA membership dues is by the monthly EFT method. Most people do not miss the $22.00 a month ($10, if retired) that NAAFA deducts from the account of your choice around the 20th of the month. Some agents add an extra $5 or $10 a month to be donated to the NAAFA Member Enhancement Fund. (NMEF) It's all so easy. Open your account now by sending your check for $22.00 ($10, if retired) to:

NAAFA, PO Box 578, Circle Pines, MN 55014.

IF YOU HAVE MOVED, **please inform us of your *CHANGE OF ADDRESS*!!**

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THE TALE OF TWO AGENTS IN THE NEXT TOWN OVER

[Author's name withheld]

One had been around for 20 plus years and had two CSRs. The other, a new guy from Alabama, had gotten his first ever insurance license in November and was given a retiring agent's $5.5M book in December - the deal came with the retiring agent's office and CSR. (I believe this was a case of cronyism or nepotism but that is another story)

Within the year the new agent had his CSR quit. A good CSR can be critical to the agency, and training new folks does take time. However, the agent needs to be around long enough to know how and what to train. In any case, the new agent offered one of the CSRs of the other agent a substantial pay increase to come and work for him.

She took the bait, and the old agent was pissed!! Ultimately, the CSR quickly realized the new agent was a sleaze ball and asked to be taken back - of which she was.

It seems AmFam agents stealing from AmFam agents is the problem. I think a solution to the true non-compete conundrum would be to have an employment contract where consideration is given to the CSR - perhaps built into the CSR's pay structure - which would prevent the CSR from working with an another AmFam agent for a period of a year or two. The CSR could work for any of the other 2000 insurance companies out there - just not AmFam. Also, if say, the CSR were to move from Arizona to Georgia and wanted to work with an AmFam in the new state - the old agent could rescind the non-compete stipulation if he so chooses. You have to pay the CSR anyway, so say 5% of the pay is to compensate for the future non-compete.

Just thinking out loud.

Michelle Pratt

"IT'S NOT YOU, IT'S ME"

Looking to break up with your captive carrier?

It's not you, it's me. Is this what we tell our captive carriers when we want to leave? Well, in this case it's more like…

> "IT IS YOU!" We were once so close, like family, I thought you would do anything for me. But I've been feeling so trapped over the years. It doesn't feel like you love me anymore when you keep limiting my ability to assist my clients, and then turn around and cut my commissions."

Captive carriers can make you feel that your relationship is, "until death we do part." But that's simply not the case. This is not a marriage, but a business decision. When your captive carrier is no longer serving your business needs, it's time for a change. But let's be honest, in most cases it *does* feel like breaking up with family. Many agents have been with the same captive carrier for years, and in some cases generations. This article is not intended to give you reasons why you should leave your captivity, it's intended for those that have already made the very difficult decision to leave.

It's over, now what? Oh, it's not that simple. **Before escaping, you must make an escape plan.** Do you think I'm being overly dramatic? Being a captive agent means just that, you are confined. And the definition of escape is, "to break free from your confinement or control." To help those who are trying to escape, I've made a list of things to consider before making the move.

✓ **Seek out what other escapees have done**. You are not the first, nor the last, to make the tough decision to leave your captive carrier. Reach out to some of your colleagues who have made the switch. Try to find 3-5 of these agents who chose different options and ask what the pros and cons were for them during and after making the transition.

✓ **Know your rights.** It's important that you don't violate your agreements with your captive carrier, and it's equally important that you aren't bullied either. Seek legal counsel to assist you. This does not mean asking your neighbor who is a lawyer to look over your agreements. Not all attorneys understand contract law or are familiar with the insurance industry. Choose a competent attorney that can give you some peace of mind.

✓ **Find a new home.** There are several reasons why independent agencies fail. Choose a Market Access Provider (MAP) that can give you the support you need to have a successful independent agency. That being said, not all MAP's are the same, and some can put you right back into captivity.

✓ **Create a new business plan**. Have a new business plan ready to go. Agents that joined Chambers Bay Insurance Group (CBIG) found that going from a 10% close ratio to 70%, meant greatly updating their business plan.

Breaking up with your captive carrier can be scary, but having a plan in place will assist with a smooth and lucrative transition. There is one thing I have heard frequently from agents that chose CBIG as their MAP, "I wish I would have done this sooner!"

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SO, WHAT'S YOUR REASON FOR SELLING LIFE INSURANCE?

If you're an agent with less than 5 years of experience, you may want to take this article to heart. We wrote it just for you! Whether or not American Family requires you to sell life insurance should not make a difference. You should sell life insurance because your customer needs it. But how do you know your customer needs it? Answering these questions might help you figure a few things out.

- What type of life insurance policies do AmFam agents sell the most of?
- Does the agent sell it because he has been forced to by the company? Or does he sell it because he believes his client really needs it? [If you sell life right **after** the end of a contest, you probably know the answer to this question.]
- What is the average number of death claims an AmFam agent pays per year?
- Has that number gone up or down in the past two years?
- How do you determine how much life insurance your client needs?
- Do you practice what you preach regarding owning life insurance? Do you prove it, ever?
- Do you really feel a customer needs an agent's help to purchase life insurance? Or is it best for the customer to simply go online and buy it?
- How did you feel about "slipping a little life policy onto an auto policy sale?" Some say that often the customer didn't even realize he had also bought a life policy. Was this ethical?

Why are we asking all these questions? Well, it's because *we feel life insurance is important*, especially in this age of increased death claims. It's a tragic occurrence when there's a death in the family and being able to present a death claim check endears the survivor(s) to that agent. It's one of the ways an agent builds a strong relationship with his customer.

From a recent interview Rondale Dunn and Jeff Swalve had with McKinsey, we learned that AmFam thinks they are the one that "builds deeper and stronger relationships between our agents and our customers." Really??!! The company builds that relationship?? We don't think so. file:///C:/Users/Owner/Desktop/NAAFA%20FILES-ALL/2023%20NAAFA%20Reports/How%20American%20Family%20wields%20insurance%20agent%20tools%20_%20McKinsey.html The relationship, we believe, is built by the agent with the customer. The company has very little to do with it. Well, ok, the company provides the policies, but if the captive agent doesn't have good products, it's even more difficult for the agent to build that relationship with the customer. We used to say that when there's life on the books, those customers stick with you. But again, in the 'olden days' we were selling more whole life because we knew it stuck better. Not sure these small term policies help the relationship at all. You need to sell a life policy to stick. In fact, we've heard the customer is sometimes pretty disgusted when he finds out he's been tricked. These little term policies added on to an auto policy really only help the agent meet his production goals to qualify for AFLIC/All American. And then there's that little issue of ethics!

Life insurance should never be sold without first discovering the customer's need. A one-on-one, face-to-face conversation is the place to start. Determine need by asking questions. There are several approaches to determine need, and as an agent, you'd better know these methods. Even though the company you work for doesn't properly train you, there's a mountain of information available online that describes these methods. Even recommending 7 to 10 times the household income in life insurance coverage can be an acceptable approach, but there's other more involved and perhaps more accurate methods for determining need. Study, get trained, become an expert at showing the customer his needs. There must be a need before the customer will buy and feel satisfied with his purchase.

Agents always need to listen carefully to what the customer says. Perhaps the customer has a great need but doesn't realize it. Or perhaps the agent doesn't recognize and agree with the customer's need as he states it. Whoa! Then back up and re-analyze. Selling life insurance is rewarding, but even greater satisfaction comes when knowing you provided ***exactly the right policy, exactly when your insured needed it, and by presenting the survivor with exactly the right death claim check at exactly the right time!***

I was brought up with this motto: After the sale it's the service that counts.

~A Conscientious NAAFA Member

ANNOUNCEMENTS

IF YOU PAY YOUR NAAFA DUES BY EFT…….

Please let us know if you are changing or closing the bank account where your dues are deducted from. NAAFA gets a service charge for every attempt made on a closed account. About 20% of our members pay their dues by EFT and we appreciate that. If you're interested, just send us a copy of a voided check from the account you wish the withdrawal to be made from.

SECA KITS….

Don't wait till the week before you retire to ask us for a SECA Kit. There are a lot of documents suggested in the kit that you'll need to gather up *before* you leave your agency and retire. And you'll need to get the kit over to your accountant. Limited tax questions can be answered by our accountant only after a member has received the SECA Kit.

SLIGHT INCREASE IN DUES RATE EFFECTIVE 7/1/2023

NAAFA has not taken a dues rate increase since 2016. Where else can you find a deal like this? The NAAFA Board reluctantly voted to slightly increase our dues because with our costs increasing so much we felt it was necessary. The retired/independent dues were raised the most because such a large percentage of our time is spent servicing/answering the questions of our inactive agents due to tax issues. Feel free to contact us if you have questions.

	Old	**New**
Annual Active AmFam Agent**	$264	**$276**
Semi-Annual Active Agent	$142	**$142**
EFT (Monthly) Active Agent	$ 22	**$ 23**
EFT (Monthly) Non-Active	$ 10	**$ 11**
Annual Retired/Independent Agent	$120	**$132**

DID YOU KNOW *THE NAAFA REPORT* MAGAZINES ARE FREE?

NAAFA is pleased to be able to mail, free of charge, our magazine, *The NAAFA Report*, to all active American Family agents, all active NAAFA members, and to all retired AmFam agents, and all former AmFam agents who are now independent. We also have on our mailing list many people who simply have expressed an interest in our organization. If you don't receive your issue, feel free to contact the NAAFA office. NAAFAwest@comcast.net or (888)716-2232.

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CAN YOU PROVE IT?

Part 3

Continued from Page 4. **AGENTS ARE EXITING EN MASSE, WHY?**

But let's talk just a minute more about the company's metrics. (Remember…metrics equals performance indicators.) If you have been with this company for 2 or 3 decades, you have seen many projects come and go. (Failures by their own standards!) These projects were presented as exciting, inviting, needed, everlasting, etc. But soon, something happens and bingo…the project is laid to rest. Did the company powers misread the need for such a project? Did the assigned installation group fail in some way? Were goals set too high…or too low? Who knows, but the failures have been many.

Every company, every independent agency, every person should have a personal set of goals, *using their own measurement tools and their own timeline*. The problem is, too often someone else is setting metrics for you. Too often a company tries to compare itself to another company. Too often agents try to compare themselves to other agents. Or worse yet, too often agents are *forced* to compare themselves to other agents. They see themselves labeled as being in the "bottom third of the district." And of course, managers love to promote that scenario. There are some who are content at certain levels. What's wrong with that?

Perhaps it's time to realize that the world is made up of people of all different levels of accomplishment. School educators in our schools tell us we see a natural curve of accomplishments by the students that they believe is healthy. We at NAAFA respect each person's right to be different. Making humanity all fit into a low-level box is not our goal. We encourage individualism. Why can't management be satisfied with that natural curve of accomplishment? If certain agents are satisfied with their production/income, why not leave them alone? Some people feel they need $100,000 a year to live on. Others think they need $300,000. People should work toward their own goals. "Self-efficacy is a person's belief in their ability to complete a task or achieve a goal." Self-Efficacy: Why Believing in Yourself Matters (verywellmind.com) It's when a person gives up that we should all be concerned.

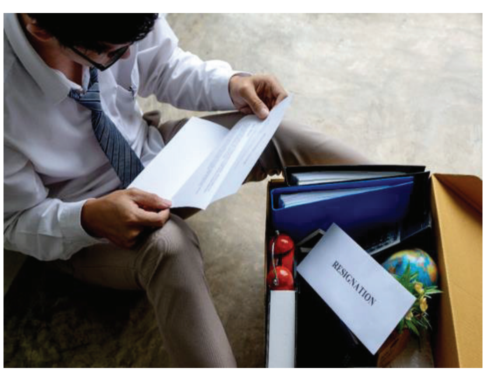
Learning about yourself (if you don't already know yourself) might be a good place to start if you are thinking about a change. Perhaps the captive insurance agent world is best for you because the requirements, the quotas, the contests, etc. encourage you to work hard to achieve them. But other agents might function better in the independent insurance world, not having someone else's goals and quotas imposed upon them.

Let's agree to support *individualism* and *uniqueness*. Of course, the unique individual often irritates the conforming district manager. But quite often these unique individuals come up with the brightest solutions and creations that a conforming manager would *never* have dreamed of. What was it Henry David Thoreau said?

"If a man does not keep pace with his companions, perhaps it is because he hears a different drummer. Let him step to the music which he hears, however measured or far away."

This is the American way; "free to think and create for ourselves without fear."
And we, as NAAFA members, believe THIS IS THE BEST WAY!

NEVER QUIT WITHOUT CONTACTING THE NAAFA OFFICE FIRST



It has happened a few times that agents are afraid to contact or join NAAFA till after they have severed their agreement with AmFam. What a mistake that is! And in some cases, that mistake has cost the retired agent thousands of dollars.

Now we're not going to give you the reasons why other than to say that gathering up the documents you will need after you quit is much easier while you still have access to your office/equipment. Knowing what to look for, knowing how to inform your accountant/attorney-financial advisor of your retirement, knowing the reasons why you might lose your termination benefits are reasons enough to join NAAFA. And remember, our very important SECA Kit is free to any agent who has been a consistent member of NAAFA for the past three years.

YOU SHOULD ALSO KNOW THAT NAAFA DUES DROP DRASTICALLY AFTER RETIREMENT.
SO, DO IT THE RIGHT WAY. JOIN NAAFA NOW!

More Captives Making the Leap to Independence

Submitted by **Smart Choice**'s Daniel Bruck

Many insurance agents start in the captive insurance model, learning the ins and outs of the industry, and building their knowledge of selling. The hard market, exacerbated by the pandemic and record inflation, has made providing client coverage difficult, and in some cases nearly impossible without having access to a broader range of products – making many captive agents ponder making the leap to independence.

The State of the Insurance Industry

IBISWorld[1] says there are 420,056 insurance agencies and brokers in the U.S., as of 2023. The U.S. Bureau of Labor Statistics (BLS)[2] says there were 523,000 insurance sales agents in 2021 and the number of agents is expected to increase by 6% between 2021 and 2031.

Insurance is a thriving industry because people and businesses need coverage – it isn't optional. However, with the industry's many different competing models of delivery - the captive and independent agency models, direct models that cut out agents entirely, delivering service via consumers' banks, online, and through other services - agents looking to survive need to choose their allegiances carefully.

Although the captive agent traditionally has more security and the comforts of a stable paycheck, benefits, etc., the definition of "captive agent" is in flux and many carriers have altered the agreements with their agents, affecting profitability and viability.

On the other hand, if you're entrepreneurial, comfortable with taking some risk, and want to expand into multiple lines, build your income, and grow a business you can someday sell or pass down to the next generation, going independent may be an appealing path.

The Appeal of the Independent Agency Model

1. The captive model may be losing its luster.

Some captive agents switch to the independent model because they're unhappy with changes at their captive carrier.

Changes at the carrier level may not always be in you or your clients' best interests. For example, you might pay for leads only to have your company pass them to another agent. Alternatively, the company may raise premiums so high that policyholders flee. Worse, companies may do these things while enforcing ever-rising quotas you can't possibly meet under such conditions.

Ted Paris, Executive Director at National Association of Professional Allstate Agents (NAPAA) agrees. He estimates that 75% of captive agents leave for other opportunities within five years and roughly half don't even make it five years. "It changed for the worse. Companies are increasing demands and lessening rewards," he explains.

Jeff Felger, Director of Legal Activities for United Farmers Agents Association (UFAA) notes that continual production tiering changes are perceived to decrease agent commissions. In addition, captive agents can feel pressured to hit carriers' new business quotas. In some cases, captive agents prefer to focus on existing relationships and their referrals rather than pursuing new business, and this choice is not always respected.

Declining consumer loyalty is also making it more difficult to succeed in the captive model according to Felger.

2. The independent agency channel is strong.

Despite growing competition from online and direct channels, the independent agency model is strong. The Big "I" 2022 Market Share Report[3] shows that independent agencies captured 62% of all property-casualty insurance written in the U.S. and 88% of all commercial lines premiums. If you want to be part of an evolving industry, it makes sense to embrace the independent agency model.

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3. Independent agents can serve their clients well.

Independent agents are doing well because they can serve their clients better. Period. Insurance is confusing to the average person, and the stakes are high when buying coverage. Instead of trying to buy coverage directly online, many people want the expertise and guidance of an insurance professional. With rising premiums, many consumers want someone who can obtain quotes from multiple carriers, find the best deal, and provide more customized solutions, which helps independent agents close more sales and retain more clients.

> **"As I really started trying to take on that trusted advisor role, I often found that we were trying to put circles in square holes. Unfortunately, you can only go so long with believing that your one product is the best fit for every customer. It quickly became clear that I needed to go independent."**
>
> **-- Jeremy Powers, Powers Insurance Experts**

4. The sky's the limit.

The BLS says insurance sales agents earned an average of $49,840 in 2021. This is only slightly better than the national average of $45,760 for all industries.

Independent agents have the potential to earn much more, as they're not restricted to one carrier, and can seek out the best commission structures. They can also sell more diverse lines to further increase their revenues. If they're partnered with a network or agency alliance, they may also have access to exclusive incentives and higher commissions.

> **"Every single member who has gone independent seems to love it. The toughest part is getting past the original shock that perhaps there are some insurance companies who actually appreciate an ethical and hard-working agent."**
>
> **-- National Association of America's Finest Agents (NAAFA, Inc.) Business Manager**

The Dark Side of the Independent Agency Model

Let's be realistic, the independent agency model holds a lot of appeal, but it's not all sunshine and roses. The challenges can feel intimidating to even a seasoned agency owner.

1. Carrier access can be a barrier.

Carriers can be highly selective about the agents they work with, and often want to see a certain level of experience as well as a commitment to a quota. For agents who are trying to build their book from scratch, this can seem daunting or even impossible. Many agents find they need network support to overcome this hurdle.

> **"No one wants to give a startup agency the opportunity to get direct access. They want to see a minimum premium amount and a number of other things before they'll give you a chance. It can be really difficult to get those appointments."**
>
> **-- Chris Walters, Integrity Insurance Group**

2. There's no guarantee of success.

You've heard the expression, "With risk comes reward." The independent agency model has a higher potential for reward than the captive model, but it also has a higher level of risk. Starting over can feel daunting, especially without a guaranteed salary to fall back on. Agents must be willing to evolve and change constantly to succeed.

3. The learning curve can give you whiplash.

Mastering the procedures, systems, and products of dozens of carriers can be an extraordinary challenge. You also need to manage every aspect of running the business on your own – from marketing and operations to following up on claims and underwriting issues.

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Journey to Independence:
How Three Agents Made the Switch

Allan Miles founded the R. Allan Miles Insurance Agency after 12 years as a captive. He says although carrier access was a major barrier at first, the ability to find alternative solutions each year as companies change and go through cycles, makes it easier to keep his customers. “Because the business is very cyclical, companies may be competitive one year and not as competitive at the next renewal. As an independent agent, it’s easier to find alternative solutions.” Miles credits client referrals, a lot of hard work, and a great network partner for helping him grow his book to over $7 Million in premium.

Martha Hernandez had a $6M book with State Farm, before she left and opened her own agency in 2019 and admits the hardest part of going independent was leaving her existing customers behind. When she moved to the independent side, she didn’t want to fall into the same traps that had limited her before. “I actually wanted to be as independent as possible,” she says, explaining she didn’t want to get stuck in a contract that drained her commissions for carrier access. Fortunately, she found a network relationship that gave her full independence and says her close ratio is so much higher than before. “The fact that customers can access every option with us is just a lot easier for everybody. “If I knew then what I know now, I would've gone independent a long, long time ago.”

Jeremy Powers left behind a $4-5M book as a captive with Allstate and shocked everyone when he left to open Powers Insurance Experts in 2019. In just 18 months, even in the midst of a pandemic, he grew his book to almost $2M. The biggest challenges he faced were working with very limited funds and having trouble accessing the markets he wanted. Powers was able to fast-track the process of securing carrier appointments by joining a network. “I started this business with $3,000 and a dream,” he says. “Having access to a network’s advisors was an amazing resource, helping me put a strong foundation in place so my agency could succeed immediately. The independent space not only gives us the products and the ability to make sure we’re offering the best solution, but we also have more technology to leverage and make sure our customers get the best experience.”

Essential Building Blocks

Success isn’t a guarantee, but it *is* within reach. With the right strategies, you can rise to the top. Here are four essential building blocks for starting your agency.

1. **Gain carrier access.** Getting access to carriers needs to be your top priority, but going directly to them might not work. You need to find another way to get appointments in the beginning – for example, by joining a network or agency alliance.
2. **Choose your partners carefully.** If you decided you need support from an aggregator or network, consider your choices carefully. Some organizations require fees that might be prohibitively expensive for a new agency, and/or lock you into a multi-year contract. Look for a partner that offers the support, carrier access, and commission structures you need without fees.
3. **Prepare Your Exit Strategy.** Once you’ve decided to go independent, make sure you do your due diligence and understand what it will take to exit your current situation. Create a strategy for securing your first new clients, and getting set up with new carriers, and begin to take the steps necessary for a smooth transition.

Are You Ready to Make the Leap?

You should make any major career change with your eyes wide open. Before you decide to transition to independence, read more about the resources you need to be successful.

Go to www.smartchoiceagents.com/leapwhitepaper to view our ultimate guide on how to make the switch.

Sources: 1. https://www.ibisworld.com/industry-statistics/number-of-businesses/insurance-brokers-agencies-united-states/
2. https://www.bls.gov/ooh/sales/insurance-sales-agents.htm
3. https://www.independentagent.com/media/Pages/2022/BigI_Releases_2022_Market_Share_Report.aspx

WHY JOIN NAAFA?

Sometimes agents ask themselves "*Is it worth it to become a member of NAAFA? What will I get out of it? Will I get into trouble with the company if I do?*" Let us remind you that you're the loser if you don't join NAAFA. Our eagle emblem reminds us that as members, we are wise as eagles. Here are some of the benefits of NAAFA membership:

- **Access to a network of business professionals, ie board members, agents who've '*been through it before*,' agents from other agent associations, accountants, etc.**
- **Access to industry information via our website (www.NAAFA.com)**
- **Opinions on agents' contracts**
- **Safety tips for agency transition (when and if it becomes necessary)**
- **Attorney and accountant referrals**
- **Access to updates on legal cases.**
- **SECA Kit tax guide and access to accountants with experience. Just knowing how to properly file your termination benefits is worth thousands of dollars. Assistance when there's an inquiry.**
- **Assistance at termination and the guidance in getting started in the independent world, should you desire to do so.**
- **Information regarding "do I need legal assistance?"**
- **Access to NAAFA's document library**
- **Access to member-side of www.NAAFA.com**
- **Access to legal opinions when necessary.**
- **Assistance with important documents needed in case of a trial.**

NAAFA, INC. MEMBERSHIP APPLICATION

I, the undersigned, hereby apply for membership in NAAFA, Inc. (National Association of America's Finest Agents) and I certify that I will always uphold and support the mission and goals of the organization to the best of my ability.

NAME______________________________________ADDRESS_____________________________________

CITY____STATE_______ZIP CODE________________________

Cell___________________________Office Phone_________________FAX____________________________

Personal Email____

SIGNATURE____Date__________________________

*DUES: Active-annual $276 | Semi-annual $142| EFT: Active $23, Retired $11| Independent or Retired annual $132

DONATIONS: SECA Kit $500_________| NMEF Fund_________

PAYMENT OPTIONS: Check Payable to NAAFA, PO Box 578, Circle Pines, MN 55014

EFT: Active send check for $23 | Inactive Agent send check for $11

Credit Card: www.NAAFA.com, click on JOIN NAAFA tab & pay by PayPal

*Membership dues & donation records are kept strictly confidential. Dues and donations are not deductible as a charitable contribution. Annual dues may, however, be deductible as a business expense. Questions: Call 888-716-2232.

GUIDELINES FOR SECA KIT AVAILABILITY

To all members and their accountants:
THE CONTENTS OF THE SECA KIT ARE CONFIDENTIAL!

The SECA Kit was updated on January 15, 2021 but updated MEMOs regarding tax issues are issued regularly. Those with active memberships who have received kits in the past should contact the NAAFA office to receive the updated kit. The success of this kit has been invaluable. As most of you know, the SECA Kit is just one of the benefits of being a NAAFA member. Any members who leave American Family (and qualify for Termination Benefits) should have the Kit *before* filing their taxes the first time. Understanding how and why you file as you do could save you thousands of dollars in penalties and fines by the IRS.

At issue with NAAFA has been the fact that some agents wait until after they retire to join NAAFA and ask for the Kit. NAAFA feels that members deserve the benefits of the Kit only if they have supported NAAFA for a number of years. We want to encourage agents to support NAAFA during their active years with the company. We need your support. It costs NAAFA hundreds of dollars and hours of time to produce and update the kit. It is only fair that NAAFA be reimbursed for this expense by your loyalty and longevity.

As a result, NAAFA asks for a donation of $500 for the Kit unless a member has had 3 full years of continuous (no lapse) membership. After the three full years of membership, the Kit is free. A *new member* would pay the first year's active membership rate ($276) up front and then the kit would immediately be available for the donation of $500. Or the new member who pays dues either *monthly* or *semi-annually* would have to wait until the beginning of the second year to become eligible to receive the Kit after donating $500.

As before, you must have a personal Email to receive the SECA Kit. NAAFA asks that you honor confidentiality regarding the Kit. Do not share it with non-members. And be sure to tell your accountant that this kit must remain confidential and only used for your own tax preparation. As a member, you deserve *all* the benefits of being a member and the Kit is just one of them. JOIN NAAFA TODAY! BE PREPARED!!

SECA Kit

I contend that for a nation to try and tax itself into prosperity, is like a man standing in a bucket and trying to lift himself up by the handle.

Winston Churchill (1874 - 1965)

2022 Combined Ratios of 20 Insurance Companies

Progressive passes GEICO in private auto race in 2022

Based on 2022 direct premiums written

	Rank			Direct business				Net business				
	2022	2021	Insurer	Premiums written ($B)	Market share (%)	YOY premium change (%)	Incurred loss ratio (%)	Premiums written ($B)	Loss ratio (%)	LAE ratio (%)	Expense ratio (%)	Combined ratio (%)*
↔	1	1	State Farm	46.66	16.8	12.0	94.7	46.59	93.4	12.0	22.6	127.9
▲	2	3	Progressive	38.93	14.0	8.6	69.2	38.63	69.0	9.2	18.0	96.3
▼	3	2	GEICO Corp.^	38.12	13.7	1.9	86.1	18.99	86.5	9.0	11.0	106.5
↔	4	4	Allstate Corp.	29.61	10.7	8.8	79.0	27.71	79.6	9.8	23.7	113.2
↔	5	5	USAA	16.41	5.9	4.2	91.1	16.35	90.5	11.0	14.4	115.8
↔	6	6	Liberty Mutual	13.70	4.9	3.4	70.3	11.95	72.8	12.3	25.8	110.9
↔	7	7	Farmers Insurance	12.61	4.5	1.3	68.3	8.56	68.5	10.0	29.9	108.3
▲	8	10	Travelers	5.84	2.1	9.5	73.3	6.48	74.3	10.8	22.5	107.6
↔	9	9	American Family Insurance	5.83	2.1	6.3	75.6	6.15	74.8	9.6	28.4	112.7
▼	10	8	Nationwide	5.51	2.0	-1.1	71.7	5.49	75.3	12.1	27.7	115.1
▲	11	12	Auto Club Exchange	4.01	1.4	7.7	79.1	3.99	79.2	11.5	22.5	113.2
▼	12	11	Kemper	3.61	1.3	-11.7	75.7	3.62	74.7	13.4	28.8	117.0
↔	13	13	Erie Insurance	3.59	1.3	6.2	90.2	3.61	90.1	11.3	24.9	126.3
↔	14	14	Auto-Owners Insurance	3.42	1.2	5.9	77.2	3.35	75.3	8.1	27.1	110.5
↔	15	15	CSAA Insurance Exchange	3.08	1.1	6.0	69.6	3.08	69.6	9.6	27.7	106.9
↔	16	16	Mercury Insurance	2.57	0.9	-1.6	75.4	2.57	75.4	12.6	23.3	111.3
↔	17	17	The Hartford	1.98	0.7	6.2	68.8	1.99	68.6	9.2	25.9	103.7
↔	18	18	Auto Club Insurance Association	1.80	0.6	0.0	128.1	1.75	69.4	8.9	30.1	108.5
▲	19	21	Sentry	1.36	0.5	10.5	62.1	1.31	59.9	12.5	26.0	98.4
↔	20	20	The Hanover Insurance Group	1.35	0.5	6.7	68.5	1.32	67.6	9.7	24.8	102.1
			Top 20	**239.98**	**86.4**	**6.1**	**81.0**	**213.50**	**80.3**	**10.5**	**21.4**	**112.3**
			P&C Industry	**277.92**	**100.0**	**6.2**	**80.1**	**267.90**	**79.8**	**10.3**	**21.7**	**111.8**

Data compiled April 28, 2023.
LAE = loss adjustment expense; P&C = property and casualty.
* Combined ratios displayed are before policyholder dividends.
^ GEICO is used in place of Berkshire Hathaway Inc. because it writes the vast majority of the group's private auto premiums.
Insurers reflect consolidation of data from filers within SNL-defined corporate structures and unaffiliated companies for US-based statutory insurance filers.
Based on annual NAIC statutory property and casualty statement filings. US filers only. May include business written outside of the US if reported on NAIC statements.
Direct data is derived from the Exhibit of Premiums and Losses, while combined ratio is derived from Insurance Expense Exhibit.
Source: S&P Global Market Intelligence.

NOW ABOUT THOSE COMBINED RATIOS……………………..

Most agents know that the combined ratio is a measure of profitability used by an insurance company to determine how they're doing overall. The formula goes something like this: take the sum of losses and expenses and divide by the earned premiums. If the ratio is below 100, it indicates that the company is showing an underwriting profit, but if the ratio is above 100, the company is paying out more money in claims than it has received in premiums. We're told that the ratio does not include investment income so it might be conceivable that a ratio above 100 might not be so bad if investments income is up. Each company will also show an *overall operating ratio* where investment income *is* taken into account. (Investment income divided by new premiums earned.)

What happens to AmFam agents today whose agencies are showing a loss? Years ago, agents used to lose their binding authority if their losses were too high. Naturally, that slowed their app numbers down because getting pre-approval took time. Apparently AmFam has figured out that there are many factors that account for a company's high combined loss ratio and alas, they have chosen to 'spread the guilt around. Good choice, AmFam.

If the above figures are true (and yes, we realize numbers can be twisted to show almost anything the twister wants to show) then we will have to pay American Family a compliment for not being #1 as State Farm is. It feels good to work for a company that is not the worst in something, and even better when the company doesn't blame the agents for it.


LOOK Before
You LEAP
What you must know about becoming
a successful independent agent.
Many insurance agents start in the captive insurance model, learning the ins and outs of the industry, and building their knowledge of selling. Often, however, they find themselves lacking the ability to completely fulfill their clients' wishes, because they're seriously limited by the products they can offer, and are heavily regulated by their company. Most of these agents begin to wonder, "What could I achieve if I had more options? Should I switch to the independent agency model?"
If you're thinking about taking the leap from captive to independent, you need to consider both the pros and cons of such a transition. You also need to learn about the practical steps required as well as the strategies that can help you succeed in your endeavor.
To get the ultimate guide to going independent, go to https://www.smartchoiceagents.com/blog/whitepapers or call us at 888.264.3388 and ask for the *Making the Leap* whitepaper.
Inc. Power Partner 2022
Smart Choice®
America's Fastest-Growing Private Companies Inc. 5000

Is Independence Right for You?

Choosing the Right Path for Your Insurance Career

By Mike Hodges

The decision to transition from an exclusive insurance agent to an independent is a significant one that requires careful consideration and planning. While independent agents do have more freedom and flexibility over their exclusive counterparts, the shift to independence requires a change in both the direction of an agent's insurance career as well as their agency's business model.

Just as there are different paths that lead to a career in the insurance industry, there are different paths to becoming an independent insurance agent. Some scratch agencies with little more than a few years of experience under their belts, have found success the same as exclusive agency owners with decades of experience. Perhaps more important than a specific number of years are a set of personal and professional qualities that will determine whether a transition to independence will be successful.

Thriving independent agency owners are typically driven and self-motivated individuals who have a strong desire to succeed. They are often natural risk-takers and are comfortable with the uncertainties of running their own business. They have a deep understanding of the insurance industry including its trends, challenges, and opportunities. Independent agents stay informed on the latest developments while constantly seeking to improve their knowledge and skills. Proficient in using technology tools like customer relationship management (CRM) software, social media, and email marketing, independent agents have a strong focus on service and are committed to providing the best to and for their clients.

Transitioning from an exclusive to independent agent requires a significant shift in mindset, skills, and approach to business. While success as an independent agent does depend on a variety of factors, there are some key considerations for anyone thinking about the transition to independence. First, moving from an exclusive agent to an independent agent can have financial implications, such as startup costs and a change in compensation structure, so it's important to have a solid financial plan in place.

The move also requires a certain level of business experience. Independent agents need to have a solid understanding of business operations and financial management. If an agent lacks this experience, it may be wise to gain more. An exclusive agent should also have a substantial book of business before considering the transition. The knowledge gained by building that book becomes a foundation for the entire agency. An exclusive agent can rely on leads and referrals from their carrier, whereas an independent agent needs to build their own prospect and client base.

Lastly, and perhaps most importantly, an investment in technology is needed to effectively run an independent agency. This includes an agency management system for managing client information, a modern website, and other systems.

Never Too Late for a Second Act

It is important to remember that **it is never too late for a second act in your career**. Whether you are a seasoned agent with years of experience, or a relatively new entrant into the insurance world, the opportunity to become an independent agent is always available. You can always reassess your career path and make a change that could lead to greater satisfaction and success. The key is to carefully consider all the factors involved and make a decision that is right for you and your future.

Becoming an independent insurance agent or staying exclusive both have benefits. Independent agents have the freedom to work with multiple carriers, providing their clients with more options from which to choose while also having more control over their business operations, including developing their own marketing strategies, and having the potential to diversify. Exclusive agents, on the other hand, benefit from the brand recognition and reputation of their parent company, and often receive support from their carrier, including marketing materials and technology tools.

Ultimately, the decision to become an independent or exclusive insurance agent depends on individual goals and preferences. Careful consideration of these factors, both personal and professional, will help determine whether the move to be an independent agent is the right one for you.

Mike Hodges is Director of Recruiting and National Sales for SIAA, The Agent Alliance. SIAA is a national network of more than 5,000 Independent Agencies, representing over $12.5 billion dollars of written premium. He can be reached at mike.hodges@siaa.com. For more information on SIAA, visit www.siaa.com..

July 2023

Retiring AmFam agent expresses concern for the agents and the company.

AmFam has lost its mind with the rates they are taking. The agents in my state are struggling to Average 27 apps a month. Agents can't grow. The train wreck is coming if agents can't put business on the books. They can only support revenue for so long with rate increases. Sooner or later the loss of policies will affect agents and the company. Glad I locked in when I did. Name withheld.

June 2023

Agent expresses opinion on wokeism

Dear NAAFA,
When companies no longer hire the best qualified for the job, but instead, hire to fill a WOKE agenda, and when they raise their minimum wage to $23/hour for said employees who have not proven their fiscal value, it appears expenses must go up. It's a lot like the situation the government is in with Biden's cabinet picks being based upon race and not who brings the best knowledge and value to the team. Eventually, I believe, the dross that rises to the top needs to be skimmed off or the end product has no chance of being anything but inferior. The refiner's fire is much like the HR process should be, to throw out/reject the dross regardless of how much fuller it appears to make the smelting pot, and then seek the purest version of expertise when hiring and refining our team members who are our gold. If this is not done, our product will be determined as inferior compared to the other who has better choices, and of course, if not, watch our business go under. Is an unprecedented reduction in S&P rating taking AmFam down to an (a-) the first sign of the inevitable decline of this company? Name withheld.

Fall 2022

Update on my life ledgers

Hello,
Are my good buddies at NAAFA still doing a great job? We were out after the same things except NAAFA wanted to do it with nice printouts. That's like sending flowers to President Putin in Russia on his birthday. Nothing is going to change.

I, on the other hand, want facts. The company is not going to change. The assets at one time were agents and consumers. All they want to do now is destroy both, at any cost. So, I have not stopped throwing my paperwork out there, and maybe someday agents will have rights.

You can print, post, mail anything I have sent, and you can also use my name. I don't hold back and do not need to hide from anybody. My kids and grandkids need to be protected.

Editorial note: We have withheld this writer's name to protect all parties. Following, however, are additional documents submitted by this writer. Readers should decide credibility.

NAAFA
Mailbox
Cont'd

Hello My Good Friends at NAAFA October 31, 2022

Last time I sent my life ledger print out it was February 2018. So let's up-date the file again. Do you know that now some of our life policies do not even pay a dividend? What a big time bait and switch and the scam is approved by the State of Wisconsin.
When the L-95 and L-100 came out and years before that the company bragged on how they have never had a dividend reduction. This is a solid company and our clients should be proud. I drank the cool-aid and being AFLIC/Life Diamond 14 times. I not only took advantage of my family, I took advantage of many clients. Purchasing a death Benefit on what I could fit in our budget, I was glad to see the death benefit grow with inflation, until the hidden switch came into play.

L-95 Male Age 31 NS Base Death $70,000

BAIT	SWITCH
Projection to age 65	Age 72 +7 Extra years
CV $ 87,356.00	CV $ 82,798.00
DB 175,321.00	DB 140,717.00

L-95 Male Age 34 NS Base Death $50,000.

BAIT	SWITCH
Projection to age 65	Age 72 + 7 extra years
CV $ 67,028.00	CV $53,693.00
BD 137,470.00	DB 92,692.00
Total Death Benefit Projection 65	Total Age 72
$312,791.00	$213,409.00 74% "FAIL GRADE"

October 13, 2022

L-95 Female Age 30 NS Base Death $90,000

BAIT	SWITCH
Projection to age 65	Age 71 + an extra 6 years
CV $116,950.00	CV $102,533.00
DB 237,366.00	DB 178,432.00

L-95 Female Age 32 NS Base Death $50,000

BAIT	SWITCH
Projection to age 65	Age 71 an extra 6 years
CV $ 73,638.00	CV 48,736.00
SB 149,043.00	DB 90,115.00
Total Death Benefit Projection 65	Total Age 71
$386,409.00	$268,547.00 69% "FAIL GRADE"

Total of both age 65	Total with extra years
DB Projection $699,200.00	$501,956.00 72,% Big Time Fail

Did the L-95 Fail?
No it did not, the company made a decision to reduce dividends.
Then change one or two words in the policy language and come out with a new Bait and Switch policy to catch the new dreamers.
Is this an intentional tort?
It sure was and the proof is in the pudding.
Any other business did this they'd be arrested, put in jail and never allowed to do this to the consumer again, in Wisconsin.
The only winners in this policy are the company VP's of American Family Insurance and the first generation of this plan are now running off to the bank into the sunset.
Stop the next generation by protecting agents so they don't have to be crooks please?
Smile, be nice, do good things and people will think you are really a great person.
As you are robbing them with a smile on your face.

Name withheld.

AMERICAN FAMILY 2022 vs 2021

TOP CORPORATE SALARIES

Corporate Salaries Just Keep Going Up!

We hesitated to print the AmFam corporate salaries in this issue because they are posted on our website, www.NAAFA.com. But in case some of our readers don't visit our website, we decided your knowledge of what these top people make is very important, so here they are. Remember the days, a few years ago, when top CEOs took a pay cut when their employees were asked to experience pay cuts? CEOs wanted to show their empathy in what employees were going through to save the company so they decided to suffer with them. There were some CEOs (not at AmFam) who gave up their salaries completely for a year. In our opinion, this action really showed the workers how much the CEO cared.

Well, as we said, it didn't happen at American Family. And actually, the formation of the "Enterprise" has camouflaged the corporate salaries. We're told the formation of the Enterprise has caused quite a variation in how salaries are reported to the state, so when NAAFA requests the salaries from the state, they send 10 different attachments and it's up to our office to decipher what they mean. It is sure not as simple as pre-enterprise days were!

AmFam's upper management people are paid salaries by each Enterprise company. In one section we have *American Family Insurance, American Family Mutual,* and *American Family Life*, so we must pull three salaries for each corporate manager, and then total those three numbers to find their total salary for the year. If you didn't know that, you'd look at one report and think the upper management employees were making a lot less than they really are.

Then there's *American Family Connect* and *American Family Connect P &* C which have a whole different set of officers/managers. Again, we had to pull the salaries for each from both companies and add them together. More work to discourage salary seekers!

In 2022, these upper-level corporate people (including *executive* compensation from each company) cost the company $101,294,168.00, according to the 2022 Wisconsin OCI. Don't you wonder what the agents cost the company last year? If anyone knows, tell us. We're curious.

Our final summary is a chart of the Enterprise Board Members. From the documents we were sent from the state, it appears board members get paid by American Family, American Family Mutual, and by American Family Life. Does anybody know how often this board meets? It sure seems like their $220,000+ a year salaries make their little jaunts to Madison worthwhile! **These board members cost the company $3,238,140 in 2022.**

AMERICAN FAMILY 2022 CORPORATE SALARIES

NAME	Year	AmFam	AmFam Mutual	AmFam Life	Total
Jack Salzwedel Executive Chair	2022 2021	$4,275,260 $4,012,069	$6,745,411 $6,808,360	$558,159 $729,467	$11,578,830 $11,549,896
William Westrate CEO & Enterprise Pres	2022 2021	$2,490,532 $2,428,804	$3,929,506 $4,121,606	$325,153 $441,601	$ 6,745,191 $ 6,992,011
Telisa Yancy AmFam Direct President	2022 2021	$1,289,854 $1,252,371	$2,035,103 $2,125,236	$168,398 $227,704	$ 3,493,355 $ 3,605,311
Jessica Stauffacher Exclusive & Indep Agency President	2022 2021	$1,276,021 $1,025,959	$2,013,278 $1,741,022	$166,592 $186,539	$ 3,455,891 $ 2,953,520
Daniel Kelly Enterprise Chief Underwriting Officer	2022 2021	$1,213,870 $1,163,132	$1,915,217 $1,973.800	$158,477 $211,478	$ 3,287,564 $ 3,348,410
Anthony Scavongelli Enterprise Chief Partnership Officer	2022 2021	$1.202,653 $1,021,090	$1,897,519 $1,732,758	$157,013 $185,653	$ 3,257,185 $ 2,939,501
Scott Seymour Former Gov Affairs & Compliance VP	2022	$ 966,242	$1,524,515	$126,148	$ 2,616,905
Troy Van Beek Enterprise Chief Financial Officer/Treasurer	2022 2021	$1,008,013 $ 663,214	$1,590,420 $1,125,454	$131,602 $120,584	$ 2,730,035 $ 1,909,252
Christopher Conti Chief Claims Officer	2022 2021	$ 950,057 $ 846,698	$1,498,979 $1,436,821	$124,035 $153,945	$ 2,573,071 $ 2,437,464
Peter Settel Chief Strategy & Tech Officer	2022 2021	$ 903,320 $ 911,109	$1,425,238 $1,546,125	$117,933 $165,657	$ 2,446,491 $ 2,622,891
David Graham Chief Investment Officer	2022 2021	$ 843,956 $ 747,801	$1,331,575 $1,268,995	$110,183 $135,964	$ 2,299,714 $ 2,152,760
TOTAL FOR 2022 **TOTAL FOR 2021** **(Increase in 2022)**	2022 2021				$44,484,232.00 $40,531,016.00 $ 3,953,216.00

*

*NAAFA does not guarantee the reliability of these corporate numbers.
For more specific reliability, please check OCI Records OCIRecords@wisconsin.gov

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AMERICAN FAMILY CONNECT* 2022 CORPORATE SALARIES

NAME	Salary & Bonus From P & C	Salary & Bonus From Connect	Total
Sharena Ali President	$2,221,428	$53,134	$2,274,562
Chanty Vickers VP Human Resources	$ 589,963	$14,112	$ 604,075
Christine Pasqualucci VP Bus Program Mgmt	$ 441,143	$10,552	$ 451,695
Jennifer Drevs VP National Mkts	$ 422,201	$10,099	$ 432,300
Timothy Johnston VP Policyholder Services	$ 415,099	$ 9,929	$ 425,028

Jason Ward VP Sales	$ 370,836	$ 8,870	$ 379,706
Lisa Jossart VP Community Investment & Partner Distribution	$ 350,291	$ 8,879	$ 358,670
Dawn Pepin VP Marketing	$ 336,764	$ 8,055	$ 344,819
David Luu AVP Information Tech	$ 327,474	$ 7,832	$ 328,306
Julie Marthaler Underwriting & Performance Excellence	$ 296,432	$ 7,091	$ 303,523
TOTAL			**$4,089,834****

*** For our readers who aren't aware of what "Connect" is, it's the insurance company within the Enterprise which sells insurance at Costco stores. Many agents comment about the competitiveness between AmFam and AmFam Connect. Regular AmFam captive agents cannot sell Connect products.**

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American Family Board of Directors for 2022

[Just a note about the AmFam Board of Directors salaries:]

It has been a question for years…who controls the boards of companies? Board members are supposedly voted in by the policyholders or shareholders if the company is set up this way. But who nominates? NAAFA tried a few years ago to get an agent on the Board of Directors and that didn't go so well! Supposedly the board selects the CEO, and the CEO takes responsibility for all management and operational issues of the company. How much influence this person has over the board members is always interesting. Usually, the Chairman of the Board carries some weight, and what a mess when those two collide. We've known some board members who stayed in the position for only a couple of years. We always wonder if the absent board member's ethics conflicted with the CEO's or not. Guess we'll never know.

At any rate, board member remuneration has risen greatly and so has the number of board members. We assume it is because of the merger of Main Street which then qualified them to have reps on the board, too. Not too many years ago, members were being paid under $100,000 a year. Now look at it. Has this Board led American Family in a direction that truly benefits the policy holders? Do you feel there might sometimes have been a conflict between the Board and CEO?

AMFAM BOARD OF DIRECTORS FOR 2022

NAME	AmFam Mutual	AmFam Life	AmFam	TOTAL
Christine Cummings Retired 1st VP & CEO Fed Reserve Bank	$142,000	___	___	$142,000
Londa Dewey Chief Exe Officer QTI Group	$142,000	$11,700	$90,000	$243,700
Sheri Edison CEO Red River Assoc	$127,800	$10,575	$81,000	$219,375
Leslie Howard United Way Worldwide	$127,800	$10,575	$81,000	$219,375
Idalene Kesher Ind. Univ Kelly School of Business	$139,633	$11,554	$88,500	$239,687

Rakesh Khurana Dean Harvard College	$127,800	$10,575	$81,000	$219,375
Michael Knetter Pres & CEO U of WI	$144,840	$11,985	$81,000	$237,825
Tonie Leatherberry Former CEO Deloitte Partner	$127,800	$10,575	$81,000	$219,375
Fabian Foldriest Retired CEO Homesite	$125,452	$10,381	$79,512	$215,345
Rusa Rios Former US Treas & CEO Red River Assoc	$127,800	$10,575	$81,000	$219,375
Paul Shain Pres & CEO Singlewire	$150,520	$12,455	$95,400	$258,675
Thomas Tefft Former Exe Medtronic	$144,973	$11,996	$91,885	$248,854
Scott Wrobbe Retired Deloitte	$127,800	$10,578	$81,025	$219,403
Thomas Zimbrick CEO Zimbrick	$130,167	$10,771	$82,500	$223,438
TOTALS	**$1,886,424**	**$156,095**	**$1,195,621**	**$3,238,140 ***

*NAAFA does not guarantee the reliability of these corporate numbers.
For more specific reliability, please check OCI Records OCIRecords@wisconsin.gov

DID YOU KNOW???

Did you know there are **881,500** licensed insurance agencies and brokers in the U.S. as of 2021. These agencies employ 628,600 property/casualty insurance agents and 911,400 life and health agents.

- On the average, **62.1%** of first-time insurance exam takers pass the test.
- Insurance agents make an average of **$51,936** per year.
- State Farm has about **19,000** captive insurance agents.
- Of the **$785 billion** in P&C premiums sold in the U.S. in 2021, about **62% were sold by independent agencies. Captive agents sold about 21%.** (We are guessing that the rest was sold directly by insurance company employees.)
- The success rate for insurance agents (according to the Insurance Journal) is between **30%-50%.** But within 3 years of entering the insurance industry, that **success rate drops to 11%.**
- The average age of insurance sales agents is **46 years old. 65.8%** are White; **16.1%** are Hispanic or Latino; **9.4%** are Black; **4.9%** are Asian, **7%** are LGBT. (zippia.com)
- Executive Life Insurance Company is regarded to be the largest bankruptcy of any U.S. insurance company in recent years. The California Life Company filed bankruptcy in 1991 after investing in junk bonds.

[All 'Did You Know's' found by Googling…Try it. Have fun!]

MY OPINION ON WHO'S RESPONSIBLE FOR CORRUPTION

Names have been changed, to protect the guilty as well as the innocent.

Let me start this with my statement that I believe management is responsible for corruption! *Here's how I see it:*

There's a new agent that I know comes from an awesome Christian family. He would not intentionally do corrupt things if he were not only being trained to do so, but groomed to do so. Let me explain:

As the typical new 'favored agent,' John (not his real name) came directly from corporate. (He was actually an in-house manager and was hired when he looked to me to be about 12.) Yes, he has AmFam family, but not the powerful ones. He's probably done a good job and they kept moving him up until one day they cut his department and were going to move him out.

So, there was a bit of a scandal. When an agent who had taken over a nice book with a lot of CLASSIC policies (that belonged to a veteran agent who retired) got pooped on, and the company decided to help the 'favored agent' with a similar but more corrupt background, the pooped-on agent decided to transfer in order to be under a different manager she hoped she could trust.

Of course, this left the door open for John, the 'favored agent' (moving directly from home office) to take over the very healthy book, and as you might suspect, he was off running. Except that he had absolutely no idea how to run an agency, so it appears they hooked him up with their 'corrupt sales trainer. John must have taken good notes. They offered him not only a few thousand policies, but a 3X commission schedule so he could afford to hire sales specialists. And did he! He has several, 5 or 6, some remote even in other states.

But the main denominator: they were never trained much in product, only slimy sales practices which were promoted as "good and honorable." For example, the sales specialist trained them to just advertise as they saw fit. After all, it's easier to ask for forgiveness than to get permission. That is reflected in John's 2 illegal Face Book ads we all observed. They are non-compliant. AmFam is aware but turns their head because they are evidently effective.

The most corrupt thing is that John and his sales specialist are churning stable CLASSIC business (which has much broader coverage and he knows it because of his position in the home office) but his sales specialist acknowledges they were not trained in product….to them it's all about sales. Remember, if John just let those CLASSIC autos renew, they only pay ½ of a 9% (8% 1/1/2023) renewal. Remember also, that new agents like John only get paid on new business. When they CHURN (write the auto as new business with an inferior Advance product) they get new business full commission of double 14% with full All-American points and new app count!!!

Starting 1/1/2023, for every $100 of churned premium (rewriting the Classic to Advance) the agency received 14% or $14.00. BUT WAIT, as a new agent, John receives triple commission his first year, 2 ½ the second and 2 x's the next. So instead of $14, the agency receives $42 which is $38 more (or over 900% higher commissions) +new business points, + app count, for illegally churning the business!!! And ***all the accolades just reinforce the corruption***. Churning just a 2-million-dollar transfer book earns the agency $760,000 more than if the agent let the better CLASSIC policies simply renew. Who suffers? The insured, of course. Our ethics team says they have other priorities for 2023 and will not be looking into churning. Can you believe it??!!

~Anonymously submitted

AND THEN THERE'S THAT FORTUNE 500 ACCOMPLISHMENT

[Submitted by a NAAFA member]

Maybe there's some truth in the saying, "Go **Woke**, and you'll soon be **Broke**." We wondered after we learned that American Family Insurance Group dropped 50 points on the 2023 Fortune 500 list. And even though the 500 companies represent 2/3rds of the U.S. GDP with some $18 trillion in revenues, their profits were down by 15%, having fallen for the second time in the past three years. What does this mean to us anyway?

McKinsey, a company that American Family often quotes, did a study recently where they found that the average life-span of companies listed in Standard & Poor's 500 was 61 years….but wait…that was back in 1958. Guess what it is today? It's less than 18 years!! McKinsey says that by 2027, 75% of the companies now quoted on the S&P 500 will have disappeared. Wow….imagine that, cause AmFam's on that list. https://www.imd.org/research-knowledge/disruption/articles/why-you-will-probably-live-longer-than-most-big-companies/#:~:text=A%20recent%20study%20by%20McKinsey,S%26P%20500%20will%20have%20disappeared.

Listen agents, think Termination Benefits, Termination Benefits, Termination Benefits!!!

But for how long?

It is so interesting how Troy Van Beek, chief financial officer for AmFam, can make such negatives sound like positives. Like:

- 19 of the 20 property/casualty insurance companies on 2023's Fortune 500 list fell in ranking from last year's list.
- AmFam faced unusually severe storms and rising interest rates but maintained 'high customer experience measures' (whatever that is)
- And generated above industry-average premium growth (that's because AmFam raised their rates so much….is this anything to brag about?

We've seen American Family buy other companies, partner with others, become what they call an Enterprise, but to what avail? If you've read the 1973 book by E.F. Schumacher called "Small is Beautiful" you hear him say that large enterprises are inefficient. He says it takes enormous consumption for them to produce so little. The larger the company, the more energy it needs to survive. The conclusion of Sadi Carnot and Rudolf Clausius is that large companies spend more time managing themselves than they do managing service to their clients.

https://www.imd.org/research-knowledge/disruption/articles/why-you-will-probably-live-longer-than-most-big-companies/#:~:text=A%20recent%20study%20by%20McKinsey,S%26P%20500%20will%20have%20disappeared.

As a result, large companies become very vulnerable to failure as shown by the projections of McKinsey for Fortune 500 companies. Large companies disappear because they are merged, bought out, or go bankrupt like Enron and Lehman Brothers. Twitter is disappearing. Where's Blackberry? Many agents have recently asked NAAFA what we think……is American Family preparing to be bought out? We've wondered that ourselves.

When leaders of a company try to please the government by adhering to the ideals of a present administration, you can project that there will be trouble ahead. What happens when the administration changes? Will the company have time to restore the damage done by the actions they've previously taken? Right now, diversity is at the center of conflict within most companies. Why? Because diversity has now become what it wasn't intended to be: **Originally it was intended that a diverse company would employ a range of people from different backgrounds whose ideas and suggestions were all considered important. A diverse company was to hire people based on skill, not race or cultural background. Quality and skill of workmanship were to determine pay scale. Fairness and equality were to prevail.**

Today, within companies which claim to be diverse, we are seeing as much discrimination against the ethnic majority as we do the ethnic minority. Companies that claim Diversity and Inclusion are experiencing a loss of employees, a decrease in quality of service, restlessness and fear often prevail among employees, and instead of diversity driving creativity and innovation, we're seeing a lack of creativity and innovation. These characteristics, it appears, are reflected in overall production and profit.

Does any of this sound familiar? Are we seeing any of this happening at American Family? Does what you see happening bother you? Great topic for discussion among those who care. What are *you* going to do about it?

WOW, THIS IS GREAT NEWS......OR IS IT?

[Anonymously submitted]

We're told it is great news that "**American Family is the first US-based insurance company to join The Climate Pledge**." At the AmFam newsroom, you can see pictures and descriptions of the savings that the 4500 newly installed solar panels on the AmFam Headquarters building will provide. It's the largest single rooftop solar installation in the State of Wisconsin to-date.
https://newsroom.amfam.com/american-family-insurance-begins-wisconsins-largest-rooftop-solar-panel-installation-at-national-headquarters/#:~:text=American%20Family%20Insurance%20is%20installing,state%20of%20Wisconsin%20to%2Ddate.

Wow! That's great! Or is it?
Agents tell us that some of their customers are complaining saying they'd rather have their claims paid than see AmFam use their dollars to construct Wisconsin's largest rooftop solar panel on their national headquarters' building!!

So, we see that there are those who take the opposite view of climate change. They are the ones who ask, "Is AmFam so woke it's soon going broke?" It sure does appear that all this wokeness is costing the company a lot of money that some feel is totally out of the line of reason.

Listen to the other side of the woke/climate change argument by Prager U contributor, Steve Koonin.
https://www.prageru.com/video/is-there-really-a-climate-emergency?gclid=Cj0KCQjw2v-gBhC1ARIsAOQdKY1258jyTbyqgn1yZLgsatqAYyfi9ltVfpN93vH0bgDGOtun_2zJ-FsaAmuSEALw_wcB

Koonin says hard science from the US Government and the UN Climate Report both say, 'things are not that bad.' He goes on to say that basing decisions on assumptions (as is now being done because science cannot confirm it) is a very shaky foundation on which to transform a world economy! Hmmm, makes you wonder, right? Well, you decide.

GET THE PIGS OUT OF THE CREEK --- JOHN KENNEDY

[Sometimes we just can't help but pass on to our readers some of the "interesting" articles and emails the agents send us. Well, here's a rather typical example, and we have to tell you, we all had to snicker at this one. Now kick back and laugh with us. Enjoy!!]

I do not know of anyone in Congress who possesses a better academic background, plus he has a great sense of humor.
John Kennedy graduated magna cum laude in political science, philosophy, and economics from Vanderbilt University.
He was president of his senior class and was elected to Phi Beta Kappa. He received his law degree from the University of Virginia School of Law where he was an executive editor of the "Virginia Law Review," and was elected to the Order of the Coif.
He earned a Bachelor of Civil Law Degree with first class honors from Oxford University (Magdalen College) in England where he studied under Sir Rupert Cross and Sir John H.C. Morris.

FIRST OF ALL, I'M JOHN KENNEDY, NOT THAT JOHN KENNEDY. I AM THE OTHER JOHN KENNEDY, (R) SENATOR REPRESENTING THE GREAT STATE OF LOUISIANA. PERMIT ME TO TELL YOU WHAT I BELIEVE:

1. I believe America was founded by geniuses but is now run by idiots.
2. I believe you can't fix stupid, but you can vote them out of office.
3. When was the last time you heard of anyone trying to sneak into China?
4. America is so great that people who hate it refuse to leave.
5. I believe exercise makes you look better naked. But so does alcohol.
6. Welfare should be a bridge, not a parking lot.
7. Weakness invites the wolves.
8. We must arm for peace.
9. We don't have a gun control problem. We have an idiot control problem.
10. Free advice friends, if government tells you not to buy a gun, buy two.
11. I believe if you hate police officers, the next time you are in trouble, call a crack-head.
12. Here's a free tip: Cops will leave you alone if you don't do stupid things.
13. I believe we need an election day, not an election month.
14. I believe you should be able to prove who you say you are when you vote.
15. I believe 400,000 bodies buried at Arlington National Cemetery are the reason you should stand for the National Anthem.
16. I believe the water won't clear till you get the pigs out of the creek.
17. I believe love is the answer, but you should own a gun, just in case.

WOKEISM, IS THAT WHERE WE'RE AT?

[Are we all afraid to speak out?]

Across the nation we are seeing higher numbers than ever before of people who are retiring. Why? This has been documented time and time again. Pew research keeps quite close tabs on these numbers and here is just one example of their findings. https://www.pewresearch.org/short-reads/2020/11/09/the-pace-of-boomer-retirements-has-accelerated-in-the-past-year/ They report that more Baby Boomers (those born between 1946 and 1964) retired in 2020 than in any of the previous 8 years.

We can read about why this is happening, but you will have to decide for yourself which reason you agree with. Some say that because household wealth has been rising since the beginning of the pandemic, people feel wealthy enough to quit working. They recognized that house prices had risen, the stock market had reached record highs by August 2020. Just to compare, we saw a big drop in people retiring during the financial downturn years of 2007-2009.

Education played a role in who retired. Older adults with a bachelor's degree showed a retirement increase of 3 percent from the 3rd quarter of 2019 to the 3rd quarter of 2021. But older adults with a high school diploma only showed a 1-point increase. People living in metropolitan areas tended to retire earlier than those living in rural areas. https://www.pewresearch.org/short-reads/2021/11/04/amid-the-pandemic-a-rising-share-of-older-u-s-adults-are-now-retired/

Perhaps all these reasons contribute to why so many American Family agents are ending their contracts with American Family. We're not sure. But this we do know, times have changed and everyone who calls the NAAFA office with the news they are quitting, admits it. We see higher and higher prices. We're told technology has changed, but has it gotten better? Sure doesn't seem like it. We see longer waits and poorer service at medical facilities. We experience longer and longer waits whenever we try to contact any company. Manufacturing jobs have disappeared (granted to China!!) We've seen a steady liberalization of cultural norms. Is this why we're seeing fewer people attending churches? Is this why we know from a study done by The Yale Center for Emotional Intelligence and the Faas Foundation, (https://hbr.org/2020/03/how-common-is-unethical-behavior-in-u-s-organizations) that **1 in 4 workers feels pressure to do things they know are wrong.** (Wrong, to them, could be described as violating rules, lying, discriminating, stealing, and bullying, to name a few.) We see company leaders being more self-serving and less concerned about their workers, but always claiming to adhere to racial, sexual, social, and political fairness. They turn their backs by not acknowledging evil that is occurring right under their noses, evil that is hurting everyone. And suddenly, *we realize that wokeism has taken over!*

Just what is wokeism? Originally, it was "a term used to describe a social and political movement that sought to address and correct social injustices, inequality, and discrimination." It was derived from the African American Vernacular English (AAVE) expression "stay woke." ***It meant to stay aware and vigilant of social and political issues.*** **One can probably agree this was wise advice then.** https://diversity.social/wokeism-woke-culture/

Wokeism has morphed, however, into a movement that wants to "make everyone equal." Wait a minute, we thought that in America we were already supposed to be equal. Didn't Thomas Jefferson pen that "all men are created equal" in the preamble to the Declaration of Independence? Well, Abraham Lincoln explained that the founders didn't mean that "all were equal in color, size, intellect, moral developments or social capacity" but rather that everyone was equal in having "certain inalienable rights, among which are life, liberty and the pursuit of happiness." [Wikipedia.org]

But many today feel wokeism, the making of everyone equal, is destroying the lives of both genders and people of all races. Wokeness seems to be about *power* and not equity. It seems to benefit the privileged. Are Jay-Z, Chris Rock, Michelle Obama, Kayne West or Oprah Winfrey oppressed? Hardly! Are the rich white people like Hillary Clinton, Elon Musk, Bill Gates, Jeff Bezos, Alice Walton, oppressed? Most certainly, none of the above is oppressed. But notice, both lists include multiple races. You can't help but recognize then, that it's ***all about power***. And, as you know, wealth usually means power. How does wokeism relate to these above-mentioned people? In most cases, they are all fighting to see that we underlings are "equal" by taking away what little power we have left. **Their goal, it seems, is to maintain their elite positions of wealth and power, but to make the rest of us all into obedient zombies who are thankful to be**

nothing, have nothing, and want nothing. We're praying that the "want-nothings-bad-enough" will actually be brave enough to stand up and fight for **more** than the nothing they have been given!

For those recently employed by American Family, you need to really think about what we've just said. **New agents**, take a close look at your agent agreement. Do you know how it compares to the 2009 agreement or to the 1993-95 agreement? Find an agent with either one of the previous agreements, get a copy, and start looking at what your contract is missing compared to theirs. Don't think for a minute that because you're getting 2 or 3 times their new business commission that in the long run you're going to come out ahead. You won't! Remember what the trend in wokeism is….those in power get richer, the underlings get poorer. That's why the newest contracts are giving you less….so those in power can get more. It is not too late for you to stand up for what you feel is right.

Active senior agents, the same advice goes for you. Talk to these newer agents. Discuss the issues. Then decide what you can or are willing to do about it. Then do it!

And retired agents, it's time for you to think about what you thought was unfair when you were actively employed and try to fight against that cause. Or just as effective, pick an issue you agree with now and fight for it. If we all just give up and retire, the condition of our country (and the company) will go from 'worse to worser.'

The time is now for all of us to either take a stand *against* something, or else, take a stand *for* something. But at least, figure out where you do stand on issues. Are you afraid to say what you really believe? Then, by being silent, you agree with what's wrong.

~Board Member(s) Contribution

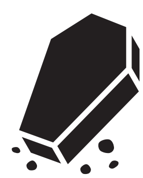
"Silence in the face of evil is itself evil: God will not hold us guiltless. Not to speak is to speak. Not to act is to act." **~Dietrich Bonhoeffer**

Excess Mortality Doubled for Americans Aged 35 to 44

Edward Dowd on New Society of Actuaries Data

American Thought Leaders

A former Wall Street analyst and BlackRock portfolio manager, Edward Dowd, has been analyzing excess mortality data from the CDC and from insurance companies with his partner, Josh Stirling, an insurance analyst. Excess mortality or excess deaths refers to the number of deaths from all causes above what would be expected under normal circumstances.



Earlier this year, the CEO of a major life insurance company said death rates among working-age Americans had gone up 40 percent from pre-pandemic levels. A recent report by the *Society of Actuaries* now reinforces this alarming data, Dowd says. "**In the 25 to 34 [age group], they saw 78 percent excess mortality in the third quarter of 2021. They also saw, in the 35 to 44 age group, 100 percent excess mortality**," Dowd says.

Dowd said he and Stirling looked at data from the CDC and arrived at similar numbers: "The age cohort from 25 to 44, which we call the millennials, experienced an 84 percent rise of excess mortality into the fall of 2021—August, September, October—and the rate of change was just dramatic. So, they're running around 40-50 percent in the summer, and then this parabolic spike moves up into the fall," says Edward Dowd. Dowd is the author of the upcoming book, "*Cause Unknown: The Epidemic of Sudden Deaths in 2021 & 2022.*"

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Editorial Note: Since the life department has always been such a profitable line, what effect has this increase in death claims had on the overall financial state of the company?

EVER WONDER WHY???????

EVER WONDER WHY...

You can't buy life insurance on a baby person before it's born,
but you can kill that baby person before it is born?

Ever wonder why people consider you a murderer if you kill an infant after it's born,
but if you kill it while still in the womb, you're not a murder?

Ever wonder why it is that in most states (30 as of 4/2/2018) State Homicide Laws That Recognize Unborn Victims | National Right to Life (nrlc.org)) it's a crime for someone, in an act of violence, to kill an unborn child, but if the mother decides to "kill" her unborn child, it's NOT a crime?

EVER WONDER WHY....

Agents can't opt out of CUE?
When AmFam decides to cross sell or upsell to an agent's customers by marketing directly to them, it is infuriating some agents....but pleasing other agents. Ever wonder why? It seems some agents know their clients well. They know who should be offered such upsale products and who shouldn't, perhaps because of the client's history. We suspect the agents who are pleased just don't care because after all, if the company is willing to add coverages, who cares? WRONG, at least if you care about your loss ratio. Plus, some agents tell us that when the company cross sells or upsells and the customer sees the premium increase (yes, this always happens because bringing in more premium is what the company cares about!) the customer gets hopping mad. Guess who has to deal with it? The agent. Then, there's always the question of whether, as an independent contractor, (which is what the agent agreement legally says the agent is) the company can legally 'take over' the marketing of the agent's clients or not. *Now don't tell us that your computer program won't allow it. That restraint went out with the dark ages!*

EVER WONDER WHY....

Farmers Insurance is laying off 11% of their workforce? That amounts to about 2400 employees they're dumping.
https://www.insurancejournal.com/news/national/2023/08/28/738095.htm

Apparently, it's all about profitability. Employees cost money and if they aren't productive, they're gone! We'd guess that even if some are productive, they're gone, too. How far behind them is American Family? They seem to brag about how many employees they have. (AmFam has some 13.5K employees as of 2022, a Google search says.) Now Farmers says in this article that these layoffs come after Farmers has pulled back from Florida and California. They also say they are working on plans to "reinvent how insurance is delivered." Yikes, does that sound like more elimination of agents and more selling direct, or what??

EVER WONDER WHY.....

AmFam shows their production up when their PIF is down......???

Right! AmFam shows their New Business Sales Premium on Autos to be up 54.7%, and Homes up 57.2% and yet AmFam's own charts show PIF (policies in force) for the same period to be DOWN. Could this be a sign of churning Classic to Advance??

EVER WONDER WHY.....

There's no drop-down choice for CONNECT?

That's right! There's no drop-down choice for CONNECT when agents have to cancel an auto policy. Agents are always forced to identify the carrier they lost the business to, but evidently, AmFam doesn't consider it a loss to the company if the business leaves an agent and goes to CONNECT. Well, **IT IS A LOSS TO THE AGENT**, and it seems to be happening a lot because AmFam's rates have taken quite a hike and CONNECT beats agency rates. Agents tell us they slip in any old carrier just to get through the steps. So much for accurate information reporting.

EVER WONDER WHY, CONTINUED.........

EVER WONDER WHY........

"FIND AN AGENT" NO LONGER EXISTS?

Yup! AmFam's website no longer allows my clients to look me up by inserting my name in the "Find an Agent" search line. What a disservice to the public. Who has time to search through all the agents in a zip code, especially if the agent lives in a metropolitan area? My client was on vacation, needed me, Googled AmFam.com, but had to look through 15 entries to find my number. Talk about trying to accommodate our customers!!!!! Duh!!

EVER WONDER WHY.....

RETROACTIVE RENEWAL COMMISSIONS CAN BE CUT?

AmFam can change your renewal commissions on policies you sold years ago? Seems unfair when you believed the company in good faith that when you wrote a policy, that you would continue to get the same renewal commission on that policy until it lapsed. No way! The company is retroactively reducing renewal commissions. Wouldn't it be nice if agents could retroactively demand higher new business commissions on these written in the past?

EVER WONDER WHY .....

SOME AMERICANS ARE ABANDONING HOMEOWNER'S INSURANCE??

A recent article by Tyler Durden entitled ***Americans Abandon Home Insurance*** is enough to throw a scare into anybody. https://www.activistpost.com/2023/08/americans-abandon-home-insurance-an-ominous-sign-in-era-of-bidenomics.html.

Durden quoted the Wall Street Journal, "Some skipping insurance say they are doing so because they can no longer afford the rising premiums." He says, "New Bankrate data shows insurance on a $250,000 home jumped to $1428 annually, up 20% from 2022. That's about a $119 monthly payment."

As a result, it seems, more and more people are being forced into dropping their home, and in some cases, quite dangerously, their auto insurance policies. This article says "WSJ spoke with Larry Farinholt, who owns a 1,100-square-foot home in Los Angeles metro area and last had home insurance a quarter century ago. He estimates a $50,000 savings, though if anything happened, such as a fire, he would be devastated: "It would probably be financially devasting if I lost my house., he said. Farinholt did say that if disaster struck, he would be able to afford a condo *due to his savings*.

Ever wonder what such moves by Americans could mean to the sales of insurance?

Sometimes I wonder if we shall ever grow up in our politics and say definite things which mean something, or whether we shall always go on using generalities to which everyone can subscribe, and which mean very little.

~Eleanor Roosevelt

KEEP AN EYE ON YOUR INSURANCE COMPANY'S POCKETBOOK

We don't want to scare anyone, but we do need to be aware. Some 40 years ago, agents were told insurance companies were as solid as rocks. Perhaps at that time, they were. But following is a list of companies in the U.S. that have gone 'bust' in the past 40 years. Sometimes a company is saved by being 'swallowed' by another, but that doesn't always happen. Once in a while, the government has been known to bail out a company that's said to be too big to fail. (Think AIG) But today with our national debt being over $33Trillion, it's probably not going to happen again, we hope. Those bailouts come out of the taxpayers' pockets. Keep your eye on your insurance company's pocketbook.

List of major bankruptcies of insurance companies in USA

Wind-up date	Date ofcreation	Company	Class of business	Headquarters
28/09/2022	1983	**FedNat Insurance Company**	Property damage	Florida
08/08/2022	-	**Weston Property & Casualty Ins. Co.**	Property damage	Florida
16/06/2022	2005	**Southern Fidelity Insurance Co.**	Property damage	Florida
29/04/2022	1983	**Lighthouse Property Insurance Corp.**	Property damage	Florida
14/03/2022	2008	**Avatar Property & Casualty Insurance Company**	Property damage	Florida
25/02/2022	2004	**St. Johns Insurance Company**	Property damage	Florida
Mach 2021	-	**Bedivere Insurance Company**	Workmen'"s compensation, motor, non-life	Pennsylvania
September 2019	-	**Senior American Insurance Co.**	Non-life	Pennsylvania
January 2018	2002	**Healthcare Providers Ins. Exchange**	Medical professional third-party liability	Pennsylvania
March 2017	1954	**Penn Treaty Network America Ins. Co. & its subsidiaries**	Life	Pennsylvania
December 2016	1964	**American Medical and Life Ins. Co.**	Health, life and accident	New York
February 2015	2012	**CoOportunity Health**	Life and health	Iowa
January 2015	2008	**SeeChange Health Ins. Co.**	Health	California
August 2013	-	**Executive Life Ins. Co. of New York**	Life	New York
May 2013	1912	**Lumbermens Mutual Casualty Co.**	Health	Illinois

April 2013	2006	**Universal Health Care Insurance Co.**	Accident and health	Florida
July 2012	1934	**Standard Life Ins. Co. of Indiana**	Life	Indiana
January 2011	1925	**Golden State Mutual Life Insurance Company**	Life, accident and health	California
November 2010	1964	**National States Ins. Co.**	Accident and health	Missouri
May 2010	1923	**Booker T. Washington Ins. Co.**	Life, accident and health	Alabama
June 2006	1996	**Southern Family Ins. Co.**	Non-life	Florida
July 2003	-	**Legion Insurance Company**	Non-life, health	Philadelphia
February 2002	-	**PHICO Insurance Company**	Health, occupational accidents	Harrisburg
2002	1979	**Conseco**	Insurance and finance	Indiana
October 2001	1817	**Reliance Insurance Company**	Life and non-life	Philadelphia
July 2003	1978	**Fremont Indemnity Ins. Co.**	Health, workmen's compensation	Los Angeles, California
September 2000	1914	**California Compensation Ins. Co.**	Non-life	San Francisco
February 1987	1985	**Mission Insurance Company**	Non-life	San Francisco
March 1989	-	**American Mutual Liability Ins. Co.**	Non-life	Framingham
August 1986	-	**Midland Insurance Company**	Non-life	New York
December1985	-	**Transit Casualty Insurance Company**	Non-life	Jefferson City
April 1991	-	**Executive Life Insurance Company**	Life	California

Source: National Organization of Life and Health Insurance Guaranty Association

FTC's Non-Compete Ban Reportedly Delayed Until 2024

The Minnesota law firm of Swanson|Hatch claims that MN's newly enacted law directly parallels the proposed Federal Trade Commission's proposed non-compete ban. Here's a quote from the law firm's email to NAAFA on 6/8/2023:
"***Non-Solicitation and Confidentiality Agreements Okay.*** *Non-disclosure agreements or agreements designed to protect trade secrets or confidential information are not prohibited. Similarly, non-solicitation agreements, or agreements restricting a former employee's ability to use client or contacts lists or solicit customers of the employer are still permitted. This means that employers and businesses that contract with persons who are independent contractors may enter into confidentiality agreements to protect confidential information and may prohibit former employees from soliciting customers of the current employer."*

We all got excited when we first heard that the FTC has plans to ban non-compete clauses in contracts. Wow….would that be great, right? Well, maybe. We here at NAAFA know a little about non-competes, and we constantly warn agents who are leaving AmFam and going independent to "leave their present AmFam clients alone for one year. Period. End of story."

Yes, there have been many (rather stupid) attorneys who have advised former AmFam agents that ***as long as the customer contacts the agent and the agent gets a waiver from the client stating so,*** *that the AmFam non-compete will not be violated. WRONG! WRONG!*

We have several cases where AmFam has sued departed agents for violating their non-compete and in those court cases, these "legally recommended waivers" do not stand up.

AmFam's agent contract no longer has a mileage limitation. In earlier contracts, the departing agent could not set up shop within 25 or sometimes 50 miles from his/her former location. That's no longer in their contract. ***Non-solicitation for a period of time, and trade secrets, will still be protected by the FTC's new ruling, are therefore, protected in the AmFam contract, too.***

So, all in all, we don't anticipate that the FTC's new rules which go into effect in April 2024, will change much at American Family. That's just our opinion, however.

Following are some Q & A's we found under Google's "People also ask" column. [Just Google "The FTC's new proposed ban on non-competes."] You might want to zip through them, especially you departing AmFam agents, so you have a better understanding of what's coming up next April, 2024.

Are non-compete agreements banned in 2023?
On January 5, 2023, the Federal Trade Commission (FTC) proposed a new rule that would ban employers from imposing non-competes on their workers, with limited exceptions. The proposed rule is based on the FTC's finding that non-competes constitute an unfair method of competition in violation of Section 5 of the FTC Act. Jun 2, 2023

What states are banning non-competes?
Four states—California, Minnesota, North Dakota, and Oklahoma—have banned noncompete agreements entirely, and many other states have enacted restrictions, such as setting a compensation threshold or requiring advance notice. The New York Legislature recently passed a bill that would ban noncompete agreements, but Gov. Jul 10, 2023

Why is the FTC banning noncompete agreements?
In many cases, employers use their outsized bargaining power to coerce workers into signing these contracts. Non-competes harm competition in U.S. labor markets by blocking workers from pursuing better opportunities and by preventing employers from hiring the best available talent. Jan 5, 2023

Are non-competes legal in the US?
May 30 (Reuters) - A U.S. labor board official on Tuesday said requiring workers to sign agreements not to join competing companies is usually illegal, the latest bid by government regulators to rein in the practice.May 30, 2023

What are the limitations of non-compete agreements?
Unreasonable timeframe. For a non-compete clause to be considered legally valid, it must govern a reasonable period. As a rule of thumb, anything under six months is valid, and anything over two years is invalid. Any time in between those two boundaries must be proven to be reasonable. Oct 23, 2021

What must a non-compete clause be to be valid?
It must protect the employer's business interests or trade secrets. The non-compete agreement can't just serve any purpose to your liking. The non-compete restriction must protect an employer's legitimate and critical business interests or proprietary trade secrets. Jul 16, 2013

What is the meaning of non-solicitation?
Meaning of non-solicitation in English; the fact of not taking a company's customers or employees with you when you stop working for it as an employee yourself: All employees of the company must sign a non-solicitation agreement. The non-solicitation period in the employment agreement is 24 months.

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*Also, you may want to r*ead the Fact Sheet at the following link: **FTC Proposes Rule to Ban Non-compete Clauses Which Hurt Workers and Harm Competition** https://www.ftc.gov/system/files/ftc_gov/pdf/noncompete_nprm_fact_sheet.pdf

DECLARING OUR INDEPENDENCE

[Excerpt from NAAFA's July billing letter]

In recalling the battle America's 13 Colonies had when their battle cry was "Taxation without Representation," we really do understand the frustration at not having any say in why they were taxed as they were. In their eyes, the only solution was to sever their relationship with England. These brave colonists knew it would be a battle, but they were willing to take the risk for their own freedom. How does that relate to American Family agents?

Times have changed over the 40 or 50 years that some of our members have been AmFam agents. Complaints are that agents can lose renewal commissions, experience higher rates making selling much harder, have newer contracts (that benefit the company) forced upon them, have selling quotas forced on them with the threat that quotas not met mean termination….all this happening with no say whatsoever in why, when and how. So, what's left to do? Either go truly INDEPENDENT or retire completely. And truthfully, either choice is a battle.

Who wants to give up a vocation one really loves, one you've nurtured for many, many years? Agents want to sell because they love selling a good product that truly satisfies the needs of their clients. They hate having to sell because they're forced to. That takes the fun and sense of helping others right out of it. Do you think England had the concerns of the Colonists in mind as they forced taxes and other controls on them? No, and we might also ask if you think American Family has the concerns of the agents in mind as they move forward with their agenda of forcing more agents out the door. Nor do they seem to have the concerns and welfare of the insureds in mind when they get rid of the insureds' agents. It's like losing your long-time family doctor. Who's going to take care of me now, they ask.

But this is the time to think about your own independence. We still have more independence in America than in most countries. We still have choices we can make, but they're slowly being taken away from us. The Declaration of Independence says that **governments are instituted among men, deriving their just powers from the consent of the governed, and that whenever any form of government becomes destructive of these ends, it is the right of the people to alter or abolish it, etc.**

Businesses/Corporations should follow these same guidelines, it would seem. The corporation should derive its power from those who have agreed to work for them. That is, if the corporation is interested in having faithful and loyal employees. Eventually, an evilly run corporation can't last. In fact, the Declaration of Independence says it is the responsibility of the people suffering to 'right themselves by abolishing the forms to which they are accustomed.' That's just what the people of the 13 colonies did. They rid themselves of England's control.

Over the years, we have seen many agents who have attempted to right the wrong. They have fought detrimental issues, some to the point of being fired. Many have expressed their opposition to the unfair and often illegal control by the company. Many have simply turned aside when managers have suggested agents do certain things that really aren't ethical. But the company always finds a way to punish those who don't adhere to their oft times illegal or unethical suggestions.

There will always be some agents who will support their leaders no matter how wrong they are. Did you know that only about 45% of the colonists supported the war, and at least 1/3 of the colonists fought for the British? And many Americans switched allegiance depending on which side was winning. Sound familiar? **The real heroes are those who recognize fairness, take a stand for what is right, and fight, fight, fight for the right to take a stand.**

Let's all make an effort to protect our rights as Americans and as American Family agents. And if you have already gone the truly independent route, bless you as you fight to protect those rights, too. Meanwhile, those of us who have chosen to stay and continue to fight the battle of true independence here in American Family land, will stand tall, stand for truth, stand for fairness, stand for the highest of ethics, and **we will succeed with contentment**.

NAAFA, standing for you, our members!