

**The National Association of American Family Agents
PO Box 578
Circle Pines, MN 55014**



The NAAFA Report

(Spring 2011)

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NAAFA Report

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MEMBERSHIP IS GROWING! NAAFA is setting its goal at 2000 members. This is very achievable, we believe, because agents are beginning to realize some of the tools NAAFA has for helping agents in need. Membership and conversations with the NAAFA office are confidential. Do not let management insult your intelligence by advising you not to join. You have every right to become the professional you were meant to be and NAAFA should be part of your growth. JOIN NAAFA TODAY. HELP US REACH 2000 MEMBERS.

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The NAAFA Report.....

Who We Are

The National Association of American Family Agents (NAAFA) is a professional organization established to promote education and communication between both active and non-active American Family Agents and the American Family Insurance Company.

NAAFA also provides communication on issues affecting any insurance agent who supports our organization. Our desire is to be a vital, active group who is interested in sharing our experiences and knowledge with other agents, always encouraging, listening, and growing in ways that not only profit the agents, but their companies and customers, as well.

Our Mission Statement

The Association shall strive to provide professional fellowship by dedicating its activities to furthering the highest degree of ethical service to the insuring public. The Association will support the strictest adherence to the integrity of its members as professional insurance agents. We will promote professional conduct 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.

CHANGE OF ADDRESS: Call: 1-800-567-9668 Email: NAAFAwest@comcast.net
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If you are not part of the cure,
Then you are part of the problem.

JOIN
NAAFA

FROM THE NAAFA PRESIDENT.....



WELCOME ,

JACK SALZWEDEL !!

With the changing of the guard at the head of American Family Insurance, NAAFA is encouraged and hopeful.

In general, the background of the new C.E.O. brings to life feelings of encouragement and hopefulness to the plight of our cause for the agency force NAAFA represents. Let's face it....you have to walk a mile in an agent's shoes to experience the "big picture" including, but not limited to, 60 plus hours work weeks, exhausting relationship building, center's of influence, reports and more reports, meetings, human resources, office management, community involvement, family intervention, sleepless nights, trips, taxes, debt interference, stress, volunteerism, production, retention, goal demands, etc..etc..etc.

This past decade a true scratch agent experience as an independent contractor with American Family has been like watching a big beautiful hot air balloon, miles into the sky, start descending to earth as a small leak in the main structure gradually hurls it to its doom. One can't patch it because one can't even find the leak, but the realization of the future is bleak and possibly terminal.

We're hopeful, Jack, that your experience and life teachings from the ground up will patch that hot air balloon and bring life back to the American Family Insurance agent, an experience that many of us used to be so proud of. We would love to be proud again. We believe that you can bring it back, Jack. The slate is clean, the balloon appears to be close to the ground, but it still provides a chance for a new beginning....a new changing of the guard....a new hope!

Please know that NAAFA is extending an offer of help to American Family Insurance concerning the plight of our agency force, the people we represent. Our goal is to be an asset to every one of our members who needs a helping hand. If NAAFA can do that together with the 'changing of the guard,' please advise. You say the agents are the backbone of the company, but sometimes we feel we're looked upon as having a bad case of osteoporosis! We want to *stand straight* as we strive to be a positive influence. We would like to *stand proud* as a team as we represent American Family Insurance. We dream of a time when the negative side can disappear. Hopefully, together we can make that happen. Hopefully, things will be changing for the *positive* and NAAFA is looking forward to that happening!

Sincerely,

Your **NAAFA** *President*

[End]

SOME MORE POSITIVE STUFF

About 1 in every 300 phone calls that come into the NAAFA office is positive. We just had one. It was from one of those agents who has been around for a long time (30 plus years), isn't a very big producer, keeps his mouth quiet, and happens to be from one of American Family's favorite states. What a pleasure it was talking to this man!

But when I hung up the phone, I tried to recall just what it was he was positive about. Do you know that for the life of me, I couldn't recall one positive thing he said about the company? I do recall that he said he just couldn't finish reading the last two NAAFA Reports because they were so negative. I do know he mentioned he was having a hard time selling because the rates were so high. Oh yes, I remember, he said that 'they had left him alone.' That was positive.

Well, I want this to be a positive article so I decided to open up the last few issues of the All American and see if I could come up with something positive because it's sure a fact that no one is calling in here with positive stuff. Guess what? I could not find one negative thing in the All Americans. The whole magazine is full of things like the "Secrets to Internet lead success" and "A winning partnership—New agency sales manager role designed to provide greater value to you" and "Tackling the transfer process"----- "wow, this is good," I thought. From all appearances, everything is rosy at American Family. People are winning awards, trips, and it appears everyone is enthusiastic and happy.

Oh gosh, maybe I *should* tell you there was an itty-bitty mention on the last page of one of the more recent issues that "we've seen a decrease in the *activities at the agent level* that are needed to drive new household growth." Oh darn. I knew it. If there is one negative thing about the company, it has to be with the agents. Sorry....I'm just breaking it to you gently. It's always the agents' fault, but I won't tell anyone. It's too negative.

[End}

"NEVER DOUBT THAT A SMALL GROUP OF THOUGHTFUL,
COMMITTED CITIZENS CAN CHANGE THE WORLD.
Indeed, it is the only thing that ever has." --Margaret Mead
Think NAAFA!!

OUR NEW LEADER'S CHOICE OF DIRECTION..... WHAT WILL IT BE?

Now that we know who will be taking over the reigns at American Family soon, we can all have an interesting time speculating about whether Dave's replacement will be able to shake mediocrity off the shoulders of this company or not. We are reminded by Steven Ratner in his article "The 'great man' theory of business" that there can be a "startling difference that individuals can make astride giant companies." <http://www.freerepublic.com/focus/f-news/2660266/posts>

Well, we sure hope so. It's a good thing AmFam is not a stock company as we'd probably see the reflection of what's really going on within the company in the price level of the stock. As it is, leadership apparently doesn't worry much about obligations to the policyholders.....at least they don't seem to sense as much responsibility to *policyholders* as they'd have to toward *stockholders*, if they had them. If they are only half-heartedly responsible to their hand-picked board and no one else, then the seriousness of spending (wasting) millions of dollars of policyholder monies suing agents, the seriousness of losing thousands of policyholders, the seriousness of losing/firing top-of-the-line agents, and the seriousness of ruining the reputation of what was once a great company, are not even thoughts that appear to bother our leaders.

Ratner also points out in his article that when Michael Eisner and Frank Wells arrived at Walt Disney at the time it was flailing, they were able to see Disney stock compound annually at almost 30%. But as one blogger pointed out, Eisner might have made Disney a lot of money, but he did it by **destroying** what made Disney special, family and quality!

In retrospect, we might have to ask ourselves the same question about American Family. Have leaders caused us to *lose what made us special* in an effort to make us a Fortune 500 company? Have we won in one area and lost in another? Those of us who remember how this company was 25 years ago have fond memories of a company that cared for its people.....employees, agents and customers. Now the company has had to resort to a program of building its customer satisfaction rate once again, and that's not easy. And because American Family is a long way from once again building a good *agent satisfaction rate*, we can only predict that customer satisfaction and fondness for this company will never be what it was years ago.

How interesting it is to look at the values of one of our nation's great banks, Wells Fargo. This company has approximately 370,000 employees and they have managed to develop a culture not seen too often in the corporate world. They define "culture" as "knowing what you need to do when you get up in the morning without having to be told what to do." It's an attitude they bring to work each morning, says Chairman, President & CEO John Stumpf. In fact, he says:

Our success has as much to do with attitude as aptitude — what's in our hearts, not just our heads. Our success depends on how much our team members care for their customers, for each other, their communities and our stockholders. People

[Continued on Page 6]

commit themselves to **other** people, not organizations. In hiring, we really don't care how much a person knows until we know how much they care. The attitude of our team members, their commitment to the customer, their colleagues, their communities and stockholders is the most important difference between a great financial services company and a good one. Enthusiasm and caring enable ordinary people to do extraordinary things. When we do this, we want to have fun, too — because success without fun never lasts, and fun without success isn't much fun. "Fun" for us means enjoying our work, enjoying the people we work with, enjoying the difference we make in the lives of our customers and communities, and celebrating our achievements together as a team."

https://www.wellsfargo.com/invest_relations/vision_values/7

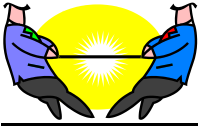
Did you hear that? "In hiring, we don't really care how much a person knows until we know **how much they care! People commit themselves to other people, not organizations.**" Readers, this is what is missing at American Family. From the agents' perspective, management doesn't care. We would suspect that many employees at American Family feel as the agents do. All we hear at American Family is "we need more customer satisfaction." Customer satisfaction is just one small part of what it will take to make American Family a great company. As the great leaders at Wells Fargo have learned, we need a commitment to the customer, our colleagues, our communities, our policyholders....this is what will make a difference between a good insurance company and a great one!

John Stumpf goes on to point out that "Corporate America is littered with the debris of companies that **crafted lofty values on paper but then, when put to the test, failed to live by them.** We believe in values lived not phrases memorized. If we had to choose, we'd rather have a team member who lived by our values, but hadn't read or memorized them, than one who had but didn't."

Could American Family be considered one of those companies which has "crafted lofty values on paper" but failed to live by them? From my perspective, it appears there is a composed list of such values, but the document sits idly on the shelf gathering dust. We need to live our values, not just be able to recite them, as Stumpf says. We need to value each and every person who works for American Family.....not throw some of them out with the dishwasher. How important it is to hire people with these high values in the first place. Have we done that at American Family? **Under the new leadership taking over in November, let's pray for a new set of values, a compassion for fellow workers, and a zeal to do what is best for our customers. This would be a true reflection of success.**

[Board member contribution]

American Family has hired (at a huge expense, we suspect!) JD Power to "help you learn more about how you can improve your focus on customer satisfaction." (Feb All American, P. 9) It has been suggested that perhaps that money might be better spent on hiring JD Power to help the company learn how it can improve its focus on *agent satisfaction!*



LET US SET THIS RUMOR STRAIGHT!

Quite often the NAAFA office gets reports that district managers are telling agents to “stay away from that negative anti-American Family NAAFA organization!” In fact, a report came in recently that NAAFA was totally *opposed* to American Family.

Please let us explain once again our philosophy and mission. **NAAFA’s desire is to support American Family in every way it possibly can. NAAFA wants to see American Family succeed. NAAFA wants the reputation of this company to be such that all people working for American Family can stand proud with heads held high, knowing they work for the best insurance company around.** Yes, we’d be foolish to wish disaster on the company that pays our wages. **We are here to work toward a better relationship between American Family management and the American Family agents. Everyone should be able to join and support NAAFA with a clear conscience and without fearing that you have taken sides against the company.**

NAAFA, however, has found that all is not rosy between AmFam management and the agents. When agents report to us that they are being cheated out of businesses they have worked for years to establish, NAAFA jumps into action publishing your complaints. When agents are lied to and pressured into responsibilities that are clearly not allowed in the contract, NAAFA’s job is to expose it. When agents are terminated unjustly, NAAFA feels a responsibility to assist these agents in finding alternate means of support.

NAAFA feels agents need to know of all the inequities that occur and therefore, we publish The NAAFA Report several times a year so that even though perhaps in your tiny circle things are going well, you need to know what is going on in the rest of the AmFam world. Agents are hurting, and hurting big. So often a “rumor” is started that the terminated agent did something wrong or he wouldn’t have been fired. Isn’t it about time you wised up a bit and recognized that perhaps this just isn’t so? This company has a goal of lowering its number of agents by drastic amounts. And when the word goes out from Madison to “decrease those numbers,” then numbers get decreased. We have seen nothing less than a blood bath in the last couple of years. We keep wondering what would happen if district managers stood with integrity and said, “I simply can’t do what you are asking. What you are doing to these agents is not right!” Well, of course, they’d be fired along with the agents. No one wants to lose his job. So, friends, that’s why NAAFA is here. We would like to help make the relationship with AmFam’s corporate officers a positive thing. But put yourself in Dave and Jack’s shoes. If you planned to fire a bunch of people, could you look them in the eye? So the only answer to this problem is for Dave and Jack to start looking at these agents with a little compassion. Let us be informed of your problems in running this company and we will compassionately respond with loyalty and support. But lock us out and treat us

[Continued Page 8]

with contempt and we draw back on our loyalty and support. It's only natural. Think about it.

NAAFA wants agents to know that we stand for what is true, right, and ethical. We hate lies, hypocrites, and disloyalty. We want to respect our leaders. Please give us leaders we can respect. Let's all work together to make American Family a true example of a company that all families in America will be eager to insure with because **we're the best!** [End]

BEST PRACTICES, WHAT?

[Submitted by member]

Does anyone have a good idea of what "**best business practices**" is really all about?" We hear the terminology a lot around American Family land. We sort of get the idea that it relates to "getting the most out of people for the benefit of the company." Right?

Wikipedia defines it this way:

"Best practices can also be defined as the most efficient (least amount of effort) and effective (best results) way of accomplishing a task, based on repeatable procedures that have proven themselves over time for large numbers of people."

Well, now that sounds good. It even sounds smart. Perhaps innovative. Yup, and AmFam seems to have spent a ton of money pushing their "best practices" ideas on the agents. Is it working? Don't think so. Agents just aren't all fired up about all these "new" ideas on how the company should run the agents' agencies. Production shows it. Morale shows it. (Agents all know the "*best practices*" only works if you have good rates to practice with! After all, they know that you can work ever so smart running the agency, but if you aren't selling anything, the profit just isn't there.)

Wonder what would happen if management at AmFam Googled "*best business practices for managers?*" Gosh, surprise, surprise! You might find articles about how important it is to treat people with respect. You might find articles on leading by example. You might find other articles on the importance of being loyal and faithful to your workers. Some articles are even pushing trust and fairness. Imagine that!

Somehow it just doesn't seem right when best practices applies to agents, but doesn't really apply to management. Could "best practices" possibly mean one thing for the company and something entirely different for agents?

[Continued on Page 9]

Let's see how this works:

Problem:

Agent cannot hear well.

Agent Best Practice:

*Purchase Ear Wax removal kit,
insert ear drops into affected ear,
flush with warm water.*

Company Best Practice:

*Kneel on floor, place head in
toilet, flush. Same result, more
pain for the agent!*

Well, yes, it appears it could have different meanings. Doing all the record keeping required is ruining agents. And if the agents refuse to get involved in the company's new notions for keeping managers busy (best practices?!) then agents say they live each day wondering if they'll be the next to have their agencies jerked away from them. How can you expect agents to focus on selling (which really is a "best practice") when they're so worried they'll be the next one forced to go? It's just so hard to trust a company that swoops in so unexpectedly.

Recently a ten-year agent reported to the NAAFA office that while he was out on a couple of afternoon appointments, a very new agent he had rented an office space to, sent his secretary home for the afternoon. Then the new agent opened the door to the DM and his worker bees who proceeded to completely wipe out the agent's office, including his personal belongings such as checkbooks, money bag, etc. Of course, the new agent received most of the terminated agent's files. And to think the agent "trusted" not only his 'new office partner' but also his DM!! "Best practices" for the company, right?

A similar thing happened out in Washington recently. And in Wisconsin. And in Kansas....yes, the list goes on. It appears that company officials stage such happenings by conniving with the agent's office help or often new AIT agents who are too 'green' to even know they are being used. One has to wonder what kinds of payoffs are offered.

Agents are being fired who are at the top in production in their districts and even in the company. It is amazing to hear the reasons they are being given for their terminations....and sometimes they aren't even given a reason. They will use the "disloyalty" excuse. This could be something like the agent referring a customer (who was leaving AmFam anyway) to an independent friend down the street. Yep! That's disloyalty....disregard the fact that you have pledged to do what is best for your customer. Mustn't ever do that. Must do what is best only for "the company!"

[Continued on Page 10]

Or how about charging the agent with doing something that is “prejudicial to the company.” Now that’s wide open. Even a confrontational question to the wrong CEO could get you fired under that charge, especially if you tell an outsider about it or others heard you ask it.

“Best practices,” it seems, just go out the window when it comes to the actions of company officials. Too bad. This company could change everything around with a little “best practices” practice of their own. Agents dream about working for a company that cares about them. Well, don’t all employees? (Yes, agents say they feel like they are employees.) We dream about working in an environment where we feel appreciated and encouraged. We dream about working with DMs with skill and personalities we can respect. With DMs we can admire and look up to as role models. Where’d they all go? These young things they hire today need to go away till they get some maturity time accomplished. They need some scruples. The dictionary describes “*scruples*” as “a moral or ethical consideration that tends to *restrain action* or behavior.” Yes, they need to learn to say “no” when asked to do something such as “unfairly fire an agent.” Get some guts and stand up for what is right. Let’s get some real “best practices” going.

Perhaps it’s time for them to organize a National Association of American Family District Managers.....NAAFDM.....and start educating each other with a newsletter like the NAAFA Report. Stand up for what is right!! If kindness, truthfulness, fairness, and *compassion* don’t start from the top and filter down (which we know they haven’t) then maybe we can make these attributes start at the bottom and work up.

Well, first at the bottom we’d have:

NAAFA..... National Association of American Family Agents

Then we could have:

NAAFDM.....National Association of American Family District Managers

Wow! Then we could have:

NAAFSD.....National Association of American Family State Directors

Well.... yes, and there could be a:

NAAFVP.....National Association of American Family Vice-Presidents

And ultimately, we suppose there could even be a NAAFP:

NAAFP.....National Association of American Family Presidents

[Keep going, there’s more!]

This NAAFP Association might be pretty lonely, however....Well, he could invite the CEO to join him. This way he would be creating a direct route from Agents on up to the top...to the CEO guy. Wow!

Hey, this is a great idea! Open the line of communication like it's never been opened before. Everyone would be *anonymously* writing in their Reports (mailed out to all just like The NAAFA Reports!!) how they REALLY felt and we'd all get to read these Reports. Now this would be *intrapreneurialship* in action. (Look it up. It's a word!!)

Wow and more wow! This would even be democratic! (With equal participation by all: characterized by free and equal participation in government or in the decision-making processes of an organization or group.) Gee, this "best practice" thing is enough to give me a "thrill up my leg.!" [End]

[NAAFA is so pleased that we seem to have several poets among our readers. We would love to meet them sometime, but as yet, they remain anonymous. *Rich or Poor* has quite a theme which provides good advice for all of us, it seems.]

Rich or Poor

I once knew a man who reveled in the belief that he was rich.
He could buy whatever he wanted but always found a reason to bitch.
Everyone thought he had a very happy life and had no reason to complain,
But he looked at pleasure and saw angst, and looked at the sun but saw rain.

I also knew a man who had no wealth, and many would call him poor.
He didn't have money or nice clothes to wear, but he never asked for more.
People look at him and question why he always reveals a happy face.
Maybe it's because his riches are within and not laden with frills and lace.

If you took ten people with worldly wealth and observed them over time,
You'll find nine of them are more miserable than the *poor* guy without a dime.
How can this be, you wonder, when they can buy whatever they choose?
It's because happiness isn't for sale, it can't be bought like clothes or shoes.

The *poor* remain rich by knowing money doesn't measure your worth.
It's measured by *purity* and *loving* and *giving* like God made you at birth.
The *rich* remain poor because they can't see what they need
To be happy and at peace, because they are blinded by greed.

So the next time you see a *poor* person, don't presume he is cheerless,
And the next time you see a *rich* person, don't presume he is tearless.
Who's rich and who's poor? Who cares? It's not for us on earth to decide.
I just want to make sure when the decision *is* made, that I'm on the right side!

[End]

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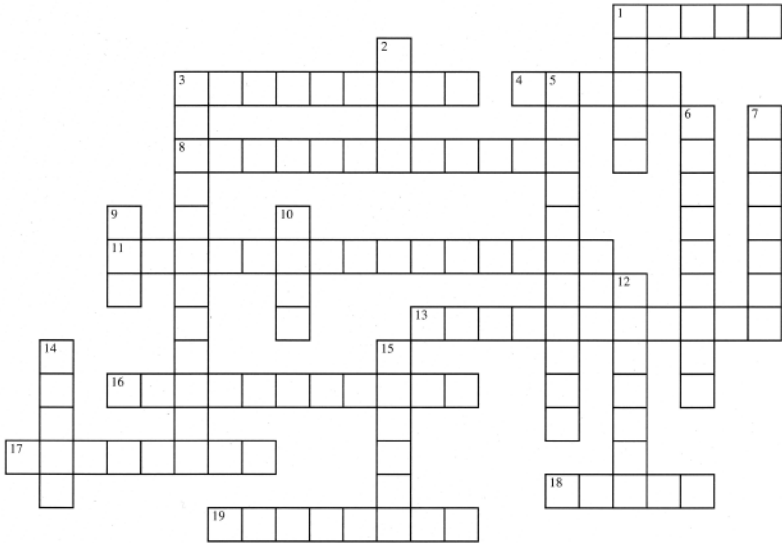
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 - Information regarding *need* for legal assistance
 - Document availability

**Can you afford to wait any longer?
Join NAAFA now! WWW.NAAFA.com**

CROSS WORD FOR AMFAM AGENTS



ACROSS

- 1 The measuring stick of success or failure
- 3 The laundering of commissions
- 4 Where agents run for help after it's too late
- 8 A hand-picked pack of wolves posing as sheep
- 11 A puppet who dances to the tune of the day
- 13 A friendly way to say execution
- 16 A captive agent will never be one
- 17 The Geek who thinks he is God
- 18 The only category that American Family ranks high in
- 19 Unsuccessful attempt to clone agencies

DOWN

- 1 The once proud company that lost its sense of direction
- 2 The amount of notice you will receive if you tick off Jack
- 3 Convenient term with no describable definition
- 5 A dangling carrot that turns rotten at tax time
- 6 The missing ingredient in a DM's DNA
- 7 The home base of the Bumbling Millionaires Club
- 9 Technologically speaking the abbreviation for A DUMB SYSTEM
- 10 A separation of the good, the bad, and the ugly
- 12 Modern way for corporations to play the "Reverse Robin Hood" game
- 14 An employee disguised as an independent contractor
- 15 The only word in the agent's contract that has a thousand definitions

For answers to AmFam Agents' Crossword:
Visit the home page on www.NAAFA.com

ANOTHER AGENT PONDERES THE RUMORS

[Submitted anonymously]

So now we are again hearing rumors of “commission adjustments.” Well, perhaps it stands to reason. After all, we just had an agent survey. And don’t commission cuts often follow agent surveys?

We’ve heard that district managers are asking “what-if” questions. “What if your commissions were cut from 9% to 6%?” Or “What if high producers got 11% and low producers got 6%?”

Well, it doesn’t take a rocket scientist to figure out that a straight commission cut from 9% to 6% would force many agents to quit. One has to ask, is that what the company wants? My answer to that would be, yes, that’s what they want. Of course, I keep speculating on *why* the company wants agents to quit. The only reason I can figure out is because they think they can replace us with in-house agents (hired on salary, not commission) who sell via the direct lines which by-pass field agents....that’s us, NAAFA members!

Or if high producers (no one is really a high producer these days as compared to years ago when we had competitive rates) were paid 11% while lower producers were paid 6%.....the lower producers would have to quit because they just can’t live on 6%. Meanwhile, big agencies would get bigger and bigger and the smaller ones would go away. Perfect scenario.

Over the past several years, so much of the company duties were passed on to the agents that agents have seen their take-home income gradually become eroded. Agency expenses don’t drop. They have increased. We have pointed this out for years. Agents in the independent world are making an average of 15% commission. Agents at American Family seem to be making about 10%. On a \$1M agency, that’s \$50,000 per year an agent loses by staying at AmFam! In 10 years, you’ve lost \$500,000. (I’ve used the \$1M agency as an example...it’s easy for you to multiply these numbers if you have a larger agency as many of our members do.) That’s a considerable sacrifice to pay for remaining loyal to AmFam. And now they are considering cutting our commissions again? That’s gutsy. Oh, don’t forget that if you are a 15 year agent qualifying for 150% in termination benefits, a \$50,000 loss in renewals equals another \$75,000 termination benefit loss that just went out the window.

Of course, this brings us back to the huge problem of rates. We are completely at the mercy of the company and their actuaries who appear to be floundering with their recommendations of how to turn this company around. Agents in some states complain that they are getting a 10% decrease in auto rates....something you’d think they’d be happy about because they haven’t been able to sell anything lately. But they’re upset because a whopping 10% discount all at once means their renewals will really drop. These same agents are saying that with such a discount all at once, losses will be such that the company will have to take a big increase shortly to compensate. And an increase again means more loss of income as more customers walk out the door. The point here is if the company could ever figure out how to maintain a competitive rate (not one where most companies are beating us by 40% or more) maybe we could grow our businesses.

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I am still asking several questions. Why does this company want to get rid of the field agents? Why does this company want to take away commissions? Why does this company want to be the company with the highest rates around? How can you think of doing these things to your own people and still think you can be number one in customer satisfaction? Doesn't the company realize that the agents are their customers, too? Doesn't the company realize people aren't stupid? The people know when they're paying rates that are too high. They also know when they have a great agent. This is why the company loses at least 30 to 40% of the customers of any agent that leaves the company. That says it all, doesn't it?

[End]

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- Can American Family save you 15% on your car insurance?
Does a snowball stay frozen in hell?
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- Can American Family save you 15% on your car insurance?
Does Lady GAGA sing spirituals?
- Can American Family save you 15% on your car insurance?
Does Obama have a birth certificate?
- Can American Family save you 15% on your car insurance?
Does Dave Anderson have a clue?

[Writer's name withheld by request]

If you've got the power to raise prices without losing business to a competitor, you've got a very good business. If you have to have a prayer session before raising the price by 10%, you've got a terrible business."

Quote by Warren Buffett

THERE'S A NEW BOY ON THE BLOCK

[Anonymously submitted]

There's a new boy on the block! And he's going to *help your customers need you less*, according to the 12/28/2010 Compass article "When he builds it, customers come."

That's right. Pavi Mistra, we are told, builds applications and upgrades current ones for the Amfam.com website so that your customers can review, make decisions and submit coverage changes without your help or advice. Now the article says the company makes these changes

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known to their agents, so this implies the agents are involved somehow, but certainly not in any critical way, right? We would guess you, the agents, just get the *notice* of change.

To quote the article:

"Because the agent is notified when a customer submits changes through the tool, he or she can use it as an opportunity to build stronger relationships based on customer preferences or cross-sell other insurance products."

The question begs to be asked, why is this company working so hard to *remove* or *devalue* the counsel of agents to their customers? When will they realize that what the customer really wants is competitive rates? Give them that and out the door they will go, happy as a lark....never to be seen again... until the next rate hike, that is.

American Family would be wiser to put Mr. Mistra to work improving the applications the agents have to work with. Agents have been hounded by the inconvenience of the conglomeration of poorly developed software programs for so many years, it's shameful. Is this yet another indication the agents are an insignificant part of the company?

'Meeting the changing needs of customers' is important, but who has more contact with customers, the company or the agents? The agents, of course. Wouldn't *wise* management make the decision to meet the changing needs of the agents first? Management who care about their employees and salespeople would try to provide the tools and applications that fit the busy, mobile lifestyles of the agents, thus making it easier for the agents to do business with the company. Agents have the expertise to help customers make decisions. Does a company employee who answers a phone have as much skill? Probably not. Mustn't this fact affect customer satisfaction? Probably! No wonder you notify the agent when ever you make a change via the "tool"it's so the agent can take the blame!!!

How can a company's priorities get so flawed? Poor leadership, perhaps? Are they out-of-touch with the mechanics of running an agency? This writer would have to admit that a certain percentage of the consumers want to make insurance purchases via the Internet. But my suspicion is that the people paying the largest premiums are *not* the ones who are the most computer savvy. They are the ones who appreciate meeting face-to-face with an agent who can give them the pros and cons of coverages. It's about as unreal as imagining that if you seriously needed an attorney that you would be satisfied with clicking a few concerns in a box on a page of the Internet and then know that your problem was solved. NOT! Of course, you'd want to sit down and talk to that attorney face to face. And you'd communicate many times via phone. The same is true with the majority of people regarding their insurance agent.

[Continued on Page 20]

Agents are the most vital part of the insurance company. Home office used to know this. Now they have forgotten it. That's why there is such unrest. That's why we all sense pressure building up, but as agents, we don't know what to do about it. At least we recognize it. That's more than we can say for the powers that be. It's a serious flaw when you don't recognize the pressure building up until it's too late. Just ask BP!

[End]

[Recently the NAAFA office received this in an unidentified envelope.]

Dear NAAFA,

The further you get from the smoke and mirrors the clearer the picture becomes. You have an advantage point that the average agent does not have. For example, how many of American Family's 3500 agents know that three great agents were just fired this week? Maybe you can't count those who know on your fingers, but I bet you could if you included your toes. Yes, I believe it is stealing to take one's agency away, and it is no different than someone coming into your house and stealing your money, in my opinion. Have you ever heard the song, *Sailing, Sailing*? Here is my version:

Stealing, Stealing

An unpleasant gale is on our lee,
And soon across the waters clear
Our gallant agents shall bravely steer.
But 'ere we part from AmFam's shore tonight
A song we'll sing for pride and what is right.

*Then here's to the agent,
And here's to the spouse, too
Hearts will beat for them
Upon the waters blue.
Stealing, stealing
Over the bounding main,
For many a stormy wind shall blow
Cause Dave is stealing again!*

The agent's life was bold and free.
His home's now on a stormy sea,
And never heart more true or brave
Then he who launches on the wave.
Afar he speeds in distant climes to roam
With heavy heart he rides the jovial foam.

[Continued on the Page 21]

*Then here's to the agent,
And here's to the spouse, too
Hearts will beat for them
Upon the waters blue.
Stealing, stealing
Over the bounding main,
For many a stormy wind shall blow
Cause Dave is stealing again!*

The tide is flowing with the gale,
The agent rides it to no avail!
The harbor bar we soon shall clear,
Hello, once more to the agent's fear;
For when the tempest rages wide and far,
NAAFA will be the agent's guiding star.

*Then here's to the agent,
And here's to the spouse, too
Hearts will beat for them
Upon the waters blue.
Stealing, stealing
Over the bounding main,
For many a stormy wind shall blow
Cause Dave is stealing again!*

[End]

THREE CASES, THREE JUDGES, THREE DECISIONS

Trade secrets and non-competes have become big issues with American Family as they pursue any agent who goes independent. As you know, American Family claims that a list of the names and addresses of an agent's customers is a trade secret. When American Family decides to sue an agent for violation of the non-compete clause in the agent contract, they sue for violation of trade secrets and for soliciting their former customers, among other things. They always allege that the agent has copied or run lists of his clients' information sometime before he quit and that he has used those lists to solicit his former customers.

There are three cases where American Family has sued agents in Federal court that we would like to tell you about: the Illinois case, the Iowa case, and the Colorado case. In the Illinois case, the two agents were fired...the company took their book of business or as some have

[Continued on Page 22]

termed it, they *robbed* the agents of their book. In the Iowa and Colorado cases, the agents both quit and went independent. Both of these agents planned their “retirement” very carefully. They knew the rules. They followed the agent contract to the T....or so they thought. In all cases, the agents admitted to running lists while they **legally** had access to company computers. In all cases, agents returned whatever lists they had. These lists were returned with files and equipment within 10 days after the contract ended. In the Illinois case, because state law required document retention for 7 years, these agents were ordered to give such lists to their attorneys and thus, such information was not accessible to the agents. The agents knew the only thing they could take with them (according to an earlier court case decision) was their account statements.

In all three cases, American Family filed for a *preliminary injunction against each agent* for violation of the trade secret law. A **preliminary injunction** is an injunction entered by a court prior to a final determination of the merits of a legal case, in order to restrain a party from going forward with a course of conduct (or compelling a party to continue with a course of conduct) usually until the case has been decided. Most often, the judges never question whether the information supposedly “stolen” is really a trade secret or not. American Family never seems to be able to define what exactly their trade secrets are nor do they seem to be able to provide evidence that they are trying to protect their “trade secrets.” [We’re still waiting for the trade secret issue to come to trial and when it does, most certainly a responsible judge or jury will realize that information that is so readily available such as names, addresses, and phone numbers is NOT a trade secret.]

In all three cases, a magistrate judge heard their cases in usually a 1 or 2 day hearing. This magistrate judge in each case wrote up his Report and Recommendation and that report was given to the judge who would handle the case at trial. It has become very evident that a magistrate can greatly influence a judge’s decision. In the Illinois case, the court records show that the magistrate stated that there was absolutely no evidence to show that the agents had not returned the printouts, that the agents’ testimony was very straightforward and honest, and one rarely finds that in court today. But just 48 hours later, that same magistrate produced a 52-page Report and Recommendation (quite an impossible writing task for a judge who claims to have been terribly busy!) in which he took a totally opposite view of these same two agents, calling them “gliborous liars,” etc. This resulted in a long drawn out 6-year battle where the temporary injunction appeared to be almost permanent.

[Continued on Page 23]

In the Iowa case, the magistrate stated that he could not see anywhere that the agent had violated his non-compete in any way, but because the agent gave a quote to a customer who approached him at his office, he was allowing the injunction because he felt that by quoting the customer, the agent was *inducing*....which is against the agent contract! This agent had his termination benefits halted.

In the Colorado case, the magistrate asked for proof of violations of the contract by the agent, but American Family could not produce any. The magistrate's decision was not to allow the temporary injunction. The agent never had his termination benefits halted.

The Illinois case never went to trial. The Report and Recommendation was, the agents felt, based on incorrect information and they would never have a chance to prove it in court because the agents felt the decision was predetermined and that they would most likely lose. The agents believe that American Family knew that if this case actually went to trial, the facts and evidence would prove that customers' names and addresses could not possibly be a trade secret. We feel this is why American Family urgently wanted to settle the case, willing to give up their chance of recovering perhaps a half million dollars in legal expenses. The costs to the agents of going thru a long drawn out trial and potentially the anticipated costs of a potential appeal in Federal Court were just too much for the agents to risk, so the out-of-court agreement was signed.

In the Colorado case, the judge ultimately ruled totally in favor of the agent by throwing out all the various counts of misappropriation of trade secrets, computer fraud, breach of contract, interfering with a carrier's contract, etc. This agent's charges *against* American Family, however, are still to be heard in the court.

The Iowa case appears to be a case where not only the agent has suffered greatly, but also the consumer because during the injunction, the agent was not allowed to quote even when the customer initiated the contact. Obviously, consumer rights have been violated in this case. A jury trial is scheduled for May 2011.

There are other cases where American Family has charged agents with the same violations, but we have chosen to tell you about these three because there are so many *similarities* where the agents were not soliciting, did not use or keep any printouts, but the *outcomes* were quite different. One has to ask, "Is a trade secret a trade secret just because a big insurance company goes into court and claims it to be? Is a trade secret a trade secret just because something is viewed as confidential? Is a trade secret a trade secret because one uses a carrier's agency management system (ADS) to input a name that the agent developed and in many cases purchased as leads?" Customer and prospect names

[Continued on Page 24]

were developed and nurtured at the agent’s expense. The database used is a *tool* in today’s insurance industry used by all carriers so they can provide that tool to their workforce, in our case, independent contractor agents. Without this tool, the carrier would not be competitive and would shortly be out of business.

Conclusion

In Illinois, American Family now has a favorable trade secret ruling in the 7th Circuit appellate court even though this ruling is, we believe, based on an incorrect record, a record the agents were forced to allow because they could no longer endure the threats of still more legal expenses. It was heartbreaking to have to give up the 6-year battle knowing their facts of proof would never get presented in court.

The 7th Circuit trade secret ruling appears to be in conflict with the 2nd Circuit trade secret ruling so it will be interesting to see which way the Iowa and Colorado cases go. Please note that the summary here is given as this writer views it and opinions expressed do not necessarily reflect those of NAAFA. [End]



**The New Year--- a Time for Reflection —
an Agent's Perspective**

[We list here for you 32 of the 76 “reflective” items this agent sent us. Because of limited space we cannot list them all, but you can go to www.NAAFA.com and read the complete unaltered list as received (anonymously) in the NAAFA office 2/7/2011]

1. Although American Family has reinvented itself over and over again, it is the same non-managed, non-innovative silo company that only thinks about one thing - the executives and their pay.
2. AmFam raised prices because corporate is spending money now on IT and Marketing and of course the corporate jet.

[Continued on Page 25]

3. AmFam is not paying dividends like other mutual companies because AmFam doesn't have strong investment results, AmFam underwriters do not underwrite risks effectively and AmFam is recovering the costs of acquiring and servicing business through the expense component of the dividend, (oh, and the agents refuse to be cooperative and sell).
4. AmFam is going to offer new discounts but they can't tell agents what they are, when and how they are going to work with the other discounts already offered.
5. AmFam is going to offer more competitive rates to "certain" states and areas that the other areas will have to subsidize with higher premiums.
6. AmFam is competing with agents via the Internet but stating it is to help agents even though the agents' sales are better than the Web sales.
7. AmFam's MOD has raised its prices to agents, lowered its funding and changed its allotment to those same agents. MOD has not been effective for years but in 2011 the new old DSM/ASM will be trying to force you to buy and subsidize this MOD disaster.
8. The renewals that AmFam pays to agents are being paid farther and farther into the future. Now it is not paid to agents till 8th of the month. Allowing the company to make another week of interest on the money. But agents are not supposed to notice.
9. The renewals AmFam pays to agents are too low compared to what other captive companies pay their agents.
10. AmFam has too many agents in small territories and way to many DSMs (who add no value to anything whatsoever).
11. AmFam DSM's mostly have a no-show job, play favorites and have nothing to do with the agents they're responsible for if they can help it.
12. AmFam doesn't care as they are using OSAT to keep from paying bonuses to agents.
13. Employees at Amfam are as unhappy and as unfulfilled as the agents.
14. Employees at AmFam think all agents are like the biggest agents in Wisconsin that they see playing golf with Sr. Mgt. all summer long.
15. AmFam is losing more business than it can write and those agents who do PIRs (like the company requests) are finding ways to cut their renewals-not up sale-which is why retention is high.
16. AmFam keeps finding ways to get agents to be responsible for more of the service (home survey redundancy) as well as financial support of the company (having to pay for our own servicing of equipment, MOD, etc.)
17. AmFam Sales Management is non-responsive to agents and only care about kissing up to Madison.
18. AmFam has too many agents in small territories and way too many DSMs (who add no value to anything whatsoever.)
19. AmFam DSM's mostly have a no-show job, play favorites and have nothing to do with agents they're responsible for if they can help it.
20. AmFam's Tier Rating of Agents program is rating agents without giving agents the detailed information on how that rating was achieved.
21. AmFam's *3 Strikes Against Agents* program that asks agents to sell every person they can, but if that new business walks for whatever reason,

[Continued on Page 26]

punishes agents for not writing good business and then wonders why agents are not writing tons of new business.

22. AmFam's insulting Marketing of American Express that directs people to the policy sales and service center but those leads will only be sent to agents that fit a "Certain Undisclosed Criteria".

23. AmFam's New Customer Campaign that only counted new customers that came in through P&C channel not all channels like life/health or business channels.

24. Creating the ASM program and telling agents that we now have a strategic partner. Yet I, as a business owner, have no choice in who my strategic partner is.

25. AmFam treating agents like employees in all but name only.

26. AmFam creating a business conference to hide their treatment of agents like employees.

27. Agents have to compete (like gladiators) with each other for prizes and bonuses versus a win/win scenario where all can win the top prize by making qualifications.

28. Management doesn't care about agents but created the Agency Council (filled with Toady Agents) to try and make it look like the Agency Force supports all of AmFam's decisions that go against an agent's best interests.

29. No one at AmFam or at the Sales Management level responds back to an agent if they don't want to. An agent's request is often ignored.

30. Agents get crappy IT equipment while AmFam corporate gets the latest and greatest. After all, top management needs to look at their daily stock prices to see how much they made each minute.

31. AmFam's systems and processes keep getting changed frequently. Even people who work in Madison cannot keep up with the changes.

32. AmFam says it will decrease sales force and make bigger agencies (how will these big agencies and/or cut agencies be determined is a secret.) Go to

www.NAAFA.com for Reflections #33-76.

[End]

I wonder: Does AmFam influence the JD Powers Surveys in any way?

I wonder: Is there a commission cut coming soon?

I wonder: Do DM's have a quota of agents to fire?

I wonder: Is it fair to fire an agent for production when rates are so high?

I really wonder: Is it time I thought this through and joined NAAFA?



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