The

NAAFA Report

2025 Winter Edition

FREEDOM AT LAST…
a feeling of joy and relief.
I can now make choices…
and pursue my own desires.
YES, FREEDOM
AT LAST!!

NAAFA, Inc. PO Box 578, Circle Pines, MN 55014
WWW.NAAFA.com Phone:888-716-2232
NAAFAwest@comcast.net

[ChatGPT cover created by AI]

THE POWER OF PARTNERSHIP

American Heritage Insurance Brokers owner Tatsiana Tarasava and Smart Choice-Colorado State Director Olga Ivchenko, CIC.

For this independent insurance agent and Team USA Aquathon athlete, partnering with Smart Choice was a winning strategy. After a role as a dedicated agent, she needed more coverage options for her clients and wanted to join a network that had clout with carriers. With over 10,000 partnered agencies, Smart Choice gave her just that along with higher commissions and greater profit sharing.

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FREEDOM AT LAST

Why is NAAFA writing about freedom? What's the big deal? Well, let us tell you. For the past several months, we have repeatedly heard agents express their joy at getting out from under the stresses of running an American Family agency. These agents never complain about the responsibility of selling insurance. These agents tell us they enjoy meeting with clients, helping them focus on coverages they really need, and making the sale. They say their real stresses come from the company. The company has put quotas on some, has taken away lines of insurance the agent really felt were necessary, has lowered renewals right when agents really needed them to meet their retirement goals…the list goes on and on. It has not been easy. Now that they are finally leaving, and no matter how much money they have made, they say they are extremely relieved to be out from under company control. When we see what is actually happening, we have begun to understand why these agents are so glad to leave.

American Family must know that with the departure of these agents that they are losing the HEART of this company. Experienced agents are leaving in droves apparently because this is what the company wants. But who loses here? It's the company, not the departing agents. Senior agents have broken the chain of control they've felt for years. They're now free to fly in whatever direction they choose, and they're loving it. Take time to read both sides of the issues and then thank our wonderful advertisers for their continued support.

HIGHLIGHTS OF THE NAAFA REPORT Winter 2025

www.NAAFA.com

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 $25.00 a month ($13.00 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 Database Website (NDW) Fund or the Member Enhancement Fund. (NMEF) It's all so easy. Open your account now by sending your check for $25.00 ($13.00 if retired) to:

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

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

Contact us at: (888)716-2232. Email us at: NAAFAwest@comcast.net.
Or mail us at: NAAFA, Inc. PO Box 578, Circle Pines, MN 55014

Directly to Members…Directly from NAAFA **is NAAFA's direct and fastest informational pipeline to our members. Check www.NAAFA.com often for members-only updates. (Password needed.)**

The NAAFA Mailbox **in the NAAFA Report lets you sound off. NAAFA never identifies you unless you ask to be identified, but we must know your identity or we will not post your message. If you want your message read or heard, send it to naafawest@comcast.net. This is your VOICE!**

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IS THE INSURANCE WORLD LOST IN A DOWNWARD WHIRLWIND?

What are you hearing about insurance these days? Just try Googling this question (or make up your own) and see what you get. Here are just a few we came across.

- The Cost of Auto and Home insurance is rising much faster than overall inflation, thanks in part to a string of billion-dollar storms. A growing number of people are going without insurance.
- Why Umbrella Insurance Costs Keep Rising
- Tricks Insurance Companies use to Deny Your Claim
- How Home and Auto Insurance has Turned into a Nightmare for U.S. Households
- Why is California's Wildfire Home Insurance crises a thing
- Insured Losses from Natural Disasters Top US $100B for 5th Consecutive Year: Swiss Re
- Home Insurance 'crisis': First Florida, now California—is my state next

Well, these frightful and exposing headlines seem to go on forever. Perhaps it is time to recognize that insurance companies are in a bit of trouble. Perhaps trouble like they have never seen before. Perhaps it's time to recognize who gets hurt when insurance companies are in trouble. To do that, we should probably take a look at the history of insurance.

Certain types of insurance such as marine insurance actually date back to around 1347 in Pisa. The Italian traders spread the knowledge and use of insurance into Europe and the Mediterranean and from there, the concept of insurance grew and grew. In fact, claims became such a problem that special courts were set up just to handle insurance disputes. The first printed book on insurance was published in 1552, called *On Insurance and Merchants' Bets* by Pedro de Santarem.

The first official fire insurance company in the world called Hamburg Fire Office, was started in 1676. And property insurance as we know it today can be traced to the Great Fire of London that occurred in 1666 when more than 13,000 houses were destroyed. It wasn't until 1681 that the first successful fire insurance company (Insurance Office for Houses) was established by Nicholas Barbon. From that point on, fire insurance companies, fire departments, and systems for fighting fires developed and grew. Other lines of insurance also developed and flourished. https://en.wikipedia.org/wiki/History_of_insurance#Modern_insurance

In the United States, according to Wikipedia, property insurance really began to flourish with the passage of the Social Security Act of 1935 when the federal government began to issue VA Home Loans and at the same time requiring certain insurance coverages as a means of not only protecting the lending institutions but also promoting life insurance policies on the GI veterans. Obviously, the business of insurance flourished in America.

But times have changed. Soon insurance companies left their goal of protecting customers, to always looking to make a profit. The primary goal of insurance companies has changed from providing the best coverage for each insured to *providing the most profit for their stockholders or shareholders.*

So then, what is the future for an insurance agent who truly cares about protecting his clients? If the insurance company(s) he works for only has a major goal of making a profit at his client's expense, one can see who is going to lose out. And it's not going to be the insurance company! It's not hard to figure out that high

[Continued on next page]

premiums are a result of not just losses being paid, but profits being needed to pay for executive salaries and stockholders' dividends.

Companies are constantly looking for ways to cut expenses and often the first place they look at is the termination of employees/workers/agents! Once they start cutting workers, the quality of workmanship for the whole company drops. Ever notice how long you have to wait on the phone when trying to reach a certain person or department? Ever wonder why so many errors are being made on paperwork these days? Ever wonder why you never get a prompt refund…or any refund at all? Could it be that AI customer service is extremely lacking in its ability to satisfy your need or remedy your problem?

Many insurance companies seem to care less and less about the agents who sell for them. Well, of course they do. These agents are (or so they think) costing them money. Insurance companies seem to feel it's cheaper, quicker, and just as convenient to let customers call an 800# and buy directly, completely bypassing the agent. But what we agents know (and so does McKinsey if they will just admit it) is that customers want hands-on attention. Customers want to be listened to and then they want the experienced advice of a competent agent before making a decision to spend thousands of dollars protecting their assets. Studies show that about 75% of consumers, after doing lengthy research, end up buying through an agent.
https://www.invoca.com/blog/insurance-marketing-statistics

Listen up, insurance companies, isn't it time you realized what an important asset your agents are? Isn't it time you realized that your business could grow if you just listened to, appreciated, and rewarded your agents properly? Instead, we are seeing scores of well-established and competent agents at AmFam leaving their agencies behind. AmFam seems hell-bent on pushing them out the door by Score Card rating. They seem to love the fact that they can hire inexperienced agents at a much lower cost to operate those well-established agencies.

AmFam upper management… it's time you recognized the damage you are doing not only to your agents, but also to your image. In fact, it may be too late already. Too late, that is, unless you are planning to totally rid the company of its captive agents. Perhaps your long-range plan is to do what Nationwide did a few years ago….. cancel all contracts, settle (to your own advantage) with the outgoing agents, and only sell through truly independent agents. No more Termination Benefits to pay, no more agent training expenses, just pay these independent agent their commissions and say goodbye!

It's sad, the state of the captive agent these days. As we have heard agents say so many times at the NAAFA office, "Selling for this company is just no fun anymore. can't stand the stress. I'm getting out." Believe us when we say to these agents, your customers will suffer but we understand your position. Oh, what a downward drafty whirlwind the insurance world is in! [Composed & submitted anonymously]

IN CASE YOU'RE ASKING WHY…….

There was a total of 1735 confirmed tornados in the United States in 2024.
This was the 2nd worst year for tornadoes on record. (www.accuweather.com)
Texas had the highest number of tornados with 169 reported.
Nebraska and Iowa each experienced 131.
Then came Illinois with 126 and Missouri with 105.
And, most of these tornados were part of the hurricanes the US experienced in 2024.
Think: Hurricane Beryl, Debby, Helene, Milton and a few others.
Did you know that there were only 3 US states that had no tornados in 2024?
They were Nevada, Vermont, and Maine.

Just thought you'd like to know…………………

Let's Talk Insurance!

Many insurance *writers* today are yelling at agents to "keep a personal touch." How can we do that when the insurance *companies* are yelling, "adapt!" Companies believe consumers are leaning toward ChatGPT. Agents, of course, don't agree.

Smart Communications.com says 66% of insurance customers will switch if communications break down between them and their agent. Communication is very important, not only between a customer and agent, but also between an accountant and the client, or an attorney and a client. Let's face it, communication is a #1 priority. Have you ever recommended a professional who wouldn't communicate with you? Probably not.

We do recognize that younger customers probably don't feel communication is as important as older people, but still, if a younger customer has an accident or doesn't know exactly what insurance he needs, he will seek out a live agent. GOOD NEWS FOR AGENTS AND CLIENTS!!

REFLECTIONS OF WHEN I WAS A "SO-CALLED" AMFAM AGENCY OWNER

I might bring up the moral test I've used. It's a definition of character. What does one do when no one is looking at us *vs* when we are being watched? And to follow the golden rule of do unto others.

There were times when either I or my staff had to stop and think about what we were going to do and why. And I have to say my staff never made a decision that fell on the wrong side of the equation.

I'm sure there are some agents that have integrity. But that was not always the case with other AmFam agents we had the pleasure of dealing with. I even add several DM's - yep, I still call them that - whose advice fell on the wrong side of the equation.

AmFam was and has been the only company where I never wanted to advance in the ranks. I got to the point where I just didn't trust my DM. To that end, not all, but a significant number of corporate folks I would never hire.

I fell for the line "you are the agency owner," but I always felt pressured by corporate to step right up to the line, maybe with a toe over. In the beginning new agents were on a tight and short leash to write policies. I was so glad to graduate out of that program so that I could properly write what I call "clean" policies.

[Name withheld but just know that this agent has gone on to be a successful independent agent. Congratulations!]

"Success is not the key to happiness. Happiness is the key to success. If you love what you are doing, you will be successful." ~~Albert Schweitzer

"Help others achieve their dreams and you will achieve yours." ~ ~Les Brown

Think: www.NAAFA.com

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, i.e. 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 referrals
- Access to updates on legal cases of Agents vs AmFam
- 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 is 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.

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NAAFA, Inc. MEMBERSHIP APPLICATION

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

*NAME___________________________________*ADDRESS__________________________________

*CITY____*STATE______*ZIP CODE___________________

*CELL PHONE________________________________OFFICE PHONE___________________________

*PERSONAL EMAIL____

**DUES: Active-Annual: $300 Semi-Annual: $154 EFT-Active $25
Non-AmFam Agent-Annual: $156 EFT Non-Active $13

DONATIONS: SECA KIT $500_______________NDW Fund_____________NMEF Fund________

PAYMENT OPTIONS: Check, Payable to: NAAFA, PO Box 578, Circle Pines, MN 55014
EFT: Active, send check for $25 | Inactive AmFam Agent, send check for $13
Credit card: www.NAAFA.com, click JOIN NAAFA tab & pay by Credit Card or E-Check.

*These items must be filled in.
**Membership dues and 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.

NAAFA feels it is necessary here to mention that Article 4.1 of the NAAFA Bylaws state the following:

> *The Councils reserve the right to deny, by a majority vote, membership to any applicant when just cause is evident and/or when one does not share and support the purposes and mission statement of NAAFA in Articles Two and Three.*

The protection and support of our NAAFA members is our top priority. If an applicant, in any way, hints of disloyalty to our association by betrayal of confidential information or by any other action that may be deemed detrimental, the NAAFA councils reserve the right to revoke membership.

FINDING SUCCESS AS AN INDEPENDENT AGENT IS ALL ABOUT *THE COMPANY YOU KEEP*

By Mike Miller

Each era in human history has been marked by innovation, and we are now entering the age of artificial intelligence. Agents must embrace this technological shift, and smaller networks may struggle to keep up. They simply won't have the resources to provide agents with cutting-edge tools like raters, management systems, and lead generation sources.

As the industry evolves, agents need support to expand across state lines and quickly enter new markets. A large network will support new scratch agencies with its extensive resources and scale, offering access to systems that smaller networks can't compete with. This makes having a strong partner crucial for success.

Many agents are feeling the pressure from losing carriers and dealing with double-digit rate increases, with some even considering selling their agencies. However, I tell them to stay patient—if you push through these challenging times, significant income growth is likely over the next few years. Rates are rising, and those who stay in the game could see their commissions increase, possibly even double. Every carrier is increasing rates, so this is an opportunity, not a crisis.

Success, in any part of life, boils down to two things: skill and effort. You can give someone the tools and skills they need to succeed, but the other 50%—effort—depends on them. We provide agents with the tools they need, such as formal marketing processes, lead generation strategies, and data-driven approaches to quoting. But just like in any profession, consistency, attention to detail, and focusing on the right processes are what drive real results. It's not just about hard work, but about having a clear vision, using proven strategies, and being part of a network that invests in your future.

When evaluating potential networks for your agency, consider the following:

Ownership: Some networks never take an ownership position in your agency. Some do. Do you want to own every policy you write from day one?

No Fees: Many networks charge entrance, maintenance, and exit fees. We don't burden agents with these costs.

Unlimited Commission Splits: With our network, you have the potential to keep 100% of the commissions you earn.

Carrier Flexibility: My network only takes a split from the carriers you use through the program. You can continue to write with carriers you had before becoming a partner as well as continue to add outside carriers on your own without sharing profits, promoting true independence.

Mike Miller
Smart Choice State Director:
Minnesota, Iowa and Wisconsin
www.smartchoiceagents.com

Smart★Choice®

SHOULD I BE WORRIED ABOUT WILDFIRE CLAIMS?

SUBMITTED BY NAAFA BOARD MEMBER

AmFam's *Connect* is Costco Stores' insurance carrier. Please note that California has about 22% of Costco's 617 US locations. Or about 617 stores…. all of which sell AmFam's Connect homeowner and auto insurance. As the AI overview above suggests, Connect makes up a good portion of AmFam's sales. Of course, AmFam doesn't publish what that exact percentage is, but authorities consider it to be a substantial part of their business. What percentage of insurance sales by American Family Insurance is sold through Costco Stores? - Google Search

Now what effect the Los Angeles wildfire losses will have on AmFam's pocketbook (net worth/reserves/surplus, etc.) is anyone's guess, but it will have an effect. We pray the company can remain stable. We know they will keep spreading the claim costs over premiums charged in all their insuring states. After all, that's what insurance companies do…spread the risk.

Should we be worried? Maybe. Maybe not. Depends on who you are and where you are in life. If you're a rather new or young agent, as long as the company exists and you're working for it, you're probably not going to experience much change when the company has to pay out more in claims than they planned for. But if you are an agent nearing retirement, the first and most important thing you are probably thinking about is the security of your Termination Benefit monies.

With the great number of agents retiring in the last year or two, these Termination Benefit packages must be quite a drain on AmFam. We have considered ever since the establishment of the AmFam Enterprise (holding company) how easy it might be to house the Termination Benefit bucket in a separate subsidiary (silo) and then simply allow it to go broke. No other part of the Enterprise is affected, but the retired agents certainly would be.

So why should we be so concerned about the ever-increasing number of wildfires, hurricanes, tornadoes, and floods? Because ultimately, insurance companies will be affected….in fact, they are already affected. And when the company is affected, agents are affected. AmFam brags about how they are actually selling in all states now. Perhaps expanding the way they have isn't so good. At least when they were in just the midwestern states, tornadoes were the major claim concern. Not so today.

Agents are having a hard time selling with rates being so high. Not being able to sell means new business commissions drop and ultimately renewals drop. Oh yes, some agents tell us their renewals (a huge concern for '93 contract holders) haven't dropped. And even a few have claimed an increase in renewals. But overall, 95% of the calls NAAFA gets from agents say their renewals are dropping and some say, "big time!" Believe us when we say high rates affect all agent contracts.

We don't want to frighten our readers, but we do want you to be aware that maybe, just maybe American Family isn't quite as secure as you thought. And if they're not secure, neither are your Termination Benefits. Keep your eyes and ears open. Save your money while such rumors fly. You don't have to believe it, but please, don't be stupid. Be aware. Know what your risks are. Have a back-up plan, another line of business. And thank your higher power that life has been as good to you as it has. 🕊

Update February 5, 2025, on fire losses in Los Angeles County now estimated to be in the range of $95 Billion to $164 billion. https://www.propertycasualty360.com/

WHAT WILL HAPPEN TO MY TERMINATION BENEFITS IF MY INSURANCE COMPANY FAILS?

OK, we know!! We know we sound negative. Perhaps we sound negative more often than we sound positive. We're trying to be real here. But just what is *reality*? If you don't recognize the negatives, you will never solve them. Unsolved negatives don't make positives! Go ahead and shove reality under the rug. Go on as if nothing is wrong… as if everything is bright and rosy. See how long your luck lasts. Let's get real!!!

A question NAAFA is asked more often than any other is this:

What will happen to my Termination Benefits if my insurance company goes broke?

That's a good question. Let's see if we can shed some light on the issue by getting real. If you recall, back on January 1, 2017, American Family reorganized into a 'mutual holding company.' AI likes to explain this move this way:

"American Family Mutual Insurance Company converted into a stock insurance company on this date, owned by a newly formed mutual holding company."

Now what in the world does that mean? And does this have any effect on me? Most of you are saying, "No, it hasn't affected me in the least." Or has it? Many of you plan to get your Termination Benefits paid out over a lifetime. Are you positive AmFam will still be around to pay you over a lifetime? Let's look at what a holding company can do:

- A holding company (Think Enterprise) itself is quite protected from losses. But the companies under that holding company are not.

- If one of the underlying companies goes bankrupt, the holding company can experience a capital loss and a decline in net worth, but the bankrupt company's debtors and creditors cannot pursue the holding company for remuneration. http://www.investopedia.com/terms/h/holdingcompany.asp#ixzz4IHUmd04s

- AmFam's holding company contains approximately 15 individual companies (remember, this can and does change with each sale and purchase of a company) including American Family Mutual Insurance Company. The Enterprise has the authority to redistribute assets from one company to another. The holding company has no assets; assets lie within each underlying company. It is possible to drain or manipulate a certain underlying company to the point that it just might 'go under.' Remember, this might not visibly hurt the holding (mother) company much, but those with an interest in the company that goes under (bankrupt) will be hurt.

- Where are the Termination Benefits that all retired agents depend on stored? We're told in American Family Mutual. Hmm! Remember Enron? And then there was the General Motors bankruptcy, the Sears Holdings, Studebaker, and more recently employees at United Airlines, Delphi, Bethlehem, US Airways, LTV Steel, Delta Air Lines, National Steel, Pan American Air, Trans World Airlines, Weirton Steel, *which all experienced failed pension plans.* The government's Pension Benefit Guaranty Corp can hardly keep up with trying to restore pensions to employees of so many failing companies.

- But listen, AmFam agents' Termination Benefits are NOT GUARANTEED BY THE PENSION BENEFIT GUARANTY CORP or any other guaranty group. You only have AmFam's 'desire' to make good on their promises to pay you your Termination Benefits as indicated in your contract. How good is the company's desire to protect your hard-earned Termination Benefits?

We really need to take a look at what's been going on with insurance companies even in just 2024.

> "In 2024, there were 27 confirmed weather/climate disaster events with losses exceeding $1 billion each to affect United States. These events included 1 drought event, 1 flooding event, 17 severe storm events, 5 tropical cyclone events, 1 wildfire event, and 2 winter storm events. Overall, these events resulted in the deaths of 568 people and had significant economic effects on the areas impacted. The 1980–2024 annual average is 9.0 events (CPI-adjusted); the annual average for the most recent 5 years (2020–2024) is 23.0 events (CPI-adjusted)."
>
> https://www.ncei.noaa.gov/access/billions/

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It is a known fact that these record-breaking numbers of weather disasters are causing risks that far exceed the coverage capacity of insurance companies. https://www.governing.com/finance/some-models-to-keep-insurance-companies-from-pulling-out-of-states

If an insurance company is raising its rates, you know it is feeling the effects of these weather induced losses. If an insurance company is non-renewing policies, you know they are having a problem… or at least are trying to dodge a bigger one. And most serious of all, some insurance companies are leaving states completely.

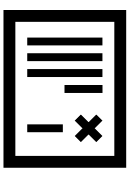
Overall, the insurance situation in the US looks bleak at the moment. Government programs might have to be halted or at least overhauled according to the funds available.

What is the answer? NAAFA always advises retiring agents to have all their debts paid off before retiring. Good plan if the company gives you time to do that. But often agents are forced out just at the time of their lives when their kids are out of the household, debts are paid off, and now their plans are to sock money away toward their retirement. But whoops! Most often, AmFam has different plans for them. The agents' Score Cards have often been weighted to the point that agents who thought they were successful and safe are now finding themselves at the brink of being forced out. Forced retirement, take it or leave it, the company says.

We don't know what the answer is. What we do believe is that it's better for you to be truthfully informed than to paint a dreamy picture for you and let you live in Lala Land till you fall off the cliff. And believe us when we say we have seen this happen more times than we like to admit. It's painful. So, now you have the 'rest of the story.'

Submitted by NAAFA Board

DO YOU KNOW THE TERMS OF YOUR E&O Policy?



Research tells us that there has been a definite increase in E&O claims lately. Although we don't know if this is true across the insurance industry, it does seem likely that since we're seeing an increase in wildfires and storms, that an agent could experience an E&O claim for underinsuring a client's home or business. And it apparently wouldn't matter whether the agent was active or retired, the exposure could be present. You should also note whether your policy is a claims made or an occurrence type policy.

We would suggest you re-read your E&O policy closely because you need to know how to make a decision on any claim that might come in your door. For instance, it would be interesting to know how many AmFam agent E&O claims are handled *out of court*. No one wants a decision to go against them. Recently, in an article by Andrea Wells (Wells Media Group Inc.) it was pointed out that while all policies are different, some could really leave the agency with a big financial loss. Again, we'd suggest you read your policy closely so you would know ahead of time what would happen if you made certain decisions regarding any claim against you. Here is a quote from Andrea Wells' recent article:

> *A coinsurance hammer clause is often found in professional liability policies and calls for a sharing of defense and indemnity costs (between the insured and the insurer) incurred after the insured refuses to consent to a settlement proposed by the insurer," according to IRMI's definition.*
>
> *Elizabeth Whitney, JD, head of professional liability US, senior vice president, Swiss Re Corporate Solutions, noted that different E&O policies read differently on the consent to settle clause. For example, if the carrier recommends a settlement but the agency refuses to consent to the settlement amount, then the agency will be on the hook if a jury verdict results in a higher amount than originally offered in the settlement.* *Don't Risk the Agency - E&O Tips on Trials and Trends - MyNewMarkets.com Articles about Property Casualty Insurance Coverages*

A question one might have is: "Why does this author have such a negative opinion of jury decisions?" Often, we have seen judges make decisions in favor of the company (For whatever reason…. bought off somehow? Promised a junket somehow?). It has always seemed more difficult for the company to influence a jury than a judge. Just this writer's observation.

The author points out here that if a settlement by the E&O company is made and the agent chooses not to give consent to it, the case must then go to court. If the judge or jury decides on a larger settlement in their verdict, the agent must pay the difference between what the E&O company offered and what the court offered. Can any of us afford such risks? We might be forced to. Think this over carefully!

Today, Independent Insurance Agents need access to meaningful data, analytics, and information. That's a major reason joining SIAA is the smart choice. We are a technology driven organization that realizes the outputs of systems and processes should empower agents to achieve more and support their success.

If you're thinking about making the transition from exclusive/direct agent to independent agent, SIAA can provide access to the tools, knowledge, and support you need to make that a successful evolution. It's why we exist – to help independent agents succeed, whatever path they followed to get here. It's all about what you can and will achieve.

Learn how joining our community can make the difference in your long-term success as an independent insurance agent.

siaa.com
info@siaa.com

The Impact of Climate Change on Insurance Agents and Strategies for Success in Dealing with It

Doug Coombs, Chief Marketing Officer, SIAA

Whether you want to call it climate change or a cyclical change in weather—extreme weather is a reality that is reshaping industries worldwide, including insurance. As extreme weather events become more frequent and severe, insurance agents face mounting challenges in underwriting policies, pricing risks, and maintaining profitability. Insurers are reevaluating coverage areas, tightening policy requirements, and, in some cases, pulling out of high-risk markets altogether. In this article, we'll explore how climate change is affecting insurance agents and provide some actionable strategies to help navigate these evolving challenges.

The Growing Risks of Climate Change for Insurance Agents

Hurricanes, wildfires, floods, and other natural disasters have become more common, causing unprecedented levels of property damage. This increase in claims has led to higher premiums, stricter underwriting criteria, and in some instances, insurers withdrawing from regions deemed too risky. Agents in states like California, Florida, and Louisiana have seen a significant shift in how policies are written and renewed, making it more difficult to provide affordable coverage to clients.

As insurers take on greater risk, the cost of premiums continues to rise. Many policyholders face non-renewals or significant rate hikes, leaving insurance agents in a difficult position as they try to find alternatives for clients. Additionally, stricter underwriting requirements mean that agents must spend more time assessing eligibility and advising clients on property mitigation strategies to secure coverage.

Many major insurers have started to limit or eliminate coverage in high-risk areas. This reduction in availability forces agents to explore alternative options, such as surplus lines or specialty insurers, which often come with higher costs and additional complexities. Agents must stay informed about new coverage options and non-traditional markets to continue serving their clients effectively. To make matters worse, unlike independent agents, captive agents are typically less likely to have alternatives for their clients if their company becomes more restrictive or pulls back from a territory altogether.

Governments and insurance regulators are responding to climate risks with new laws, regulations, and reporting requirements. Insurance agents must navigate these changes, ensuring they remain compliant while also communicating new policy limitations or changes to their clients effectively. The good news for captive agents in this case is that their company is likely watching for these changes on their agents' behalf.

Strategies for Insurance Agents to Mitigate Climate Change Impacts

Insurance agents must keep up with climate trends, new regulations, and industry changes. By becoming a reliable source of information, agents can educate their clients on risk management strategies and available coverage options. Hosting informational webinars, sharing reports on climate risk, and maintaining open communication can build trust and enhance client relationships. It is the one-to-one outreach and information that will make a big difference in client loyalty.

Encouraging clients to implement risk mitigation measures, such as elevating homes in flood-prone areas or installing fire-resistant materials in wildfire zones, can improve insurability. Some insurers offer discounts for properties that meet certain mitigation standards, which agents can leverage to help clients find more affordable policies. As we progress through more disasters and big losses, anticipate that local municipalities will initiate new, stronger codes for building construction and other assets, which will be good for consumers, businesses, and insurance agents and companies.

With many standard insurers tightening their policies, I would normally recommend that agents establish relationships with a diverse range of carriers, including specialty and surplus lines providers. However, this is not as feasible for captive agents and does highlight a potential huge blow to their livelihood. If you are a captive agent in a geographic area prone to weather events/disasters, it may be time to consider becoming an independent agent. By expanding their number and types of insurance companies, independent agents can offer more options to clients who may struggle to find coverage through traditional means.

The use of predictive analytics and risk modeling can help agents better assess potential climate risks and guide clients toward appropriate policies. Many InsurTech solutions offer real-time insights into climate-related exposures, allowing agents to proactively advise clients on their coverage needs. If American Family currently offers access to this technology, or does at some point in the future, avail yourself of it.

As the insurance industry adapts, more carriers are offering green or sustainable insurance products that reward policyholders for investing in eco-friendly and resilient properties. Agents can differentiate themselves by promoting these policies and educating clients on their benefits.

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For agents operating in areas with extreme climate risks, having contingency plans is crucial. This may include diversifying into different lines of business, such as life or health insurance, to offset potential losses in property and casualty insurance. Agents can also explore parametric insurance solutions, which provide pre-defined payouts based on specific climate-related triggers. A word of caution on parametric insurance: although it is not overly complicated, it is critical that both the insured and the agent have a clear understanding of the terms under which a claim could be filed.

Climate change is creating significant challenges for insurance agents, affecting their ability to write business and maintain client relationships. However, by staying informed, diversifying carrier options (available to independent agents), leveraging technology, and promoting risk mitigation strategies, agents can adapt to the changing landscape and continue to serve their clients effectively. The insurance industry is evolving, and those who proactively address climate risks will be better positioned for long-term success in an increasingly unpredictable world.

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SIAA is the leading national insurance agency network, with approximately 5,200 members collectively writing $16.7 Billion in total written premium.

For more information about SIAA, visit siaa.com.

WORKING REMOTE: Good or Bad?

Since COVID, workspaces and attitudes regarding such, have changed drastically. While some companies are selling their office buildings and allowing their workers to work anywhere else, others are requiring employees to return to the office. We used to hear that only a small percentage of workers were self-disciplined enough to work independently. Now, it seems that attitude has changed. Or has it?

The new administration in Washington seems to feel it's too easy to waste time working remotely and this is costing the government extra money. Other companies like United Parcel Services, Amazon, Disney, and Goldman Sachs seem to agree with forcing staffers back to the office. Still other companies are requiring in-office work only 2 or 3 days a week, or even a month.

But Allstate Corp is ditching 2/3rds of its office space and even selling its Chicago headquarters. Allstate has 54,000 employees but does recognize that once in a while workers might want to get together, so they are renting what they call "Liquid Space." These are rooms/spaces just rented at certain times for interested employees to meet.

AmFam has been allowing agents to reside in states other than where their agencies are located. Sometimes an agent's staff person(s) is located clear across the country but is able to answer phones and do work from that location…. no one knows the difference. There are advantages and disadvantages to remote working. Here are just a few as listed by https://www.techtarget.com/whatis/feature/15-advantages-and-disadvantages-of-remote-work

Advantages: 1) Better work-life balance 2) Higher productivity 3) Timeliness 4) Reduced absenteeism & decreased turnover 5) Cost savings 6) Flexibility 7) Incentive to improve workplace technology.

Disadvantages: 1) Distractions at home 2) Isolation 3) Loss of work-life balance 4) Increased need for meetings 5) Cybersecurity concerns 6) Difficulty maintaining confidentiality 7) Unstable/inconsistent internet access 8) Inconvenient for new hires

Bottom line: It seems to depend on what the CEO wants and believes. There are 2 sides to every issue, it seems.

"The dictionary is the only place where success comes before work." ~~ Vince Lombardi

"I have failed over and over again in my life, and that is why I succeeded." ~~Michael Jordan

FINDING WAYS TO HAVE FUN…….

(After retirement, that is!)

So often we, at the NAAFA office, hear agents say, "Working here is just no fun anymore!"

We certainly understand that, but here's one agent who decided there are other ways to have fun besides attempting it while trying to sell insurance for AmFam. This agent decided to 'shake the dust off his shoes' and move on. And is he ever enjoying it!! "No more stress," he says. "And I get to hug all these cute little kids that seem to just surround me. I love it," he says.

How many of you can guess who this is? He was an agent for many years. Although being quite a successful AmFam agent, he was still one of the many who had a target on his back.

If the company wants to get rid of you, they will find a reason to terminate, be it for production, for age, for retention, too few of the wrong policies, or some minor compliance violation. We all recognize that a compliance violation by one agent can mean death for his career, while for another, that same compliance violation can be overlooked.

You gotta admire a guy like this who has decided not to let American Family destroy him. He has decided to enjoy life, to smile and to have fun. He has learned that truly there are some wonderful people in the world, and he decided to focus on them. Playing Santa is just one of the things that brings joy to this 'retired' agent.

If you can guess who he is, and if you might talk to him, he might just tell you about all the fun he's had since he took another path. Having always carefully planned for his financial future, departing from American Family wasn't as difficult for this guy as it might be for some. He'd probably tell you not to let any employer destroy you. Bringing happiness to others is what this Santa believes in doing, and that is why he's so happy. Yes, he'd tell you, "life is truly good!"

What are some of the other so-called "retired" agents doing since leaving AmFam?

- This agent sold for AmFam for 20 years, left and went independent, and in about 4 years was making as much as he was when at AmFam. Now he's retired *again*, left his independent agency to his child, and now spends a lot of his time volunteering at the food shelf. He also spends time at his cabin, sings in his church choir, and is on the Board of Directors for his local sportsman club. Oh, and another little hobby is he's been making walking sticks for friends and workers at the food shelf out of buckthorn he's been clearing out around his cabin. He carves these canes into beautiful keepsakes that any person would be proud to own.

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- Another agent who retired said he was going to sell health policies which he felt was a more seasonal thing, with open season being in the latter part of the year. Otherwise, he said he was going to do some travelling in the US.
- A retired agent and his wife sold their house and began travelling all over the US in their motor home. They plan to do this till they tire of it. Fun to be free!!
- A remarkably successful agent has found a lot of satisfaction in tutoring/mentoring new AmFam agents in how to sell life insurance. The agent said those who were counselled all made AFLIC and All American.
- Another retired agent said he loves working part time at Home Depot. He said he gets lots of exercise as he walks around the store showing customers where certain items are. Plus, he said he loves the communication with the people he meets.

Well, these are a few examples of what the retired agents do who have found the secret to a long and contented life after AmFam. The secret to longevity, we believe, is to keep both the mind and body active. Do try to maintain friendships and also develop new friends. Friends can stimulate you…keep you going. In other words, don't hibernate in front of the TV.

BUT HOW DO I HAVE FUN **BEFORE** RETIREMENT??

Who has time to have fun? When you are self-employed, you soon learn *your work is never done*. Tasks and responsibilities seem to occupy your mind 24/7. You just can't get away from it.

Now it is true that AmFam tries to tell you that you are "agency owners," and we have always questioned "what do you own?" Well, truth of the matter is, you don't own anything except perhaps your furniture and maybe if you've been successful enough, you own your building. But for the most part, you are agency *managers*. Still, you do have a lot of responsibilities. You gotta make those goals. After all, this is a business that can be taken away from you. And this puts a lot of stress on most people.

It is very important, if you're going to survive, that you know how to 'get away from it all' for a while. Have you noticed you aren't sleeping well or that you just feel like you haven't slept at all? Perhaps you feel a bit depressed. Or you are having trouble concentrating. Or maybe you feel achy all over. Well, these can be signs you aren't getting enough exercise. You aren't getting away from the office enough. These can be signs that you need a break. But you know you don't want to just go home and mow the lawn. But what??

Many doctors recommend not just exercise, but a pursuit that taxes your brain a bit. That's right. Bet you thought you needed to give your brain a rest. Just go blank for a few hours. NOT!

Research seems to show that creating something can be very refreshing. You could try writing, drawing, painting, building something in your shop, or joining a discussion group.

You could try taking a college class… that would (maybe!!) get your brain going. You could consider gardening, but gardening with a flair. Study different plants, different arrangements, feeding, etc. Or why not take up a musical instrument..like piano or guitar lessons.

A good sign you may be on the wrong track with your health is if you find you have fewer and fewer friends. Friends take time. They ask questions. Thay want to do activities with you. Learn to not only maintain your friendships but try also to develop new friendships.

And lastly, learn to develop good savings and investment plans. Do it early in life. Even if you manage to invest only a couple of hundred dollars a month, do it. Do it NOW. Then take up the study of how to invest wisely. As we've said before, many agents reach retirement age and find they still have debts. It is not wise to even think of retiring unless you have all (ALL) your debts paid off. It's best to tighten your belt now rather than having to tighten it after you retire. But remember, have fun doing it.

~Fun Before & After Retirement by NAAFA Board Member

You've got to choose between tightening your belt or losing your pants. *~ Navjot Singh Sidhu*

Do not save what is left after spending but spend what is left after saving. *~unknown*

DISCOVERING MORE INEQUITIES IN THE 1993 CONTRACT

Submitted by a Thoughtful NAAFA Member

In researching the differences between the 1993, 2009, and 2014 agent contract retirement packages, we have found a lot of similarities, but we've also found a lot of differences. We always appreciate it when agents forward to us any updates and/or amendments to their contracts. It is then that we can enlist the help of our NAAFA accountant to interpret these additions. At this point, and contrary to what several agents have reported to us, we feel the 2014 contract does, indeed, have some Termination Benefits. Initially, in fact, the 2009 and the 2014 contract Termination Benefits look very similar. Of course, both these later contracts are very different from the 1993 contract and as usual, updates nearly always benefit the company…not the agent. More on these differences later.

Because today we are seeing scores of 1993 contract holders submitting their resignations, we have decided to present here some information one of our members wrote us about the 1993 retirement package. Perhaps this information will be helpful to you in determining when you should retire. Now we realize you don't always have a choice, but at any rate, a plan is still a good idea.

This agent discovered that "**the company really screws us if we retire before age 65!**" Did you realize that? Here's why he said this:

"I ordered a retirement packet and was told that I have been wrong all along in my understanding of how AmFam applies the lifetime benefits if you wait to age 60 to leave. I always thought that *before* age 60 if you retired, you got whatever your value was over a 5-year and then it's gone. That part is still true but here's where it was misleading.

I had been explained by management before that upon reaching age 60, I'd now be entitled to a lifetime benefit. That is true, but it was explained like this before:

Example: Let's say your account balance or as they call it "Total Contract Termination Amount" (TCTA) is $500,000.

If you retire before age 60, you will get $100,000/year for 5 years and then it's gone. If you die before the 5 years, then your spouse/beneficiary has to take the balance in a lump sum (which is horrible because it will likely cut the benefit nearly in half for the spouse due to the company's use of the present value formula when converting the payout amount to an immediate annuity, plus ordinary taxes that must be paid.) Your accountant will tell you that the higher the interest rate used by the company in the formula, the less your beneficiary gets, and this really whittles away a lot for the spouse.

If you wait to age 60, we always thought that the benefit would then be distributed as getting 2/3 of the $500k for the first 5 years (1/5 of $330,000 or $66,000/year for the first 5 years) and then the other third ($33,000/year) for the remaining 5 years. (So far this is all correct other than I am using round numbers.)

HERE Is where they screw us again!!!! We were told that since we waited until age 60, we would then continue to receive the last third for the life of the agent ($33,000/year expected for life).

THAT IS NOT HOW I T WORKS! There is a further reduced formula that penalizes the agent for retiring before age 65. Which, I believe, encourages AmFam to terminate agents using AGE DISCRIMINATION or some trumped up COMPLIANCE VIOLATION, or even attacking their PRODUCTION, rather than letting them get older and reach age 65.

Here is their infamous formula:
If you retire at age 60, the $33,000 you expected to be *paid for life* is reduced by a factor of 82.7%. So, instead of getting $33,000 you only get $27,000 for life. So, the company cuts you out of $6000/year for the rest of your life if they force you out at age 60.
If you retire at age 61, the percentage is 85.7%
At age 62, it's 88.9% of what we had expected.
At age 63 it's 92.4%.
If retiring at age 64 it's still only 96.1% of what we expected.

Finally, if you wait (or can hold out) to age 65 without being forced out, then you will get 100% of the originally expected $33,000/ year.

But if you hold out to age 65 to retire so that after the first 10 years' Termination Benefit has been received, you are now 75 years old. How much longer are you going to live, and what will the value of $33,000/year then be after the adjusted cost of living? Either way you slice it, **AMFAM has been screwing us over, and if we die our survivor gets treated even worse.**

Section 6.q of the 1993 Contract:

q. If at the time of termination you are 65 years of age or older, extended earnings shall be paid in the following monthly installments:

Months After Termination	Applicable Percentage of Sec. 6.o. Monthly Installment
1 through 60	
61 through 120	66.7%
121 and thereafter	33.3%
for your life	33.3%

Well, as Walter Cronkite always said, "And that's the way it is!"

<u>GUIDELINES FOR SECA KIT AVAILABILITY</u>

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 *<u>before</u>* 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 <u>3 full years of continuous (no lapse) membership</u>. After the three full years of membership, the Kit is free. A *new member* would pay the first year's active membership rate ($300) 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. You must have a personal email to receive the SECA Kit.

One of our biggest concerns is the confidentiality of our SECA Kit. We know that several members of the newly organized AmFam agent association have our kit. We have stated over and over that the contents are confidential and only to be shared with our member's personal accountant. We have also stated to the accountants that they are only to use the SECA Kit if given to them by a NAAFA member agent. In most cases, accountants have honored the confidentiality of the kit. REMEMBER, THE NAAFA SECA KIT IS A PROPRIATARY DOCUMENT AND OUR ATTORNEY SUGGESTS YOU TREAT IT AS SUCH!

As a NAAFA 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

WHAT'S GOING ON WITH CONDOS??

As you all know, AmFam recently decided to pull out of the multi-family policy business. Oh yes, such coverage can still be found in AmFam's brokerage division. But have you actually taken a look at really what is going on with the condominium building situation in the US?

Investopedia points out that a condo owner sort of owns the "air space" of a unit in a multi-unit development. Floors, ceilings, stairwells, sidewalks, hallways...all are part of the common areas owned by everybody, so to speak.
https://www.investopedia.com/terms/c/condominium.asp#:~:text=Condo%20owners%20are%20often%20said%20to%20own%20the%20%22air
It isn't just families that own condos, but there are commercial condominiums also. Such properties are great if owners are looking for no upkeep responsibilities. But this upkeep will cost you. Just be aware. And usually, you have no control over how good the upkeep is.

Well, it's no secret that condominium buildings are getting harder to insure. Prices have gone up and underwriting has gotten very tight. It's not just AmFam that is shying away from insuring multi-family buildings. www.mynewmarkets.com says that insurance companies' loss ratios have been higher than 100% over recent years and they are now at a point where they just can't afford the loss.

What exactly is wrong? Probably many things but take a look at a few of the facts: Condos have been around for about 60 years in the US. Early construction of the 1960s, 70s, and 80s just doesn't meet the codes of today. These buildings are getting old and even if they are adequately maintained, because they weren't originally built to withstand harsh storms, large claims do occur during hurricanes/tornados. It's a fact.

Add to this negative the fact that condo boards are usually made up of condo unit owners who may or may not have any experience in knowing or understanding how important certain replacement and/or repair is. As a result, bad decisions can be made that hurt everybody.

So perhaps it is understandable and advisable for an insurance company like AmFam to lessen their exposure by getting out of the business of insuring multi-family buildings.

But now let's discuss the impact of such a decision on AmFam's captive agents. We recognize that not all agents insure multi-family buildings. For them, such a move by the company is a moot issue. But for those agents who do insure condos/townhouse associations, the loss to them could be great.

Well, good news is you can insure those buildings (probably) in AmFam's brokerage department. But that's not all rosy either. Brokerage claims to keep 50% of all commissions earned when you write something in that department. (Some argue they actually keep more sometimes) This hurts.

But now AmFam has decided to add an amendment/endorsement to the agents' contracts allowing them to add commissions earned to their Termination Benefit package.

~ Submitted anonymously

The New 1/1/25 Brokerage Amendment to Agents' Contracts

It is actually very brief. Basically, it says that *Section 6.m. of your agent contract* (yes, all contracts have a Section 6.m. and they're all alike.) is *amended to include sales and renewal service fees from American Family Brokerage, Inc.* Yep! That's it.

But let's take another look. Your agent contract says Brokerage gives you only 50% of new business commissions. (After all, they have to keep something for all their bother!!) So, anything you write in Brokerage is probably going to give you less commission than you got when you wrote it for AmFam, especially if Brokerage finds a company with cheaper rates than AmFam had. (That could happen!!!)

And to top all these negatives off, AmFam is *taking away the B & A Termination Bonus* effective 12/31/2024. So, you lose commission because you can't write it in AmFam anymore, you only get 50% of the commission now, Brokerage may find a company with better rates than AmFam had, and you lose the B & A Termination Bonus when you quit.

Well, yes, you do get to add Brokerage sales and service fees (that have been cut in half) to your Term Benefit package calculations. Is this a good trade off, do you think? You still have the same amount of work to do but get paid less no matter how you look at it. As we've said before, every move the company makes is to their advantage. Do you suppose they think we don't see that? 🕊

I would prefer even to fail with honor than win by cheating . ~~Sophocles

IS THIS ANOTHER RED FLAG FOR AMFAM?

American Family Insurance Company announced in October of 2024 that they would no longer be offering coverage under their commercial product line for large habitational programs which included coverage for condominium and townhouse associations, homeowner associations, apartments, and bed & breakfast establishments. However, the company did say they would be offering coverage through their Brokerage and Alliances area and partner carriers. Any red flags here?

AmFam also announced that they had sold **The General** (yes, it was for $1.7 billion!!) to Sentry Insurance. AmFam's nonstandard autos were written in The General. (And yes, this was a very profitable sale.) Why did AmFam sell such a profitable company? Did they need the money for some reason? How about this? Any red flags here?

AmFam also announced that employees at their offices in St Joseph, MO., were offered separation packages or perhaps new roles (which, of course, might mean a location move to hang on to their job with AmFam.) On the positive side, AmFam stated that they were raising their minimum wage to $25 an hour starting in 2025, plus a few other enhancements. Hmmm? Any red flags here??

"According to a new analysis (published by S&P Global Market Intelligence) of homeowners insurance rates, some Midwest states saw the biggest jumps in premiums last year—and **American Family Insurance** topped a list of 10 insurers ranked by average rate change." From Carrier Management

U.S. Homeowners Effective Rate Changes—-10 Large Insurers

	2024*	2023	Last 2 Years	Last 6 Years
American Family Insurance	16.5%	12.7%	31.3%	66.0%
Liberty Mutual	14.5%	19.7%	37.1%	61.5%
Progressive	13.5%	19.4%	35.5%	87.8%
Farmers Insurance	11.8%	18.8%	32.8%	65.9%
State Farm	10.5%	7.9%	19.2%	24.1%
Nationwide	10.2%	15.7%	27.5%	57.6%
Allstate	8.5%	13.2%	22.8%	43.3%
Travelers	8.5%	11.2%	20.7%	48.2%
Chubb	5.4%	7.2%	13.0%	44.9%
USAA	3.1%	15.3%	18.9%	31.4%
Overall Average	10.2%	12.7%	24.4%	44.9%

* 2024 as of Dec. 27, 2024

Source: S&P Global Market Intelligence

Report: US homeowners rates rise by double digits for 2nd straight year in 2024
Published Jan. 21, 2025

Highest Average Rate Change in Period | Lowest Rate Change in Period

"For American Family, which raised rates in 42 states last year, the carrier's three largest weighted-average rate increases occurred in Missouri (30.1%), Illinois (27.5%) and Nebraska (27.1%) the S&P GMI report says." *

*https://www.insurancejournal.com/news/national/2025/01/24/809500.htm. (Published 1/24/2025)

So, is this another RED FLAG for AmFam? Should you be concerned? Send us your thoughts on this, we dare you!! NAAFAwest@comcast.net

BIG BROTHER IS STILL WATCHING!!

Employee monitoring is still occurring. We know that not just employees get monitored, but independent contractors do, too. It's been going on for years at AmFam whether you know it or not. Is it justified? You decide.

A few years ago, AmFam decided to install WIFI in each of the agent's offices. This might be a service to the agents and their staff, but it also allows AmFam to monitor what you do on your cell phones. And not just the cell phones of you and your staff, but also the cell phones of your clients/visitors. Now of course, some of you have figured out how not to use the company WIFI and that's good. But do you remember the first time your office WIFI was started? A screen appeared where you had to allow them to monitor your WIFI usages, or you couldn't take advantage of the WIFI at all. And then you were in deep trouble.

We've known for years that the company owned printers had a hard drive in them that allowed the company to know everything you printed. Lists of customers printed by the agent before leaving the company were often brought up in court as a theft of trade secrets.

Agents have been fired for speaking on their office phones to independent brokers who were considered to be AmFam competitors. The *disloyalty* phrase in the agent contracts is interpreted as 'doing anything detrimental or prejudicial to the company' and talking to independent brokers was definitely considered detrimental to the company.

What about surveillance by drones? Let's hope they're only used to detect dangerous situations where serious injuries or even fatalities might occur in the workplace. But what's to say those same drones aren't' also detecting your conversations with other employees, or the extra time you spend in the lunchroom. Monitoring employees' performance or productivity might be a good thing, but do independent contractors want to be monitored? You decide.

We're sure AmFam does not want to be involved in any claims of discrimination or harassment, so of course, in some obscure way, they have informed you of their intent to monitor you. Problem is, you probably missed the obscure notice!

There are many ways today of monitoring people. www.timedoctor.com provides quite a list. Here are a few the website has mentioned: Web activity tracking, email monitoring, computer monitoring, GPS tracking & location monitoring, video surveillance, call monitoring, keystroke logging…the methods are almost endless. You can bet the company knows them all and probably uses most of them.

Big brother is watching. Be aware!!

by NAAFA Member

"Courage is resistance to fear, mastery of fear – not absence of fear." — Mark Twain

THE AGONY WHEN A CAPTIVE AGENT'S RATES ARE TOO HIGH!

By NAAFA Staff

Many agents call NAAFA these days truly believing they are the only ones with out-of-sight rates. These agents are agonizing because they are seeing their renewals drop, drop, drop. And what that means for an agent approaching retirement is a condition as painful as any heart attack. But that's not all!

"When a client calls my office," one agent reported, "I take the call with dread." "These days the majority of calls are from clients questioning why AmFam's rates have gone up so high," the agent says. "My only attempt at a solution is to try to console the client by quoting higher deductibles or lowering the coverage as much as possible. But as a captive agent, it's not possible to tell the customer I will get some other quotes because, of course, I can only sell for one company. That's one area where the independent agents have it all over on the captives. The only alternative I have is to tell my client to get some other quotes himself. Well, that's like telling the client to take his walking papers and find another company. For us captives, it's AmFam or nothing."

Recently, an agent (in one of our midwestern states) reported that he had had an insured call him saying he had just gotten a quote from Geico. He reported that his quote from the Geico agent was $4000 a year *less* on his house and umbrella, and it was $800 a year *less* on his two cars, than what he was paying at American Family. That means this client would save $4800 a year by leaving American Family…. which he did, obviously.

The story doesn't end there. That client told his relatives and friends about AmFam's exorbitant rates, and they all cancelled their AmFam policies with this agent, too. These high rates are like an epidemic that exposes one's whole agency to the risk. Believe us when we say, this epidemic really makes an agent sick. And no matter how loyal the client has been, the bottom line is the client has to choose the lesser premium in order to survive in this inflated world.

NAAFA is here to tell you we have heard very similar stories time and again from agents in many other states, including IL, AZ, MN, KS, IA, CO, MO, and OR. High rates are causing agents to quit. AmFam doesn't seem to care. Why? What is going on?

About one in 50 agents that call NAAFA is positive. The rest of the calls are from agents who are very discouraged, hate insurance, who say working for this company just isn't what it used to be. How can agents possibly hang on long enough to get the most out of their agent contract? Good question. In other words, if an agent's goal is to reach age 60 in order to qualify for lifetime benefits, but he knows his renewals are dropping and he will actually get less in his Termination Benefit bucket, then perhaps it's better to lock in by giving the one year notice (getting the better of the two dates' renewals) even if he's a couple years away from reaching age 60. Maybe it'd be better to get all your money away from AmFam by taking your Termination Benefits over a 5-year period, than to risk the possibility that AmFam might renege on their commitment to pay your Term Benes over a lifetime. It could happen.

NAAFA has reminded our readers to give the "Partial Assignment" idea (Section 6.w. from the agent contract) some thought. This section of the contract is better explained in Message #144 of our column, Directly to Members…Directly from NAAFA on the members only side of www.NAAFA.com. It might be a way to hang on to some of the renewals you think you might lose.

When you try to look at the whole picture of AmFam's high rates, their management who took a half a cut in pay in 2023, their increased costs of everything, and the prediction by AmFam themselves that they are going to lose about 15% of their business…… well, the insurance world doesn't look so secure, does it?

We should tell you, however, that AmFam's not the only insurance company in trouble. It is reported in S&P's market analysis that homeowners' insurers across the US saw a net underwriting loss in 2023 of about $15 billion.

[Continued on next page]

This was compared to just $5.9 billion the previous year. These losses do NOT include state-backed insurers either. And now with even more severe storms looming, who knows what 2024 losses will be?

The almighty dollar is all that matters to upper management. Agents and employees really are not appreciated anymore. It's as if the company wants agents to quit. NAAFA has seen its retired membership numbers go from 40-45% back in December of 2023 to about 80% today. We definitely are not losing members, but the cross section of our membership has changed and that has somewhat affected our net income. NAAFA is not in this business to make a profit, we're here to protect our members, to keep them informed. Sure, we may sound negative, but ***we're presenting the truth****. If that bothers you, then that's your problem. For NAAFA, we stand for TRUTH and if we break even, we consider ourselves to be successful.*

If you have an opinion on AmFam's rates and what' s going on with insurance companies, please give NAAFA a call or write. As you know, we protect your identity, but we appreciate your viewpoints.

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AUTO INSURANCE IS THROUGH THE ROOF

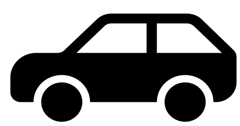
And predicted to get worse in 2025

Auto insurance will reach a record high in 2025 predicts Joe Toppe in his January 8, 2025 article featured in Property Casualty 360's website. He takes his numbers from ValuePenquin's research. You can take a look at how your state compares at https://www.valuepenguin.com/state-of-auto-insurance-2025. It is interesting that Main New Hampshire and Vermont have the lowest auto rates. Nevada, Florida, and Michigan have the highest. Joe says the 'average cost' of auto insurance is about $2,101 a year or $175 a month for full coverage.

We were able to find a US News article that ranks car insurance companies. This chart is interesting because this rating is not based just on cost/rates. Customer service, claims handling, and discounts were all considered. How important is reputation? Pretty darned important at claim time. But we're sure many of you will find rates are the most important factor in any sale.

Our Best Car Insurance Companies Ranking

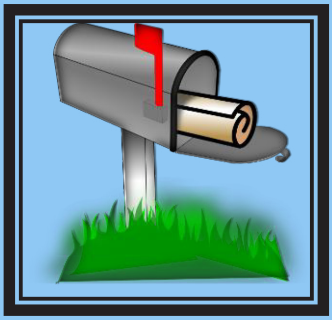
#1: USAA
#2: Auto-Owners
#3: Nationwide
#4: State Farm
#5: Geico
#6: Allstate
#6: American Family (Tied with Allstate)
#8: Farmers
#9: Progressive
#9: Erie Insurance (Tied with Progressive)
https://www.usnews.com/insurance/auto/best-car-insurance-companies



Although comprehensive and collision coverage are not required in every state, one in seven (32.7 million) people drove without car insurance in 2022. (IRC Insurance Research Council chrome-extension:// https://www.insurance-research.org/sites/default/files/IRC%20Uninsured%20Motorists%20Summary%20Page.pdf

The ten states with the most expensive auto insurance rates are: Maryland, South Carolina, New York, Nevada, Florida, Louisiana, Delaware, Washington DC, Michigan, and Georgia. https://www.kiplinger.com/personal-finance/insurance/car-insurance-rates-could-jump-over-50-in-some-states-this-year

The ten states with the cheapest auto insurance rates are: New Hampshire, Main, North Carolina, Vermont, North Dakota, Hawaii, Idaho, Ohio, Washington, and Indiana. https://www.kiplinger.com/personal-finance/insurance/car-insurance-rates-could-jump-over-50-in-some-states-this-year



THE NAAFA MAILBOX

As usual, names have been redacted, but thoughts, opinions, and comments have not. We encourage our readers to let us know how they feel. The only way the company is going to know is if you tell them. Here are a few of the emails we've gotten.

Concerns about MY APEX

What a big pile of mess. Company did away with Apex and implemented a new planning system called Relate. Total full-blown disaster. Data is being lost and possibly compromised. Improper training. It was poorly rolled out.

Name withheld

Concerns about AmFam's Long-Term Care Premium Increases

In the past you told us American Family had been increasing their Long-Term Care Premiums. They just sent me a letter for an increase from $131.00 a month to $217.00 a month. Glad it's not any higher! Just wanted you to know. Thanks!

Name redacted

Concerns about Company Quality of Work

What is happening to the quality of work by company employees these days? I really don't believe it is just at AmFam, I think it's all over the place. I sent in changes to four of the life policies I have at AmFam. Out of the four, two came back wrong. It is frightening if the workers at AmFam manage to make errors 50% of the time. We better check and recheck everything if we expect to survive.

Name withheld by request

Concerns about AmFam's Stability

"I spent the last couple of years wondering if each day I came in to log into my computer that it would say "pack your bags, we were bought out." The first agent that got my agency book failed. Another agent was hired with the remaining book a quarter the size of what it was when I left. Between agents, 3 temps were hired. This created great confusion for clients who couldn't keep track of who was actually handling their service work. It's a textbook "how to screw up a business." I'm currently in Mexico completing several weeks here. I made the right choice!! Cheers!!!"

Name withheld

"IF FREEDOM OF SPEECH IS TAKEN AWAY, THEN DUMB AND SILENT WE MAY BE LED, LIKE SHEEP TO THE SLAUGHTER."

By Benjamin Franklin

"IT IS EASY TO BELIEVE IN FREEDOM OF SPEECH FOR THOSE WITH WHOM WE AGREE.

By Leo McKern

YOUR BEST YEAR YET:

DISCOVER THE BENEFITS OF INDEPENDENCE

The insurance industry is undergoing a period of unprecedented transformation. Hard market conditions have tested the resilience of agents over the past 18–24 months. Rising premiums, shrinking carrier appetites, and heightened consumer demand for tailored solutions have underscored the challenges of relying on a single suite of products to meet client needs.

Empowering Growth Through Options

For agents seeking long-term growth, adaptability is key. Having access to multiple insurer options empowers agents to find the right fit for every client, ensuring a balance of cost and coverage. By diversifying carrier partnerships, independent agencies can meet the unique needs of their local communities while strengthening customer retention and satisfaction.

Building Your Unique Agency Identity

The opportunity for independence offers even more than a wider product selection. It provides a chance to create a distinct agency identity. Independent agents have the flexibility to implement modern technologies, streamline operations, and craft a client experience that reflects their vision and values. This level of autonomy fosters innovation and builds deeper relationships with clients, leading to greater agency success.

Additionally, transitioning to an independent model can alleviate the pressure of stringent performance targets while allowing agents to respond more effectively to market changes. Flexibility in carrier relationships and the freedom to shape their operations make independent agencies uniquely positioned to thrive in both stable and volatile conditions.

The Path to a Thriving Future

If you're ready to explore options that give you more control over your future, consider partnering with a network that supports your goals. The independent channel offers unmatched opportunities for growth, a broad range of carrier solutions, and the freedom to develop a business that truly stands apart.

Why Choose ASNOA?

At ASNOA, we don't just connect you to top carriers and exclusive markets—*we empower you with the support, technology, and training to thrive.* From access to high-demand lines of business to unparalleled back-office resources, ASNOA provides the tools you need to grow your agency and achieve your goals.

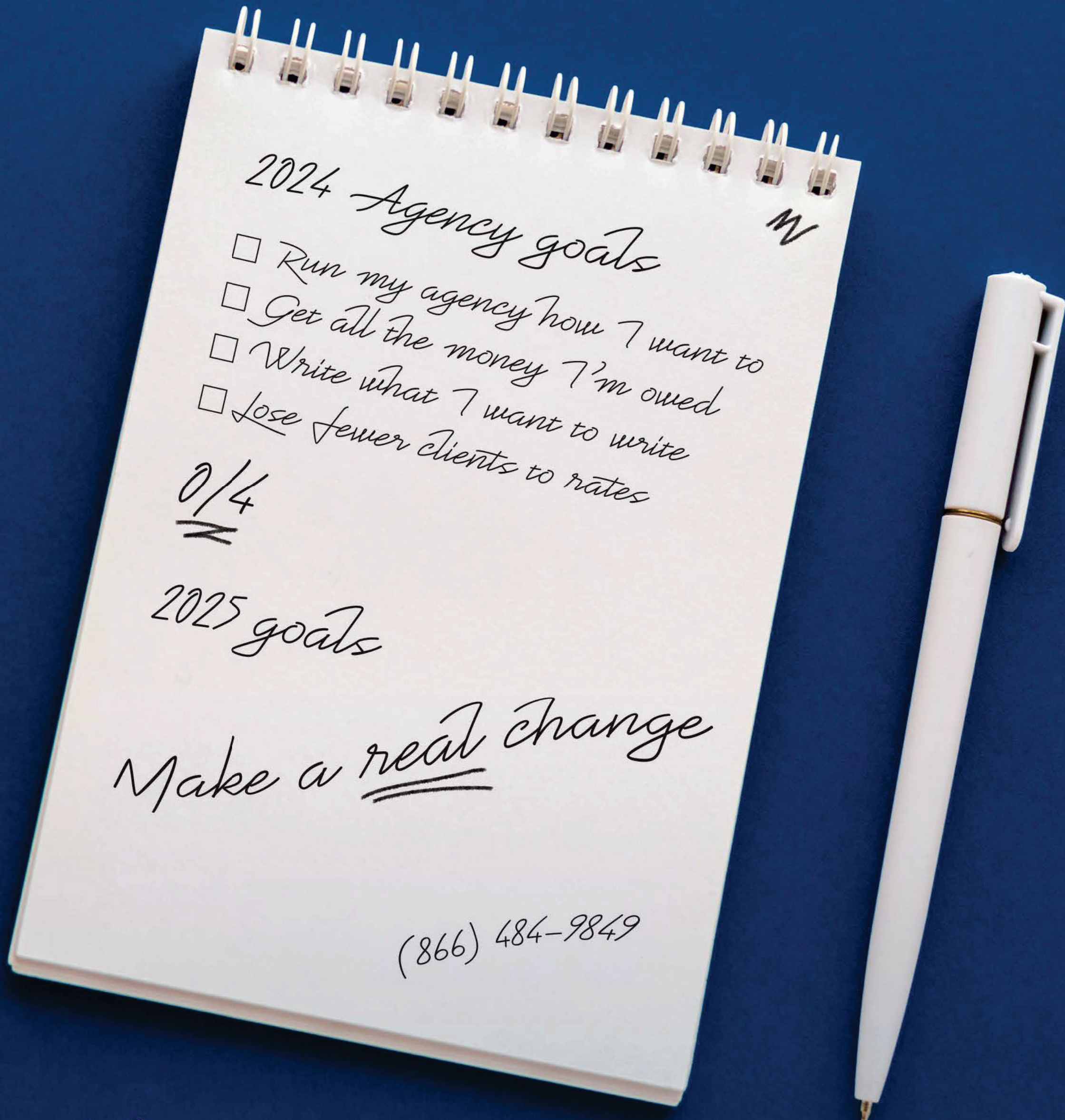
Make 2025 the year you take control of your future. Say GOODBYE to 'captive' limitations and HELLO to the freedom and growth potential of the independent agent channel.

ASNOA®

TO LEARN MORE:

Visit: asnoa.com/apply or

Email: grow@asnoa.com


2024 Agency goals
Run my agency how I want to
Get all the money I'm owed
Write what I want to write
Lose fewer clients to rates
0/4
2025 goals
Make a real change
(866) 484-9849

The Way Forward:

What Empowers Growth in Today's Market?

Join Couri Insurance Associates and unlock your potential.

- **Expansive market reach:** Connect with in-state, out-of-state, regional, and national carriers.
- **Entrepreneurial freedom:** It's your business, your name on declaration pages.
- **Lucrative commissions:** Higher base commissions, additional incentives, exclusive contracts – paid directly to you.
- **Efficiency:** Access discounts on automation and other services, supported by dedicated placement teams to help you write more business.
- **Agency perpetuation:** Opportunities to purchase agencies for long-term growth.
- **Cost-effective launch:** Begin your venture with minimal startup costs.

AAA · acuity Insurance · AEGIS General Insurance Agency · Allstate · American Modern · Auto-Owners Insurance · Badger Mutual Insurance

CHUBB · Dairyland · Donegal Insurance Group · Encompass Creating protection around you · Foremost Signature Auto & Home · Foremost A Farmers Insurance Company · Founders Insurance Company

Germantown Mutual Insurance Company · Grange Insurance · Hagerty · The Hanover Insurance Group · The Hartford · honeycomb · Integrity Insurance

Jewelers Mutual Est 1913 · Liberty Mutual Insurance · Mercury Insurance · Main Street America Insurance · Mt. Morris Mutual Insurance Company Since 1875 · National General an Allstate company · Nationwide

North Star Mutual Insurance Company · Openly · Philadelphia Insurance Companies A Member of the Tokio Marine Group · Pie Insurance · Progressive · Roamly · Rockford Mutual Insurance Company

Safeco Insurance A Liberty Mutual Company · Secura Insurance Companies · Selective Be Uniquely Insured · Society Insurance · State Auto Insurance Companies · Stillwater Insurance Group · Travelers

ufg Insurance · West Bend · Wisconsin Mutual Insurance Company

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