

The

NAAFA REPORT

2017 Fall/Winter Edition



BLOOD MONEY.....

TERMINATED AGENTS HAVE PAID THE PRICE



It has been documented that ASMs (and perhaps others) receive some type of bonus for each agent they drive away, either by forcing a resignation, by termination, or by using what is often a trumped-up compliance violation. The pain and suffering of these agents is unspeakable. Read the article "Blood Money" on Page 3 of this edition.

NAAFA, Inc.

PO Box 578, Circle Pines, MN 55014

Phone: 888-71-NAAFA

NAAFA, Inc. is a non-profit organization whose goal is to educate, communicate, and assist in eradicating all potential workplace harm and danger for our members. Most members are active or former agents of American Family Insurance Company, but all have a common goal of attempting to better the relationship between themselves and the company.

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BLOOD MONEY

TERMINATED AGENTS HAVE PAID THE PRICE

It appears that ASMs have become the hit-persons for American Family. It was revealed in the Jammal v American Family class action trial in Cleveland that ASMs are actually paid some type of bonus for each agent they terminate. Even though our board members were aghast when we heard this, we have suspected it for a long time. Now we know. We have always known that there must be some kind of a reward given to convince managers to do such cruel deeds, over and over again. Maybe it becomes less painful after several “killings.” Or maybe the company has figured out a way to hire only people with a nature to do such things. But this one thing we do know, the company has nearly knocked the life out of many, many agents by firing them right at the time of life when it is almost too late to start over and at a time

when these agents have kids in college, mortgages, and urgent goals to meet to save for retirement. It’s heartless of the company to do this. Agents have been fired often when they are most vulnerable. One was fired while he was in the hospital with a brain tumor. Another was suffering from ill health at the time he was terminated. It doesn’t matter to the company. They just want these agents gone. But learning for sure that their ‘assassins’ actually get a bonus for ending a person’s life...whoops, ending the agent’s agency life, is just hard to believe. Yes, we terminated agents have paid a huge price so managers could get their blood money and this company could reach its hurtful goal.

Submitted by Executive Council



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The NAAFA Report.....



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

IF YOU HAVE MOVED, please inform

Contact us at: (888)716-2232

Or mail us at: NAAFA, Inc.



us of your **CHANGE OF ADDRESS!!**

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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 Mail Box 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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www.NAAFA.com



REFLECTIONS FROM OUR PRESIDENT

It seems we have been so busy at NAAFA we've had little time for reflection lately. But reflection is important if we ever want to learn from our mistakes. And believe me, we all make mistakes or else we aren't doing anything, right? So let's reflect.

NAAFA, Inc. is over 30 years old now and we've had our share of bumps along the way. There were years where the Company terminated a good share of our board members. This was a huge hit we hardly survived. We've been accused of being too negative so agents were told they shouldn't have anything to do with NAAFA. We've been ignored by the company, supposedly, but we all know that the most hits we get on our website come from Madison. Even home office managers have told their workers to read the NAAFA website if they really want to know what's going on with the company. We've even had some AmFam employees ask NAAFA for free access to the member-side of our website. Of course, we couldn't allow that. We've had some very aggressive board members from time to time who admittedly hurt more than helped us. We've learned and grown from all this.

Things are different now because we've had some different goals in the last few years. We encourage agents to contact the NAAFA office with their concerns and they do because they know we will keep their concerns confidential. We try to encourage integrity even though we don't always see it around us. We discourage retaliation even though it happens often around us. We continue to fight the battle of survivorship for agents who are being terminated and/or pushed out by the Company. Our board and NAAFA members work hard for all American Family agents whether you realize it or not. Our paying members foot the bill for sending our magazine out to all American Family agents and even to all who have left the company for whatever reason. We believe our magazine should be and is a vehicle where agents can safely express their opinions and concerns without their identities being exposed. Yes, retaliation is still a threat, isn't it?

And so, we rejoiced when both the advisory jury and judge came back with a verdict against the company. A verdict that confirms that the company is treating us like employees instead of independent contractors. A verdict, that if re-confirmed by the appellate court will finally help to reimburse the agents for all their mistreatment and suffering. We know that if you listen to the Company, they'll tell you they always treat you as they should....as the contract says, but we all know better. Are we happy about the verdict of the court? Absolutely, but we will not gloat. We will remain humble, sorry that our relationship with American Family ever came to this point. Sorry that the agents ever had to go through what they have. Sorry that we couldn't have helped sooner.

I want you to know that NAAFA is an organization that cares so much that our boards have risked a lot to enable your freedom and protection. Why don't those of you who aren't NAAFA members consider joining now since you can see what kind of an organization we are? We are proud to be NAAFA members and we thank God that we have been able to help so many who have been exposed to such unfair treatment.

A very **Merry Christmas and Happy New Year from all of us at NAAFA,**

Your NAAFA President



“WE WON, WE WON!!”

When the news came in that both the advisory jury and the judge agreed that American Family agents had been misclassified, NAAFA started getting comments from all over the country. Here are just a few....names withheld, of course:

- As someone who they tried to rip my heart out in November, 2008, they couldn't do it (I'm stronger than they thought I was apparently) and today my heart is beaming with victory!

- Awesome!



- Great news- thank you- will read tonight

- **Subject:** Re: We won! So it appears, the 10 day clock, will now be ticking for the appeal. Correct?

- AMEN !!

I know, I was with one of the witnesses today, just a few minutes after he was informed of the victory! He was a key witness. Everyone who will benefit by this decision in any way owes him a Thanks!

- Good morning, NAAFA, How are you? We are fine. I doubt that we will see anything....Thank you.

- Wow! He (the judge) really came down on AF! He brought up reasons agents weren't independent contractors nor treated as such that I hadn't even thought of!



- Wow, that is nice to hear. Thank you NAAFA

- Congratulations, I'm sure you are elated. I would imagine good old AmFam will appeal? There is a woman that came to work for me that was let go in 2012, will she be part of this?

- This is an encouraging update....thanks so much.

- It appears, from different things I've read, that this judge pretty much is saying that this could have gone either way and I suggest you have it reviewed because it could easily be overturned.


- We are thrilled to hear the news today! Hope you are well.



LOYAL DAUGHTER RIGHTFULLY DEFENDS HER DAD

It has been reported to this office that the child of one of the recently terminated American Family agents posted the following article on her Facebook. Obviously, the agent was one of many senior aged agents who has been discriminated against. The company has heartlessly pushed many such great agents right out the door without even a thank you for their many years of service. We say "right on" and "you go, girl" to this fine and loyal offspring who has chosen to express heartfelt opinions here. It has been rumored that someone from AmFam complained to the agent about his daughter's public display of truth and opinion, but she is an adult, after all, and has every right to express her opinion. Will this company ever quit persecuting its agents?

[Names and proper nouns have been removed to protect the writer and subjects in this post.]

"I'm apologizing ahead of time for the long post. As most of you know, my father is a pretty private person. After speaking to him today and was given the green light to talk to people about this, I felt the need to get this off my chest. After 32+ years as an American Family agent, my father (name removed) has been forced into early retirement. Just 3 years shy of retiring, he was told that they were closing his doors (among other small-town offices), and transferring his business to a "bigger town" just to save some money. Because he wasn't financially ready to retire, he has been forced to look elsewhere for a job. On top of that, to receive the retirement he had accumulated, American Family made him sign a contract stating he would not be allowed to work independently for a year, and he wasn't allowed to advertise or notify people ahead of time that he was transferring to a different company for fear he would take business with him. Thankfully, an independent agent down the street was kind enough to open his doors to my father to finish out his working career. Because my father owns his building and phone number (not American Family), he will be staying in his original location in our small town while working for the independent insurance agent. So for those of you who had business through my father at American Family and haven't been notified by them of the transition, your files are apparently now in a bigger town from what I found out today when calling on mine. I don't know about you, but if this bologna happened to me, I sure as heck wouldn't want to bring my business to a company that treats their dedicated employees like they have, let alone keep clients in the dark about changes. So, please give my dad a call for more details or just to say Hi and that you're thinking of him during this transition. It's been tough on him. It's not the path he had planned, but I know he will pull through this and be ok because he's good at what he does and he's there for the right reasons...to take care of the clients. Thanks for listening!" 

**"Live in such a way that if your children
ever asked for the definitions of
kindness, integrity and loyalty,
they'll answer, "my parents." ~Ali B. Moe**

"Any man can be a father, but it takes someone special to be a Dad."



THE BENEFITS OF NAAFA MEMBERSHIP

NAAFA is always amused when an agent calls in with a serious problem and admits to the fact that (s)he should have joined NAAFA a long time ago, but wasn't motivated to do so till something bad happened. Sometimes agents claim they were "afraid" to join. Once the agent learns about the preparations he should have made, about his real rights as an independent contractor agent, or about how to document things.....he soon realizes he should have joined NAAFA a long time ago.

Membership has grown by over 200% in the past few years. We're not bragging, but we're thankful and proud that agents have rallied to the cause. Actually, many of our members believe no one should ever become an AmFam agent without also joining NAAFA.

"Is it worth it to become a member of NAAFA? Let us remind you about what some of the benefits of NAAFA membership are:

- 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 important legal cases
- SECA Kit tax guide and access to accountants with experience. 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 , especially the column "Directly to Members...Directly from NAAFA"
- Access to NAAFA's "shock and separation" counselors

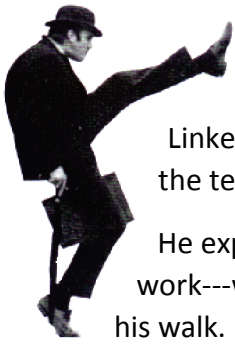
**Help us keep these valuable benefits going by
JOINING or RENEWING your membership today.**

**PLEASE SHARE THE FACT THAT YOU ARE A MEMBER OF NAAFA
WITH OTHERS AND ENCOURAGE THEM TO JOIN.**

The rumor that you might get fired if you join is absurd. More non-members get fired than members. If you don't encourage others to join, we can't grow. Besides, letting others know about our services is a kindness you need to share.

BOLDLY STAND FOR TRUTH WITH NAAFA, INC. JOIN TODAY!!

A GEMBA WALK???



Recently, Jack Salzwedel, who for anyone reading this, needs no introduction, posted a LinkedIn article. His topic was “Walking the Gemba Walk.” We all admitted we’d never heard the term before. But just knowing who wrote it, we figured we’d better find out what it meant.

He explained that a Gemba Walk is a “specific term used to describe personal observation of work--where the work is happening.” He talked about “engaging with and developing people” in his walk. He stated that the culture ‘we’ are trying to create at AmFam includes showing how we work with each other, make business decisions, take care of customers, and yes, get rid of waste, lower costs, and speed up how we serve customers.

It all sounds good, right? Well, sort of. It might be good to take a walk where work is being done in the field. Field agents are the company’s first line contact with customers that he says are so important. From what we hear, how agents serve the customers is being greatly hampered by the highly criticized, often non-functional Advance quoting system. Customers choose one coverage and the policy comes back with another. This certainly isn’t lowering costs....at least for agents, let alone the affect it has on the customers.

And does the walk make inconsistencies visible, we asked? Inconsistencies have irritated AmFam employees for a long time. One agent will get an exception and the next agent won’t. One agent is found guilty of something and the next one gets by with it. If it’s happening in the field, it’s happening in-house. Drew Lunt, in his article, “The Perils of Inconsistency,” says that for employers to avoid legal claims by employees, one of the first things they can do is be consistent when applying workplace policies and rules.

<https://www.employmentlawhandbook.com/general/perils-of-inconsistency/>

Why does it matter? Employees often become negatively affected by inconsistent behavior. They become discouraged and morale bottoms right out. Employers can suffer higher turnover rates and inconsistencies also cause contention among co-workers. Lunt says one of the most significant effects is that inconsistencies foster an environment for discrimination lawsuits. Different treatment is the ‘hallmark of discrimination,’ he says.

One might want to ask if customers are treated consistently, too. How often does a manager get between the customer and first line contact person within the company? Not often, it seems. Customers talk, and with today’s social media, communication

between neighbors is booming. A recent damaging storm caused a lot of chatter on NextDoor.com, a social network for neighbors. Emails flew back and forth about which insurance company was good to work with and which was horrible, which one was quick to respond and which one wasn’t.

Here is where the proof is in the pudding as far as the Gemba Walk is concerned. Did you see the results of your *lean* program as it affected the customers? The complaints don’t usually focus on the agents. The complaints focus on the companies. What makes a company successful? I’m not sure, but a lack of customers probably has a big effect. If the products offered by a company are hard to sell, you might have just struck on a clue. Are the salespeople (first line contacts) confident or inhibited? Are they under pressure to meet too many company goals? This pressure translates into apprehensive customers. It can drive them away.

So many fine agents have been driven away from AmFam in the past few years that one can easily imagine that customers have noticed a difference, especially when bounced around to different agents as they most certainly are when their long-time agent gets the boot. Losing both agents and customers must have some effect on the company. There are rumors that the field agent count is approaching the lower two thousands now. Can that be right? But we do know that many, many of these terminated agents have gone on to develop very successful independent agencies where they tell us the stresses disappear and they are once again enjoying selling. One has to wonder if these newly, truly, independent agents do a Gemba Walk through their agencies. Hmmm!

~~~Board member contribution



**DOING WHAT YOU LIKE IS FREEDOM. LIKING WHAT YOU DO IS HAPPINESS.**

## WHICH TYPE ARE YOU?

### Editorial Comment:

Sometimes it seems difficult to recognize any difference between government employees and corporate employees....they all seem, often, to work off a script. But when one realizes that the goal of many companies (including the government) is to hire people that can be "molded" into zombie-like creatures they can manipulate like robots, one might also begin to realize why our company is ridding itself of senior-aged agents. The over-50 agents were hired when the company recognized the value of Type A personalities.....creative, assertive, competitive, organized, ambitious, impatient, already possessing their own set of values and goals. Today, however, this company seems to want only to hire Type B personalities...those people who are more flexible, moldable and often described as having a moderate amount of ambition and drive, but with an accommodating attitude. These are the people who don't question authority, even when authority tells them to break the rules. Well, here's a good read that gives you a chance to guess which Type the FHA employee is. Then perhaps you might want to decide which type you are. Now hang in here with me, read and have fun!! Here's the story.



### Tracing Property Titles

Part of rebuilding New Orleans (after the hurricane) caused residents often to be challenged with the task of tracing home titles back potentially hundreds of years. With a community rich with history stretching back over two centuries, houses have been passed along through generations of family, sometimes making it quite difficult to establish ownership. Here's a great letter an attorney wrote to the FHA on behalf of a client:

You have to love this lawyer...

A New Orleans lawyer sought an FHA loan for a client. He was told the loan would be granted if he could prove satisfactory title to a parcel of property being offered as collateral. The title to the property dated back to 1803, which took the lawyer three months to track down. After sending the information to the FHA, he received the following reply:

(Actual reply from FHA):

"Upon review of your letter adjoining your client's loan application, we note the request is supported by an Abstract of Title. While we compliment the able manner in which you have prepared and presented the application, we must point out you have only cleared title to the proposed collateral property back to 1803. Before final approval can be accorded, it will be necessary to clear the title back to its origin."

Annoyed, the lawyer responded as follows:

(Actual response):

"Your letter regarding title in Case No.189156 has been received. I note you wish to have title extended further than the 206 years covered by the present application. I was unaware any educated person in this country, particularly those working in the property area, would not know Louisiana was purchased by the United States from France in 1803, the year of origin identified in our application. For the edification of uninformed FHA bureaucrats, the title to the land prior to U.S. ownership was obtained from France, which had acquired it by Right of Conquest from Spain. The land came into the possession of Spain by Right of Discovery made in the year 1492 by a sea captain named Christopher Columbus, who had been granted the privilege of seeking a new route to India by the Spanish monarch, Queen Isabella. The good Queen Isabella, being a pious woman and almost as careful about titles as the FHA, took the precaution of securing the blessing of the Pope before she sold her jewels to finance Columbus's expedition. Now the Pope, as I'm sure you may know, is the emissary of Jesus Christ, the Son of God, and God, it is commonly accepted, created this world. Therefore, I believe it is safe to presume God also made the part of the world called Louisiana. God; therefore, would be the owner of origin and His origins date back to before the beginning of time, the world as we know it, and the FHA. I hope you find God's original claim to be satisfactory. Now, may we have our loan?"

**The loan was immediately approved.**

**And you want Government running health care?**

**Figure out which type you are yet? Type B as in FHA employee? Or Type A as in lawyer?**

<http://beforeitsnews.com/alternative/2014/03/tracing-property-titles-part-of-rebuilding-new-orleans-caused-residents-often-to-be-challenged-with-the-task-of-tracing-home-titles-back-potentially-2915886.html>



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***Everyone has the right to be stupid...  
it's just that some people abuse the privilege.***

## NEW GUIDELINES FOR SECA KIT AVAILABILITY

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

The SECA Kit has now been updated as of December 22, 2017. 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.

Effective January 1, 2017, NAAFA will be asking for a donation of \$500 for a SECA Kit unless a person has just completed a full 3 years of continuous (no lapse) membership. After the three full years of membership, the Kit is free. A *new member* (whether active or retired) must pay one year active agent membership dues of \$264 before the kit would become available. Or the new member who pays either *monthly* or *semi-annually* would have to wait until the beginning of the second year to become eligible for the Kit.

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

One of the great benefits of NAAFA membership!

# THE NAAFA MAILBOX



## “Client & Agent Both Lose with Company Strategy”

Dear NAAFA,

I am convinced Amfam is intentionally running off the clients of veteran agents by overcharging, overly aggressive use of re-inspections, and every other way possible. This is done so the clients leave classic (which charges larger renewals) and AmFam loves it when the agent gets frustrated and quits or gets fired. Then AmFam gives that lead to their “preferred” agent to re-capture the customer where the customer saves on renewals, yes, and the company has less exposure on a crappier policy. I see them giving my past clients’ info to other agents who are writing them back in advance and I’m still an active agent. [Name Withheld]

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## “Agent Wonders if ASM’s are Being Nicer these Days”

NAAFA,

**Has anyone else noticed a difference in district managers attitudes lately? Here is how my district manager handled my sales planning for 2018.**

*“Do you have some time to look at sales planning numbers for 2018? There’s some planning paperwork we’ll complete together over the phone. That will take about 45 minutes. If you prefer not to go through planning with me, that’s totally fine, too. I just offering as a resource for you. Whatever you decide is fine. Would love a chance to talk with you!”*

**I don’t think I’ve had a district manager be so polite in a long time. It almost sounds like the company is finally recognizing that we are independent contractors. Could the class action have anything to do with this?**

(Name Withheld)

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## “Four Years Later Agent Still Sees Visions of 5-Foot Nazi Assassin”

Dear NAAFA,

I was terminated four years ago by American Family. It was like a horrible dream at the time, but I have to tell you, it is still a nightmare that lingers. I had worked for AmFam for 34 years and had always done a good job for them. But with rates being so uncompetitive, it became harder and harder to sell. Although I wasn’t fired until 22 months after being issued a 6-month warning letter, when it finally did happen, I saw visions of a 5-foot Nazi who was after me. I was stunned then, and even to this day, I still see visions of that 5-foot Nazi assassin. I have survived, but it’s been tough.

Please withhold my name.

(See, I still fear the company!)

---

## “Slow Death in a Heating Kettle of Water”

Dear NAAFA,

This company appears to be really pushing direct marketing hard as they constantly try to improve their website. They gloat over their J.D. Power rating for auto insurance shopping via their website.

It’s beyond me how the company throws such reports right in the face of us agents who lose whenever a customer buys direct. What’s even worse is that most of the agents don’t even seem to realize how the company is hurting them. Doesn’t keeping silent mean you agree with them?

It’s “buy direct—by-pass agents!” Agents at AmFam are definitely swimming around in a kettle of water that sits over the fire. It’s a slow death they don’t even seem to feel.....or do they?

Name Withheld

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## “Agent Takes a Year to Recover from Effects of AmFam”

Dear NAAFA,

I took my American Family sign to the recycler yesterday and a thought came up. American Family bought my sign, so was I an independent contractor! The company probably 10 years ago bought most AmFam agents new signs. I would guess each sign was over a thousand. Anyway, I thought I would mention this. Have a great day. [Writer to Remain Anonymous]

P. S. It took me well over a year to get my health back and feeling good about myself again.

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## “Company Pets Steal Active Business with Company Blessing”

NAAFA,

Was very disappointed to hear the appeals court took the case. AMFAM's abuse has ramped up to levels no one would believe. It's like they think they can do anything they want to the agencies and get by with it. They now have implemented a "turn your head to corruption" campaign when it benefits AMFAM corporate against standing agents. For example, they let competing AMFAM agents rewrite current agent's active business away from them. (Especially if it's a veteran agent whom they would have had to pay a 200% termination benefit to soon.) Each month they can strip away about 1% of current agencies book of business and move it to a "preferred agent" account (who gets more policies but at 50% REDUCED COMMISSION) saving the company millions. At this rate the agents won't be around by the time the appellate court has time to hear this. Can an injunction be filed disallowing transfer and rewriting of business away from current active agencies until this thing gets heard? (It may cause AMFAM to rethink their abuse). [Please withhold my name]



## How Agents with a Strong Code of Ethics Can Redefine the Industry

By Matt Masiello,  
SIAA Executive VP and CEO

With the financial services scandals of recent decades, many have lumped insurers into a category where all the players are assumed unfair, untrustworthy and unethical. But should today's insurers and their agents, who've been working towards consumer transparency, continue to wear this scarlet letter of sorts? We believe times have changed, and agents and brokers who are on the front lines acting as trusted advisors are a prime example.

Remember Long-Term Capital Management, Bernie Madoff, Bear Sterns, Lehman Brothers, and, of course, AIG? The "missteps" of several individuals and corporate giants in recent decades have fueled one of financial services' most costly and seemingly irreparable setbacks – a loss of public trust. Since that time financial services and insurance companies of all sizes, down to the independent agent, have worked to earn back the nation's trust.

In this article, we look at how the insurance agent can identify the ethical foundation that guides his or her agency, strengthen that code of ethics, and share that commitment to transparency with their community to regain the public trust and build business.

### Let Your Ethical Foundation Be Your Guide

According to Gallup, there's reason to believe consumers have little faith in the integrity of insurance agents and brokers. A <http://news.gallup.com/poll/1654/honesty-ethics-professions.aspx> found that only 10 percent of those surveyed rated the honesty and ethical standards of insurance salespeople as "high," and only one percent as "very high."

This is something that needs to change and transparency will be key. A recent blog post by Mark Bendinelli, of the Bendinelli Law Firm, explored a few common practices that might, in part, be leading to this perception.

A real problem in the insurance industry is a perceived bias toward a minority of people with a lower incident rate, Bendinelli wrote. With auto insurance, for instance, certain drivers receive lower rates, while others receive higher rates, with the rate an individual receives dependent on age and gender, among other things.

This may seem unfair. However, without an explanation from the insurer and their agent, consumers question the ethical standards of insurers for charging higher rates on seemingly perfectly good drivers. This perception could easily be changed with transparency, Bendinelli said. In all candor, the rate is not based on just age and gender but the consumer's credit reports, home ownership, and other factors (rating laws vary by state), which for many may be more objectionable.

Insurance companies, in fact, research these subjects extensively, but they don't always share the outcome with the public. Sharing this information would show the thought behind these decisions.

Further, agents should conduct regular reviews of policyholders so that years of good behavior are rewarded. Insurers should also consider trends involving these subsets and lower rates accordingly.

Finally, Bendinelli pointed out that corporations are often mistrusted for a history of hiding things in the fine print. To clear this perception, insurers and their agents should be open and honest with their clients about rate changes and coverage. This too will help raise consumers' perceptions of their agent's ethical foundation.

### Act Accordingly

If you are a captive agent, and limited to writing business with just one insurer, any questionable rating or claims practices of that insurer could leave you in a bit of a moral dilemma. Independent agents have more

options for their consumers, or clients, so they can be nimbler in selecting companies for new business or moving renewals as needed.

Insurance agents must put clients' interests before their own, and more importantly, before they think about making money. Listen to your clients. Be an excellent advisor and ask key questions to understand their needs. Knowing how to solve your client's challenges and provide the right advice will convey transparency and instill trust. If you are a trusted advisor, your clients will come back to you and refer friends and family.

Agents also need to remember, as the best insurance advisor, they can't place every risk. They have a moral obligation to remind clients to be wary of their exposures. For instance, homeowners need to know the risks of owning swimming pools, trampolines, and dogs, among other things.

Further, agents and producers must stick to their target markets – the insurance they know – so they can be confident in the policies they are providing their clients. Proper training can assist agents to help them understand classes of business before issues arise and the ethical reputation is damaged. In-agency mentoring programs are also very helpful in ensuring agents have the knowledge they need.

### Develop a Code of Ethics

We are very proud of what SIAA is today – a partner to help build a strong foundation for exclusive and captive agents looking for change and more opportunities. SIAA was started with a code of ethics at the foundation of its business model.

In determining a code of ethics for your agency, look to guidelines set by <https://www.theinstitutes.org/>, the American Institute for CPCU and the Insurance Institute of America. The Institutes recommend insurers write their codes of ethics using these industry guidelines: place the public interest ahead of your own; pursue education and knowledge; work to improve the industry; work to improve the public's understanding of insurance; and *“strive to establish and maintain dignified and honorable relationships with those whom you serve, with fellow insurance practitioners and with members of other professions.”*



*Get out in the community and earn trust by demonstrating your commitment through charity, volunteerism and more. Post your code of ethics on your website, frame it on an office wall, and include it in marketing materials so policyholders and guests know you take your commitment seriously.*

Agents looking for guidance in terms of building a code of ethics, or becoming a great advisor, may also want to join an alliance. SIAA has convenient training and professional development opportunities available for its member agencies online and across the country.

As industry and consumer trends continue to evolve, the agent that is open and honest – a trusted advisor – with their clients will be successful. Recognizing that your reputation is one of your most valuable assets, and making the protection of your good name a priority will go a long way in building trust with your clients.

*SIAA is dedicated to the creation, retention and growth of the independent insurance agency distribution system. To learn more about becoming an SIAA member, visit [www.siaa.net](http://www.siaa.net).*



**“In law, a man is guilty when he violates the rights of another.  
In ethics he is guilty if he only thinks of doing so.” ~Immanuel Kant**



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*We've Flourished through a Variety of Hard and Soft Insurance  
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# Insurance Partners

## *The Nurturing Network*



Insurance Partners didn't set out to be different than other insurance networks or aggregators. In fact, when Insurance Partners started in 1989 there were no other independently-owned, agency-based aggregators. They were the first in the nation.

The founders of Insurance Partners have a background in Excess and Surplus Lines. They owned and operated Blackburn, Nickels, and Smith, Inc., a general agency that has been around for over 100 years. Because of their background and operating philosophies, their mission is to augment and supplement the markets that have contracted directly with retail independent agencies. The member agencies own the business they produce. Because Insurance Partners augments and supplements rather than demanding their members write exclusively through Insurance Partners companies contracts, the member agents are much more self-directed than agencies within other aggregations.

Agent members receive the full up-front commission for the first twelve months of membership, allowing them to have a better chance of success. From day-one forward, they receive a fair share of the contingent commissions, and one hundred percent of bonus commissions, trips, and other prizes. We reward our members for growth by capping the amount that is split annually from up-front commissions at \$12,000, thus allowing the agents to earn full up-front commissions on a large share of their business. There is no fee to join or life production requirements.

Agents join Insurance Partners because they only split commissions on the business placed through Insurance Partners companies. Most member agencies place fifteen to thirty percent of their business through Insurance Partners companies and have direct contracts for the majority of what they write. Insurance Partners will aid its new members in finding and acquiring direct contracts.

Insurance Partners has produced profitable business for companies, which has allowed their members to earn lucrative contingent commissions (profit-sharing). In many instances, their member agencies make more total commission working through their aggregation than they would through direct company contracts.

Although Insurance Partners is not a franchise, they help their members succeed by immersion in their marketing, accounting, education, and product placement needs. In addition to helping them land the contracts they need to start, Insurance Partners will help set up their accounting, if asked.

CEO Renson Anjere stated, "We leverage our reputation for honesty and integrity, and in-depth understanding of insurance products to provide unparalleled opportunities. We are the aggregator who truly understands the members' needs and wants to help them achieve their goals."

### **Insurance Partners' corporate goals:**

- 1.) Understand insurance and its role in society and help our member agencies reach their goals more easily.
- 2.) Work hard to communicate the companies' needs to our member agencies.
- 3.) Always be more concerned about positive underwriting results than increasing our production.
- 4.) Respect the immense need for healthy retention ratios.
- 5.) Be the top marketing organization in our state.

For questions about this article or to learn more about Insurance Partners,  
please contact **Renson Anjere at 612-716-1195.** 🐦

We offer access to Auto, Home, Business, Life, and Health insurance policies from some of the most competitive insurance companies available.



## We Invest In Your Future

Affordable American Insurance provides a turn-key business model for a captive insurance agency to transition to the independent world; or for an existing independent agency a platform to increase carrier representation and revenue while removing carrier production requirements.



### Agent Statistics

- Our agents grow extremely fast for the first few years.
- In the 7th year, where other agents become dormant AAI agents grow 14%



### Own Your Business & Future

Owning an agency with AAI provides everything you need to reach your goals and give optimum service to your clients, while being surrounded by ongoing support from our carrier representatives, corporate staff and fellow agents.



### Team Concept

We like to say that Affordable American Insurance agents are “independent, yet not alone”. We have a growing group of agents that think like a team, act like a team, and win like a team.

### Training & Technology

AAI has developed a unique and sophisticated platform combining the best technology, innovation, IT support staff. We have modern tools to ensure accuracy and efficiency.

- Platform to leverage technology & social media
- PC and tech support
- Website with online quoting capabilities
- Tech training classes

Find Out More



Watch this Video

**Gain Back Your Future by Calling Us Today**



## *You Don't Know What You Don't Know!*

Steve "Woody" Woodworth, VP Southwest Region, Affordable American Insurance

I transitioned to an independent agency from a captive agency program over 13 years ago. My early years as a captive agent provided great experiences for learning the basic skills of selling insurance, and for many others, has provided them much more (and that is okay!). I was looking for more and different opportunities that I couldn't realize as a captive agent.

As I sat in my "new" independent agency that very first day, reality sunk in. I was starting over without any clients or residual income, and did not know how to even quote insurance on carrier websites if someone walked in my door that very minute! Words resonated in my head loudly that I was told many years before. *"You don't know what you don't know, but it is still up to you to find out what you don't know."* It became very clear my success was up to me.

Those experiences made me realize that this process should be easier if agents are provided the right tools, training & support. No agent should feel alone when they are part of a group. More importantly, no group should feel their duties to agent owners end with providing just access to carriers.

Over the years, many group models have been formed. If an agent is exploring independent agency opportunities, it is important to know that there are not any two groups that are exactly alike, as many mistakenly believe. The only similarity between groups are 1) they "aggregate" premium for contingencies, and 2) provide carrier access.

For those agents that decide to explore independent ownership opportunities, they need to ask questions like:

1. Are there any initial startup fees to join?
2. What is included in the startup fees?
3. What tools/software & support are provided by the group to get my agency operational?
4. Are there other tools and/or software not provided by the group that I will need to purchase?
5. Are there monthly base fees?
6. What ongoing benefits, services or programs are provided in return for monthly fees? (i.e. software, E&O, technical support, etc.)
7. Are there other monthly fees paid such as commission splits I am obligated to pay?
8. Are there production requirements required by the group to remain?
9. Are there carrier requirements for access? (sometimes a moving target, but they can at least provide current requirements)
10. Does the group share in contingency bonuses? If so, how is this shared?
11. What are the criteria to earn bonuses? (i.e. minimum earned premium, time in group, individual agency profitability, group profitability?)
12. Am I able to obtain independent financing to purchase other agency books or implement marketing plans without approval of the group?
13. What additional tools & support are available to assist me in managing my agency & licensed staff to assist in growing large, profitable books?
14. Is there a clause(s) in agreement that I could be involuntarily be forced to leave group? If so, are there exit or penalty fees and what happens to the book of business?
15. If I decide to leave group with my book, are there exit fees? If so, how much?
16. If there are no exit fees, is there a period that I cannot compete for the book I built while with the group?
17. Is there a time element I am obligated to stay in the group before I can exit?
18. Is there a specific time required after notice before I can exit group? (i.e. 30 days, 90 days, 180 days, etc.?)
19. When I'm ready to sell my agency, what costs do I incur when selling to an agency affiliated with the group?
20. What if I sold my agency to an individual/agency outside of the group, what is the process and costs to do so?

Getting the above questions answered will help an agent evaluate and understand the group. I would also suggest agents request a list of agents affiliated with the groups being evaluated. The "real proof in the pudding" is how the group is viewed by their existing agent associates. These agents will give "the good, the bad, and the ugly" reviews.

Our industry is going through many changes. Changes that we had measured in years are now measured in minutes. InsurTech startups, driverless cars, ride-sharing, Internet of Things (IoT), increased app-based technology to underwrite risks, and increased use of artificial intelligence (AI) to name a few things in our industry that are or soon will be "rocking our world". These emerging technologies are changing buying habits and expectations of consumers as well as agents and carriers! When evaluating potential groups, consider what the group has provided in investment, technology, and support to help agents grow large profitable agencies (not just offering third-party software). What are these groups doing to keep up with change to remain relevant 5 years, 10 years or beyond? Lastly, do these groups have business models flexible enough to change when needed?



# UPDATE ON NAAFA BOARD MEETING WITH ERIN



The 2017 NAAFA Board Meeting was held in October. The board members from various parts of the country were all able to attend. Reports were given, Old and New Business items were discussed. One new member was introduced, motion made to accept him as a member of the Advisory Council.

The highlight of the board meeting was a presentation by Erin Dickinson, Partner in the Crueger-Dickinson Law Firm in Milwaukee, Wisconsin, and lead attorney for the class action case. She did a PowerPoint presentation explaining the origin, progress and

development of the Jammal v American Family case. Video excerpts were presented of some of the upper management people testifying in the trial that was held in April in Cleveland. It became obvious that answers to the talented and skillful questioning of the Plaintiff's provided the exact information that both the advisory jury and Judge Nugent needed in order to determine that American Family had, in fact, misclassified the American Family agents.

One of the important and fascinating pieces of evidence presented by the Plaintiffs was the district manager's (ASM's) sales training manual. This 300 page manual ([\*\*\*The World-Class Agency Sales Manager: Developing Self and Staff\*\*\*](#), posted in Message #36 on [www.NAAFA.com](http://www.NAAFA.com)) was prepared by an outside 3<sup>rd</sup> party vendor. It was discovered that the agents were repeatedly called *employees* in this manual. It might be interesting to look at Page 113 where the manual says the ASM, when trying to get the agent to 'conform' should:

*"Take off your coaching hat, put on the manager hat, and **require compliance.**"*

Or look at Page 144 where it says:

*"Of course, at the end of the day, you are the manager and can require compliance when you cannot be persuasive."*

And you'll love on Page 119 the reference to the "Veteran agent syndrome."

At the time of the board meeting, word had not been received yet that American Family had appealed to the appellate court. Erin said she remained very optimistic whether or not the appellate court took the case. Now, toward the end of October, we did hear that the appellate Court will hear the case, but only one of AmFam's requests was accepted by the appellate court. They will hear only the argument about whether AmFam misclassified or not. They denied AmFam's repeated request to de-certify the class.

We had two guest speakers who were former AmFam agents. One of the agent speakers was a witness at the trial. He told us about his experience and the emotions he had while he was on the stand for about 2 ½ hours. One of the things this agent noted was that evidence had been presented in the trial which confirmed that district managers received financial rewards for terminating agent contracts. This agent had been terminated by AmFam about 4 years ago. He has since become a successful independent agent.

The other agent speaker talked about his experiences in being forced to turn in a resignation before it was in his plans to do so. Added to the stress of a forced resignation were other stressful family situations which really put a heavy burden on him and his family.

The NAAFA Boards wishes to thank the guests who gave of their time to come speak at our meeting. 🙏

**NAAFA HAS A NEW 800#. It is: [888-71-NAAFA](tel:888-71-NAAFA) or [888-716-2232](tel:888-716-2232). At this point, we have two extensions. Dial Extension #2 if you have billing or membership questions. All other comments or questions should be directed to Extension #1. Of course, you may leave a message at either extension.**

# **AGENT IS STILL HARASSED EVEN AFTER TERMINATION....**

## **Has it also happened to you?**

[Submitted anonymously]

I would like to take this opportunity to tell my AmFam experience. I was appointed as a Chicago Metro AmFam agent in July of 1998. It was a great time to be an AmFam agent. We had a great CEO in Harvey Pierce, and a strong state director in Jeff Bosco. We had good rates and competent training available to us. When management changed, this is when I believe AmFam started its descent into the entity it is now.

I was bounced around from various districts. My agency was neither suburban enough, nor urban enough. It was evident that all the DM's had their favorites. You produce life policies, you get the perks. An agent could be unprofitable and nonproductive, but as long as you sold life insurance you were in your DM's good graces--- transfer policies, co-op advertising money and minimal pressure from the DM.

I was on the ACP extortion for about 4 years. Due to my good profitability and sales, I ended up owing next to nothing when I came off ACP. When I began, my agency career training was thorough and extensive. The DM's that did the training were all accessible for questions and advice. They helped me succeed early in my agency career. I was sold on agency by my first DM. He said work hard at the beginning and you can coast down the line. I held onto his words and was modestly successful. With steady production, many awards and accolades which included AFLIC, Life Diamond, Business Key, All American, American Star, and many Agent of the Month awards. I was consistently profitable and had high retention due to my initial training.



Fast forward to 2013. I'm comfortable in my agency, I have licensed staff so I want to pursue a new venture. I opened a restaurant and focused my efforts on it. This is right around the time AmFam decided to put production requirements on non-financed agents. I was content with my AmFam income and was producing around 10 apps a month while still maintaining profitability and retention. My restaurant was doing well and probably was my main focus. **And that's all right, I thought, because after all, I am an independent contractor. I knew other agents who had several lines of business.**

But then production letters started coming and agency visits from my DM. Needless to say I was upset and disillusioned. In the spring of 2014 I was awarded the American Star award again. I was sent a press packet to share with local media saying American Star agencies are the best of the best, top percentage in the insurance industry.

Shortly after that we had a district meeting with a Q&A session with our state director. It was emphasized at that meeting that production requirements are 14 apps a month and *this was the new direction*. I then proceeded to be vocal at the Q&A session. I questioned the state director with scenarios like if an unprofessional agent with poor customer service and low retention and profitability gives you 14 apps a month he's safe where if an agent produces less than 14 apps but is profitable and has high retention and has strong customer service skills he is going to be let go? I then stated that the company awards us American Star status saying we are the best of the best, but technically we are not if we don't produce 14 apps. And then I said I felt the award was meritless. She had nothing to say, couldn't justify the company's position.

In July 2014, my DM tells me she is coming to my agency for a visit. I knew what was coming. I show up to my office and already my computer system was not accessible. I had clients calling but couldn't service them. An hour later she and another DM show up. I was prepared though. I had an attorney waiting with me when they showed up. They saw this and left abruptly but left a letter saying my contract was terminated. The letter had no explanation of why my contract was terminated. I advised them I would appeal it and company computers

would not be released until after appeal. Shortly after that I received a rubber-stamp letter stating that the termination was upheld. I still wasn't given a reason!

Fast forward to summer 2015. I was now an independent agent. I received a call from AmFam claims regarding a commercial claim that had been filed. They sent me copies of a certificate of insurance that they alleged had come from my office. It was clearly a fake certificate. A claim had been made by someone. My signature was typewritten, not hand signed. I advised the claim rep that without fail, all my certificates are signed by me personally. I was taught this early in my AmFam training. I advised the claim rep that I no longer had any files as they were taken by AmFam.



Around August of 2015, I received a CC of a letter that AmFam's Sales and Compliance Department had sent, reporting all this to the Department of Insurance. I tried calling AmFam's Sales and Compliance office many times, attempting to find out what was going on. I left numerous messages, but never received a return call. I found it odd that this letter was sent to the Department of Insurance *a year after my termination just when my non-compete is over*. It sure was becoming obvious that AmFam was probably attempting to get my license revoked.

Things quieted down and I thought the issue had been satisfied, but in February of 2017, I received a call from an investigator at the Insurance Department. He interviewed me and I gave him the facts of the case and how I always hand-sign all certificates and that I felt this one was clearly a fake.

Now I was really upset and concerned. I thought this was behind me! My first instinct was to retain counsel. I knew this could get pricey so I contacted NAAFA for their opinion. I was advised they weren't surprised. They hear stories of bullying and harassment by the tyrannical AmFam quite often. Apparently, it's "*all your harassment under one roof*." NAAFA contacted the Department of Insurance on my behalf. They evidently mentioned to the inspector some of AmFam's shady tactics in the past. I don't know if NAAFA's intervention decided the outcome of my case or not. I want to believe the merits of my case and my own years of credibility contributed to the charges being dismissed, but NAAFA's involvement was certainly important. From my perspective, NAAFA is really the one protecting dreams!

**Needless to say I was cleared and no action was taken against me. It is clear that AmFam is bullying and harassing former agents. I hope the class action suit against AmFam brings to light what kind of an organization it really is. I am currently an independent agent and despite their harassment, I am very happy and content in my agency. Slowly but surely, I am recovering my former customers, and it's much easier now to attract new ones.**



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## Outsmarted by His Disciplinarian

A teenage boy had just passed his driving test and inquired of his father as to when they could discuss his use of the car. His father said he'd make a deal with his son, "You bring your grades up from a C to a B average, study your Bible a little, and get your hair cut and then we'll talk about the car."

The boy thought about that for a moment, decided he'd settle for the offer and they agreed on it.

After about six weeks his father said, "Son, you've brought your grades up and I've observed that you have been studying your Bible, but I'm disappointed you haven't had your hair cut."



The boy said, "You know, Dad, I've been thinking about that, and I've noticed in my studies of the Bible that Samson had long hair, John the Baptist had long hair, Moses had long hair, and there's even strong evidence that Jesus had long hair."

(Love the Dad's reply!) "Did you also notice that they all walked everywhere they went?"



# IS IT HARASSMENT?

By NAAFA Board Member

It seems the airwaves are saturated with claims of harassment these days.

Most of the claims we are presently hearing about are for sexual harassment. There's no doubt that most of the claims are coming from women who say they have been *sexually* harassed by men. We know that about 95% of the alleged sex addicts are male. (<https://www.vox.com/first-person/2017/10/20/16503804/harvey-weinstein-sex-addiction-therapy>)

It's not as though this is a new thing, however. Why, sexual harassment has been going on since the beginning of time. And to make matters worse, women's sexual predicaments were often blamed on the women themselves by saying they were responsible for their own downfall. Records show that slave owners regularly abused their slave women. Writer Helen Campbell (in the 1880s) wrote about how women working in factories suffered great sexual coercion. And going back even further to sections of the Bible's Old Testament, we find many cases where men violated women and it was the women who suffered. (Tamar who was raped by Amnon in 2 Samuel 13 is just one example.)

So why do we think what's happening today is any different? Well, it is different because now the oppressors (men who violated) are taking the hits....and rightly so. Is the action being taken today against the harassers going to stop the sexual harassment? Probably not. Is this type of behavior happening any place other than in the government and movie picture world? Absolutely!

Sexual harassment has been described as being an unwanted sexual coercion or action that is forced on subordinates by superiors. Remove a few words from that sentence and you have 'harassment has been described as being an unwanted action that is forced on subordinates by superiors.' Now it's beginning to sound much like some of the

harassment situations we've heard from our agents as having happening to them. And apparently it has been going on for quite a few years.

Yes, we have certainly seen and heard of things happening like this in the insurance world. But let's talk for a minute about other types of harassment besides sexual to see if you might recognize or even have experienced any of these damaging behaviors. There's **verbal** harassment, there's **retaliatory** harassment, there's **physical** harassment, and **discriminatory** harassment.....the list goes on and on.

When our agents are harassed, it seems nearly all of them are afraid to bring it to the attention of the company because they *really do* fear retaliation. And rightly so. Many, many times agents have told NAAFA that ASMs, when trying to get rid of agents, will say things like, "You're worthless, why don't you just leave?" Or "You're not having any fun here, why don't you go somewhere else?" Or an agent with the target on his back will sometimes be rudely ignored in an effort, we think, to make the agent think he is no longer important enough to be part of the group.

We've heard of female managers and state directors harassing agents, too, so it isn't just a male thing. Another tactic of harassment is to tell an agent he is going to be fired and then prolong the termination for whatever reason, causing the agent to live in constant fearful anticipation of the axe coming down. And often, to rub salt in the wound, terminations come right before Christmas. Following is a paragraph from the blog of an American Family agent who was finally harassed right out of the state he had lived in:

*"I have fretted many nights as to why 'the DM' would work so hard to run me out of the company. In my mind, I was one of the most profitable (5th in profit 2009 of 32 in district), fewest problems (No E & O ever), least needy of*



his agents. Many times he's on the phone daily to other agents and visits some at least bi-weekly. He once went 2 years with no visit to my office and had gone over a year without calling before the internet blow-up. I had only called him twice, when a property inspector scared several of my female clients with his appearance. (5 earrings in one ear, wearing sweats with greasy long hair), and a second time when a claims adjuster made some inappropriate comments on a bad claim my daughter was going through with him. And that time I was told to be 'very careful' what I said, because it could go against me.


Then, I remember, this same person fired [Agent's name withheld] who had won awards several years for being the most profitable agent in the state. This company had this year fired [Agent's name withheld] who was last year's 'agent of the year' and a keynote speaker at the state conference. I wasn't even a big fish like those two were. It became very obvious that the DM was hiring a certain 'look' (30ish, short skirt very beneficial) and so an overweight 60 year old wasn't of the look. Older agents were now making private jokes about the DM's little 'harem,' which he called 'Larry's Angels.' "

[NAAFA has posted this Blog on the member side of [www.NAAFA.com](http://www.NAAFA.com) under Directly to Members, Directly from NAAFA.]

What you have here is a very typical example of what NAAFA hears regularly. This agent endured many kinds of harassment for several months before finally being forced out of his small town. He tried, but there was nothing he could do about what happened to him. He rightly points out that often the courts side with the big companies. We

haven't been able to figure out just why these big companies win so much but have often wondered if there's some kind of a perk given to the judge.

It will be interesting to see whether the women who have come forward today will be successful in court. We still have many, many judges who seem to have lost all logic. And the juries are not much better, such as in the case in California where Jose Ines Garcia Zarate, an illegal alien, was found not guilty of shooting Kathryn Steinle. You all know that story. We shake our heads in wonder at how these decisions are really made. Many of our agents have gone through trials suing for unjust termination. Others have been sued by AmFam for allegedly stealing trade secrets. We have often wondered if lawsuits instigated by the company aren't just another form of harassment. The blog writer certainly felt so.

Readers, perhaps it is time for our readers to stop being the victims. Maybe it is time for you to come forward and tell how you have been harassed and discriminated against. We're not sure how much documentation the women who have come forward in Washington and Hollywood have, but we would certainly recommend that you have as much documentation as you can. Most people have smart phones that can record and or take videos of things like this very easily. A link you might be interested in is [www.spyguy.com](http://www.spyguy.com). But please be reminded that you need to be familiar with the recording rules in your state. Most states are "only one needs to know" but a few are not. Check out the topic on our website under "Members Only Info" to make sure. Remember, NAAFA is here for you. 

## THE DANGERS OF CONDITIONING

As a man was passing the elephants, he suddenly stopped, confused by the fact that these huge creatures were being held by only a small rope tied to their front leg. No chains, no cages. It was obvious that the elephants could, at any time, break away from their bonds, but for some reason, they did not.

He saw a trainer nearby and asked why these animals just stood there and made no attempt to get away. "Well," the trainer said, "when they are very young and much smaller, we use the same size rope to tie them and at that age it's enough to hold them. As they grow up, they are conditioned to believe they cannot break away. They believe the rope can still hold them, so they never try to break free." The man was amazed. These animals could at any time break free from their bonds, but because they believed they couldn't, they were stuck right where they were.

How many of us go through life not making a move because of previous conditioning?

*It seems that folks at both the Farmers Association (UFAA) and NAAFA have been looking through our NAAFA Report archives as UFAA reproduced this article in their most recent Fall'17 Voice magazine. Because it is just as pertinent today as it was back when it was written (2009) we have decided to reproduce it in this issue. Wonder how many of you can relate???*

## **CAPTIVE AGENTS, THE FORGOTTEN PEOPLE**

What if you decided to start your own business? You find a product you feel you can really market. You invest thousands of dollars and years of hard work into establishing a successful business which includes scores of faithful returning customers. Things begin to look like maybe you are finally making it as a successful business owner. You are established and respected in the community. You own the building your business is in. Things are really looking up. But suddenly, with one fell swoop, it is all taken away from you. Someone bigger and more powerful than yourself decided your business was theirs. You are out with essentially nothing, including your reputation. Sound familiar?

This is the plight of the captive insurance agent today. Captive agents are controlled like employees but claimed by captive insurance companies as independent contractors. Captive agents are often told how to sell, what hours they must be open, when and when they cannot take a vacation. They are required to attend meetings of questionable importance. They're given sales quotas that are often beyond the realm of possibility because the captive insurance company controls the rates. They are asked to submit endless progress reports and are reprimanded and threatened if these reports are not submitted in a timely manner. Agents are told who they can and cannot hire. Often captive insurance companies provide phone systems and computer systems to the agent in an effort to control and monitor the agent. Captive agents often find that even though they pay the monthly phone bill, the company has forced them to sign an agreement that their phone number belongs to the company. Advertising is often forcefully shared in order to control the agent. Agents are blamed and often find their contracts terminated for too many losses, too few 100/300 liability coverages, too low a retention rate, too low an application count, or any other of a list of about 20 "indicators" upon which agents are judged. The list of controls goes on and on.

Captive insurance companies seem to take the word *captive* literally. The dictionary defines captive as a "prisoner, unable to escape, forced to use or accept something." If a captive agent tries to leave a captive company to sell as a true independent agent, he is often sued and restricted by claims that the names, addresses, phone numbers, coverages and renewal dates of all his clients are "trade secrets" that belong to the insurance company. In the truly independent world, agents are truly independent. Independents own the names, addresses, and client data that they themselves brought into their agency. What exactly is the difference here? Nearly all data collected by both types of agents is readily available for public viewing. Why this same information is considered a trade secret by captive insurance companies and NOT by independent companies is very unclear and unfair.

Captive agents' contracts are often terminated because the company wants that agent's policies to give to a new agent-in-training. Or perhaps a district manager is being asked to step down, so the company simply figures out how to fire the agent and take his agency away from him and give it to the district manager. Terminating an agent's contract is quite easy because the district manager can place any production requirement he wants on the agent regardless of whether the company's rates allow an agent to sell or not. Often excuses for terminating are "manufactured." Agents have been falsely accused, defamed, and 'used as examples' in an attempt to intimidate other agents. The agent is guilty till he can prove in court that he is innocent and usually this is at a great financial cost to him...one from which he may never recover.

We believe it is time the world, including the courts and government departments such as the IRS and the EEOC begin to recognize there is a serious and unfair inconsistency evident here that is causing a great deal of stress and monetary loss to the “forgotten people,” the captive agents.

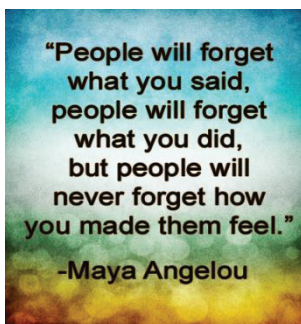
Captive agents are unable to form unions to negotiate these issues (with the company) because they are not employees. Captive agents are unable to influence judges because captive insurance companies with extra deep pockets (provided by policyholder money, incidentally) are able to influence them with various perks that are way beyond the capabilities of the average individual captive agent. Politicians heed the highly paid lobbyists hired by insurance companies. The news media seem influenced by the “credible” large corporations rather than the “small guy” because these ‘generous’ companies are donating hospitals and parks and other wonderful gifts to humanity.

**Captive agents are a totally unrepresented, unfairly treated, forgotten segment of the American workforce.** Every other group of workers in America is represented by some government entity, some union, or some trade association, but not the captive agents. If captive agents were able to quit working for the captive company that is abusing them, they could start over. Many agents are willing to make this sacrifice even late in life, but captive companies won’t allow them to do this. The companies sue the agents who have gone independent for violation of non-compete (without proper proof), for computer fraud (even without realizing that the lists they’ve accused the agent of “stealing” off their computers were lists that the agent was required by the district manager to run for marketing purposes), for violation of trade secrets (even though what the company is calling trade secrets is data that is publicly available to anyone in the insurance business and data collected by the agent himself...not an internal employee).

**We are going to make every attempt to expose the plight of captive agents. We believe that agents must be treated as the true independent contractors the IRS has labeled them. We believe the companies have misrepresented to the courts and to the IRS exactly how they treat captive agents.**

**We suggest agents write to your representatives both in Washington and in your state. Perhaps we *are* ready for federal regulation of the insurance industry as proposed by the present administration. Contact public media such as John Stossel of ABC’s 20/20, Oprah, Sixty Minutes, or your local newspaper. If the public knew how our businesses are being taken away from us, there would be an outcry demanding fairness to a group of sincere agents who are trying to do an outstanding job of servicing our clients, but who are hampered by the deadly threats and controls of the captive insurance companies. This is America and our voices must be heard!**

*[This letter was received from agents who are asking to remain anonymous. It is being submitted to you by the Board of the National Association of American Family Agents. (NAAFA)*  
[www.NAAFA.com](http://www.NAAFA.com)] February 26, 2009



# LEAVE MY EMPLOYEES ALONE!

Anonymously submitted

As NAAFA always does, we have withheld this author's name to protect the writer from any retaliation. But we have heard this complaint several times and feel it is important to keep our readers aware of how the control by the company continues. This article is reproduced as it was received.

## Missouri West Presents: 2017 Team AFLIC Incentive

This program is for Life Licensed Team Members only.  
In 2017 there will be multiple levels of qualifications.

**Campaign Dates:**  
March 1<sup>st</sup>, 2017 - November 30<sup>th</sup>, 2017



**Qualification Levels:**

**Team AFLIC Level:**  
Life Licensed Team Member must Issue 18 Life Applications & Agency must be on schedule for AFLIC & have 85% Persistency to Qualify.  
**Award:**  
Exclusive 2 day trip to Chateau Avalon, a recognition dinner, plaque, and breakfast the following morning for you and a guest December 2017!

**Team Life Diamond Level:**  
Life Licensed Team Member must Issue 27 Life Applications & Agency must be on schedule for AFLIC & have 85% Persistency to Qualify.  
**Award:**  
\$500 Cash & Exclusive 2 day trip to Chateau Avalon, a recognition dinner, plaque, and breakfast the following morning for you and a guest December 2017!

**Team Distinguish Life Diamond Level:**  
Life Licensed Team Member must Issue 50 Life Applications & Agency must be on schedule for Life Diamond & have 85% Persistency to Qualify.  
**Award:**  
\$1,000 Cash & Exclusive 2 day trip to Chateau Avalon, a recognition dinner, plaque, and breakfast the following morning for you and a guest December 2017!

As reported 8/4/2017

AMFAM has no intention of discontinuing their control over agents' independence. This "Team Member AFLIC Campaign-Reminder for July" came out from the company and was sent to a HUGE number of the agents' **staff workers** without our permission, ironically, on the very day that Judge Nugent's ruling came out in the Class Action case. Even staff that are not electing to be included in AmFam's Mini-All-American contest got this enticing notice. The company continues to treat us all as employees.

Please note that many agents do *not* want their staff participating in these company sponsored contests (for agents' employees) because it encourages corrupt and inappropriate life sales to clients who often are unsuspecting and that really don't need to package the life policy to get a cheaper rate. Their rate was going down *more* anyway by just having a plateau (banding) age change (like just turning 18, 21 and 25) than it would have by adding the life/auto

package discount. How much more proof do we need that the AmFam agents' independent agency contract is nothing but a door mat for corporate to trample and wipe their feet on.

There seems to be well over 200 CSRs who received the above notice directly from AmFam. Although I could, I see no need to reproduce their names/email addresses here, but here's more of what AF sent. Take a look below. It was all sent to our employees **without our permission!**

It's also ironic that this came out the same week that one of our "business partners" (Wells Fargo) got more bad press because evidently they are encouraging their employees to add on "collateral" insurance to any loans they sell, and doing it *without* the customer's permission or knowledge. AMFAM executives have been quoted as saying the reason we have partnered with Wells Fargo is because our culture is so much like theirs.

## Requirements to Participate:

- Your life activity/production needs to be submitted via monthly e-form (This will be sent next week)
- The e-form must be completed by the 5<sup>th</sup> of every month, capturing the prior month's life activity/issued production
- Must be life licensed by April 31<sup>st</sup>, 2017 to participate (No exceptions)
- The life licensed Team Member must initiate the life appointment and complete the sale. In other words, the life licensed Team Member must complete the life sales process from beginning to end (we are using the honor system).

### Monthly Life Licensed Drawing:

Issue 2+ Life Apps each month to be entered into a monthly drawing.  
For every Life App over 2 you will receive an extra draw.

Winnings will be provided by the Awards Network on-line catalog. Each monthly draw prize will be worth \$250! \*Update: Monthly draw prizes cannot be combined (due to limitations with Awards Network)



Duh.....Perhaps 'birds of a feather do flock together.' Did agents in other districts in other parts of the company experience this same shocking treatment of their employees? If so, we need to speak out against treatment like this. Ethically, we agents do not want our employees pressured into participating in any life sales event that breeds such corruption? Tempting our workers to do wrong by offering them these awards may be just too much for some to say "no" to. But as the independent contractor that I am, I should be able to make this decision....not the company.

By The Way, if CSR's (The agent's employee, not the company's) write bad business due to this enticement, the agent is the one who suffers with persistency problems that make the agent a target for termination or at a minimum, loss of opportunity. And the agent has to pay 1099 taxes on any award AMFAM corporate gives to the agents' staff all of which is most often done against the agents' will. ....How can this be allowed????

[Update]

A recent campaign summary was just sent out that showed the results of this campaign that was forced on our staff. Sales were good if app count is what matters

but most sales were little SPs. I've noticed how the agents' life persistency levels have really dropped to unheard of lows. Ever think about how this will cost the agent bonus money and AFLIC, too? If there's an 85% persistency minimum (shamefully low!) requirement, then why have there been several recent management announcements on how to get a persistency waiver? Over 25% of the state's agencies have actual persistencies below 25%. So much for the company mission statement that declares all our processes are to put the customer first. We know that over 1/4<sup>th</sup> of our customers won't even keep their policies for 2 year...well, shame on AmFam!

*Editorial comment: This Company has been stripping away the agents' independence for years and they have gotten away with it....until now, we hope. It's situations like we have quoted here that continue to document that this company treats all agents and their staff workers like employees of the company. Judge Nugent, it certainly appears like you're right!*

*What you allow is what will continue.*

*If I was meant to be controlled, I would have come with a remote.*

*As long as everything is exactly the way I want it, I am totally flexible.*

*Which is worse: "The person who tries to control or the person who allows himself to be controlled?"*

*You can't always control who walks into your life...But you can control which window you throw them out of.*

# THINK ABOUT IT!!

(Name Withheld by Request)



Think about this for a moment: I am convinced AmFam is intentionally running off the clients of veteran agents by overcharging, aggressively over using re-inspections, and every other way possible. This is done so the clients will leave Classic (which pays the agent larger renewals). AmFam really loves it when the agent gets frustrated and quits or gets fired. Then AmFam gives that lead to their "preferred" agent to re-capture the customer in Advance where the customer might save premium, but it's also great for the company because the company has less exposure on a 'crappier' policy.

In addition, most of us veteran agents, I believe, have witnessed cases where AmFam gives "recaptured leads" from *our* past clients (all info of which we entered into the system) to other agents who then write them back but in less expensive Advance. They are doing this even though **we're still active agents**. (We veteran agents remember a time when such unethical behavior was nearly unheard of.) In this manner they're treating us like employees (who are not business owners trying to make a decent living) by not honoring the fact that those were "our" clients in the first place. The company just feeds the favored (sometimes corporate sponsored) agents off of our decades of efforts.

Finally they are learning the hard way what they should have known from experience. Sometimes the veteran agent purposely doesn't recapture the old client because the client was bad business for the agency and company. This is probably one of the big reasons we are again taking rate increases-- because AmFam is losing money. When the goal is the almighty app number and does not include expert initial underwriting, this is what happens.

By the way, the scheme we are all falling for to fill the funnel with quotes is just giving our jobs away. Those bogus bait and switch quotes they have you doing to create activity (with a less than 1% success rate) is just a way to get the current agencies to enter "at our expense" all the proprietary information on clients as possible so that when they are rid of us, the company has all that inputted data in their database and it cost them nothing to acquire it. Think about it: We're fools for helping them displace us.



We have already filled the company's proverbial bucket. Think about it; a town or county of 100,000 population base, with 7 agents (and presumably 7 sales specialists) will completely lock out every potential client opportunity in the area in just over 3 years by simply doing 175 quotes per month (regardless of the sales success). A 100,000 population base (prospective quotable people) divided by 14 (7 agents plus 7 sales specialists) equals 7,143 quotes each. Divided over 3 years or 36 months this equals 198. So if each of these 14 people does 200 quotes a month or about 50 a week, the entire population base of a town or county of 100,000 people has been entered into the AMFAM system at the agents' expense.

Think about it. This benefits the company who gives the leads freely to whomever they wish at the expense and detriment of the original agency that paid the expenses to acquire and enter the information on all those people in the first place. (If you consider that each quote really averages 2 people's information, the number of quotes to go through an entire population base of 100,000 actually only requires 25 quotes per week over 3 years). Folks, we work for a company which lets you do their work and then cuts your commissions, or worse yet, steals your business. **Just think about it!!** ☹



**A man opens an outdoor stall to sell bagels and puts up a sign, "50 cents each."**

**A jogger runs past and puts 50 cents into the bucket but doesn't take a bagel. The next day, he does the same thing. For weeks and then months, this goes on.**



**One day, as he's jogging past, the owner joins step with him. The jogger laughs and says, "I know why you're here. You want to know why I always put money in the bucket and never take a bagel."**

**"No," says the owner, "not that. I just want to tell you that the bagels have gone up to 60 cents."**

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