

The

NAAFA Report

Spring 2015



THE EAGLE IS A MAGNIFICENT BIRD

When a storm is imminent, other birds hide, but the eagle will fly to some high spot and wait for the winds to come. When the storm hits, the eagle sets its wings so the wind picks it up and lifts it above the storm. It doesn't escape the storm, but uses the storm to lift itself higher. NAAFA is like the eagle in that we brace for the storm by climbing together to heights that enable us to escape the storms that surround us. We have hope and faith that together we will succeed and soar on wings like the eagle. We will rise above adversity by setting our minds and hearts on helping one another and looking toward our goal.

NAAFA, Inc. Because We Care!!

AGENTS, WE SALUTE YOU!

In this issue, NAAFA will be honoring and saluting all American Family agents who have left their agencies behind, for whatever reason. We are privileged to know you and may our relationship be everlasting.

The NAAFA Staff and Board of Directors



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AGENTS, WE SALUTE YOU!

To all AmFam agents who have suffered the severing of their agency contract. Whether it was by termination, forced resignation, or planned retirement, NAAFA wishes to extend our most HEART FELT RECOGNITION AND UNDERSTANDING! YOU'RE OUR HEROES AND WE WISH TO HONOR AND SALUTE YOU!

Never in the history of this company have so many FINE agents been forced out the door as being worthless and unneeded. We want you to know that we believe you are honorable business people who must not feel ashamed of what has happened. You gave your all. You were faithful yet fearful, as any good soldier would be. So, brave agents, you were not dishonorably discharged. You were honorably promoted to grass that is greener and times that are better. Now, with that in mind and with NAAFA's blessing, enjoy your new life.



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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 \$20 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 Legal Defense Fund or other contribution.

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Tell us your thoughts and opinions. NAAFA never identifies you unless you ask to be identified, but we must know your identity or we will not post your message. Our website gets an extreme number of hits so if you want your message heard, send it to naafawest@comcast.net. This is your VOICE!

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www.NAAFA.com

A MESSAGE FROM YOUR NAAFA PRESIDENT



TRUTH.....LIES

Dear NAAFA Report Readers:

As you can see, in this issue, we are saluting all agents who have been or are being “forced out” of their American Family agencies. You’ll probably be able to recognize the articles written by some of these agents. We feel it’s a privilege to present these people’s viewpoints. We have all been hurt, some more than others. But we continue to stand proud by always supporting one another, especially through NAAFA. Now I’d like to talk to you a little bit about ethics. Perhaps what I say here will help you understand a bit of why we are suffering like we are, not only here at this company but in America as well.

“Situational ethics” has been taught and practiced in America for quite a number of years. What is it and how has it affected our nation? *Situation ethics* is the belief or practice that any means whatsoever is justifiable as long as I get to my desired end. The nasty thing we have learned, however, is that such beliefs create a climate where lying becomes the norm. Truth becomes relative.

In Russell D. Moore’s book *The Day America Told the Truth* he says that 91% of Americans admit they lie regularly. Other polls have confirmed this. In 2004 a Reader’s digest poll found that 93% of Americans reported telling lies at work and school and an even higher number (96%) admitted to lying to close family or friends.

Yes, it is evident America is suffering the effects of easy lying. Remember Brian Williams or Hillary Clinton? Surely you can list several others (not just politicians) whom you know have been caught in lies. What happens to them? Quite often they simply get by with it. Corporations are notorious for ‘cooking their books’ and basing their daily business operations on a set of lies.

Is there such a thing as an “innocent little lie?” Probably not. If the lie doesn’t hurt someone else, it will hurt the liar! Why does a person lie? Sometimes it’s to impress someone or to make ourselves look better. Companies do it for the same reasons. Sometimes liars think the lie will help them succeed. Sometimes a person (or a business) lies to avoid punishment. Children do this all the time...but adults do it as well.

Agents have commented to me that they are at a point where they just can’t believe the company anymore. Yes, corporations today seem to embrace lying. Financial reports are ‘twisted’ to appear what they aren’t. Actions are taken that had the truth been known, innocents could have avoided being hurt. It’s nearly critical that every promise be put into writing if we are to believe it.

With the prevalence of lies, distrust rises. Who can we trust? Those with Christian ethics rely on their belief in God and the Bible where Truth is stated. Many religions claim to support truth. And yet, even within such religious circles, lies abound from time to time. It is good to know whom you can trust. Remember the old saying, “Winners never lie and Liars never win?” One can’t really say that is true anymore in this evil world. We often see liars being rewarded and it’s hard for the truth to come out because lying, in the minds of so many, is justified.

NAAFA has taken a strong stand for TRUTH. We encourage you to take a stand also, even if it hurts. There is so much documented evidence of Christian believers being murdered today that we fear many Americans are becoming hesitant to speak out the TRUTH. Let us encourage you to **STAND FOR TRUTH SO WE CAN AVOID SUCH ATROCITIES HAPPENING IN AMERICA.** You must do the same in your jobs, your communities, your families, and social functions. The decision not to lie starts with you. Don’t listen to lies and don’t repeat them. And don’t be a part of any organization that supports them!! **BE A WINNER WHO TELLS THE TRUTH!**

Your NAAFA President



I’VE BEEN WONDERING.....

- Where else can you be considered a “great agent” and still be losing money?
- Where else in America can you own a business and have someone take it away from you?
- If our service is so important to the consumer, why can’t we sell the consumer more?
- How can a leader be honest and open when his door is always shut?
- Ever notice how some agents whisper negatives about the company but refuse to join NAAFA because NAAFA’s too negative?
- Does growth indicate a successful enterprise? NAAFA’s growing!!





COMPANY TACTICS FROM MY VIEWPOINT

Anonymous NAAFA Member

From what I have observed, this company is using a certain method of indoctrination to coax us into believing that what they are doing is good for us. It's like they believe that what's good for the goose is good for the gander. I beg to differ. And here's why.

At the invitation of the central state directors, meetings were called where 8 or 10 agents met with the state director and the district manager. I guess they wanted to keep it intimate as the discussion was going to be on "The Evolution of Agency." As it turned out, I believe it was more of a fishing expedition to get us to speak and some of us probably spoke our minds too much.

Clearly, there was no new information disseminated. It appeared to be more of a smoke and mirrors to make us think the company had a plan to move forward. Forward for who, I had to ask. The plan is really that instead of spending \$3000 month or \$36,000 a year on the AIT (Agent in Training) program (which failed and has been scrubbed,) the company is trying to get us to "invest in our careers" by underwriting the hiring of sales people to our agencies. Very interesting that he admitted they might eventually offer ownership of agencies to these people *we had hired and trained* if they turn out to be superstars because, after all, "Isn't that the kind of CSR's we want...ones that would want to eventually have an agency of their own?" How stupid do they think we are? Is there any AmFam agent who can't see through this? [We hire, train and pay them, you take them away from us and turn them in to our competition!!]

By the way, it was confirmed that the company is going *away* from having larger numbers of agents to having fewer agents and then trying to increase the policy count of the surviving agencies. They denied that AmFam was losing policy count by reciting a bunch of statistics that allow for any interpretation. And then they blamed the company's "loss of growth" on the agents for not working hard enough instead of on the fact that the Company is driving customers away at a high rate by overpricing our products. Then they're wasting the money gained on the expansion and over pay of top executive leadership and also on advertising that leads people to AMFAM.com instead of to the agents. It was pretty obvious where the reckless spending happens.

They passed out our bonus check notifications before the meeting and I will admit mine was nice. But it still cannot replace the \$20K+ that I have lost in cuts to the HO renewal commission. Nor does it replace the tens of thousands of dollars I have lost in gross commissions due to business the Company has driven away. When I mentioned to the group that the shift to bonuses in lieu of the commissions takes the volume out of the equation for our Termination Benefits, it left many present at the meeting quite startled. The leaders at this meeting had to concede the truth in what I'd said, but it was obvious they were irritated about it and made no further comment.

We agents have been so frightened over the years to speak up that we have just put up with it. And what good has it done? We're being eliminated and de-emphasized anyway. I have decided that perhaps I have erred in not being vocal enough. After 25 or 30 years of *watching* the company, which I have invested my life into, try to destroy the very people who made this company great (the agents) and seeing our futures vaporize in front of our eyes, well, it is just too hard to take and be silent. ☹

Andy Rooney...says so much with so few words.

I've learned...That the best classroom in the world is at the feet of an elderly person.

I've learned...That just one person saying to me, "You've made my day!" makes my day.

I've learned...That being kind is more important than being right.

I've learned...That no matter how serious your life requires you to be, everyone needs a friend to act goofy with.

I've learned...That money doesn't buy class.

I've learned...That life is tough, but I'm tougher.

I've learned...That everyone wants to live on top of the mountain, but all the happiness and growth occurs while you're climbing it.

WHAT I LEARNED ABOUT BEING A CAPTIVE AGENT

[Name withheld by request]

As I sit here writing this, I am pondering how I ever decided to become a captive agent in the first place. Perhaps as I write and as you read, we will figure it out together. Let me tell you about myself.

I'm a communications grad and came from a banking/mortgage background. I was looking to "build something" as compared to "starting over anew each day" as was the case as a loan officer. I made very good money writing mortgages, but I was willing to sacrifice in the short-term for the benefit of the long haul – and that's exactly what my new DM said when I was hired. Promises of hard work paying off in time – just stick to the program and do what the Company suggests – drink the cool aid. What they loved to do most was to spend my money. "Have a storefront office (high rent)," he said. "Have full-time staff (high cost)." "Advertise to the tune of \$800 per month" – which they truly forced. "And buy leads" – crappy-low hit leads.

I saw 8 of the 10 scratch agents that I came through training with "fail" in the first 3 years. Some of them left because it wasn't worth the constant pressure, but most left because they couldn't afford to forge ahead. But I was determined to make it work.

After graduation from being a financed agent, I did the math and I had made roughly \$50k TOTAL - in my first 4 years before taxes. After the tax man came, that left roughly \$10k per year which I was able to contribute to my family. How did we do it? By refinancing our home 3 times in 4 years – there went the great equity we had. And by getting by with the assistance of credit cards. "And why?" you ask.

Because of the carrot that management dangled before me. Just get off the financed agency program and you're golden.

I heard from other agents that once you'd graduated off financed agency, that it's similar to being in a union – they can't fire you unless you really mess up. Continue to grow as they promised and we'd pay off the debt – have a great agency – and retire well. I thought our contract would protect me from unfair treatment, but little did I know the company has the loopholes in place to pull the plug on any agency whenever they see fit.

The Company didn't give me the traditional 6 month letter. It was a year letter, and their inconsistency both helped in costing me my job and enabled me to find an attorney that took on my case contingently.

I was on schedule to make the original letter requirements they gave me when they must have realized I was going to make it. They proceeded to change the rules mid-game and interestingly gave me a 3-month performance improvement letter.

My attorney was happy to see that I did reach the original 12 month goal that the Company had set. But I was unable to make the subsequent 3 month goal and at that point they fired me. I wasn't going to quit as I had finally made it through the toughest financial years – and by quitting it would have hurt my case against them. Plus why quit then? My agency was finally starting to pay off. I was just starting to pay back some of the debt I'd incurred. But the financial hole was still very deep. I have since been told by an employment practices attorney that if you get a "performance improvement letter" from any corporation, the writing is on the wall. They want to get rid of you for one reason or another – cost saving in my case - and almost certainly they will, as soon as they legally can, terminate you – and sometimes before.

After two months of soul searching, I decided to go independent and yes, the grass is greener over here. I love it and for the first time in my insurance career **I truly feel like a**

business owner. The Company will tell you that you're a business owner, but the agency you're running is absolutely not your own business. The Company owns the policies and can take them whenever they choose. They can find an innocent error made by the agency or patiently wait for you to not make an increasingly difficult goal. And one month of not reaching that goal after that 6 month letter goes out is enough to

fire you, they feel. Legally. If they don't follow that 6 month letter or they mess up with you on inconsistency as they did with me, talk with an attorney.

Once my year of non-compete was up, it was like Christmas. I always treated my clients well and they have done the same to me by coming back in droves. I thought I was stuck, trapped with a company that never got tired of pressuring me for higher and higher production. A company that loved to tell me what to do and how and when to do it. A company that loved to spend my money. And a company that loved to tell me what to sell and how much of it to sell. Was I a captive agent or a *captured* agent? You be the judge. One thing I truly know, **Independence is a Beautiful Thing!** 🦋

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Famous People who Failed at First

Henry Ford..... His early businesses failed and left him broke 5 times before he founded the Ford Motor Company.

R. H. Macy..... Started 7 failed businesses before hitting big with his NY department store.

Bill Gates..... He dropped out of Harvard, started Traf-O-Data which failed, before starting Microsoft.

Walt Disney..... Was fired by a newspaper editor because he "lacked imagination." Later started several businesses that failed, ending him in bankruptcy. After several attempts, he finally make it big.

Thomas Edison.... Made 1000 unsuccessful attempts at inventing the light bulb before it actually worked.

DON'T BE FOOLED

[Author wishes to remain anonymous]

“Your dream is out there. Go get it. We’ll protect it.” Fantastic slogan. Too bad it doesn’t apply to American Family agents. For many current and former agents, our “dream has become a nightmare!”

As I approach 30 years as an American Family agent, I have felt as though I helped build this Company to the size it is today and to the “elite status” that it once enjoyed. Enjoyed, that is, until the last few years when that status appears to have started sliding backwards. I remember when agents could start with American Family and actually achieve their dreams. Now, it appears that dreams are only for certain agents and for certain customers.....notice I don’t say “all” agents or all customers because sometimes even customers’ dreams are shattered by this company. It is hard for me to understand why agents and even customers are not important to this company anymore. Many agents like myself are being shoved out and many good, long-time customers are, too.

I started as a “scratch” agent with a “0” policy count. And I am still a “scratch” agent today. Most agents are given a book to start with now, but I wasn’t that lucky. I did once receive a handful of policies, but most of those are now gone as those insureds had no loyalty to me because I didn’t write them initially. After all these years, 3 of the first 4 families I wrote the first month I was in the business are still with my agency. That is called a two-way “loyalty.” Hear that Madison????

In 2014, I earned AFLIC, All-American, and OSAT honors and another that I can’t mention....just because I want to keep my identity safe. I was having a great year until.....I TURNED 65.....that is when my dream became a nightmare! Let me tell you what happened.

My ASM came into my office and told me that Madison wanted me to “retire” and that the ASM had AITs about to graduate in 2015. One of the AITs, I was told, spoke to the ASM saying that she/he wanted my agency. The ASM also told me that if I would sign the retirement paperwork, then the ASM “could protect me”.....whatever that means!!

After I got over the shock of what had just happened, I asked the ASM what would happen if I

didn’t sign the papers. I was told that I would be given a 3-month trial letter with a quota attached, and that if I didn’t meet the quota, I would then be given a 6-month probation letter, and then terminated if I didn’t meet that quota. I asked what the quota would be and was told it was figured against the state averages. That quota, as it turns out, would have been 36% higher than what I had averaged in 2014 when I was AFLIC and All-American. I ended up signing my resignation paper, but let me tell you how they “protected me.” When the retirement papers arrived from Madison, there was still the inevitable quota, though smaller, attached anyway. Again, I ask, “Madison, where is the loyalty once shown to agents who make the All-American and AFLIC honors? “

At this point, I feel that I was “forced to retire” because I had turned 65. I was considering retiring anyway, but shouldn’t it have been on “my terms” and not theirs? I do understand that many other agents in my state were given the “opportunity” to retire. Makes me wonder how many other current and former agents in the whole company were actually “forced” to retire before they wanted to.

In my estimation, doesn’t this reek of **age discrimination**? I have seen many agents with less production than I have who have been left alone by the company. Why? Many companies who are downsizing give some kind of an incentive that makes a suggested ‘retirement’ worthwhile, and I don’t consider a \$12,000 (bonus) worthwhile, because of all the strings that were attached to it. Many companies treat workers with respect, especially workers who have given many years of faithful service. For me, not so. My “dreams have turned into a nightmare.” If you are a current agent, don’t be fooled by the Company’s management into believing that you are an important part of this Company. You can be thrown out like the trash in the wink of an eye for any reason. One has to always ask, **“Why do you think American Family has spent all that money to buy on-line companies?”**

✂

“It’s easier to fool people than to convince them they have been fooled.” ~ Mark Twain

My Decades with American Family Insurance.



I can't say that there were no "good" times. I can say they were brief. Almost as a vapor. It has been an unspoken rule at Amfam: Don't lie, cheat, or steal and you'll have a lifetime career. Why? Why else would someone invest their life into such a career? Simply put, they wouldn't. The following are some of my experiences and opinions.



In my decades at AmFam there were **three** deep cuts in my commissions. Forced cuts. No, "let's negotiate" or "we'll offset the money loss with...." Nope. Just cuts for us and steep raises for ASM's, DX's, and Management. New jets. Dinners at steakhouses with spouses. ASM's and DX's appeared to have wanted for nothing. Trips each quarter to meetings in Las Vegas, Vail, etc. Don't forget the jets. The company cars. While your ASM is beating you up and harassing you, she or he pulls in this \$280,000 a year salary with benefits. By the way, what has your ASM done lately that is worth \$280,000? The fact that the current CEO was taking a 33% +/- (2013) increase in pay while your commissions for homes were decreasing is disgraceful.

I was not a slacker. I was a VERY profitable agent. Service awards stacked high. OSAT victories each quarter. No bonuses as I could not meet the new minimums (another way to take our money from us). The minimums by the way.... I was producing at a 15% NB per PIF while other larger agents weren't even keeping up with 8% of PIF. Unfortunately for me the new "rule" was about apps not growth. NB production was the reason given for my termination. I had never had a minimum production in my career. Until that wildly exaggerated one given to me by my ASM six months prior to my termination. Where did it come from? I have no idea. It was "chosen by management." My college degree had a great deal of statistical math in it and none of what was said made any logical sense. What determines NB? Agent effort + rates. My rates were 40% more than my nearest competitor. A note, at least one other area agent with lower production did NOT get the new quota. Keep that in mind. Your ASM, or newly appointed ASM, can just get a whim and end your career.

With a necessary minimum production requirement (to be determined at each quarter) why would anyone keep a career with Amfam? The answer is they wouldn't. Who would put their livelihood on the line for goals that change on the whim of an AMS's desire for a bonus check? Those of you just starting at AmFam seem to them as nothing more than cannon fodder. To me, corporate has made it quite clear they do not value agents or honor loyalty. You are, in my opinion, a means to an end for them to finance their expansion. They compete directly against you. Most ads, websites, calls, etc. are funneled to the corporate call center. They sell business insurance on the internet directly to businesses and at a cheaper rate than the agent can offer. They are expanding into other states without using agents. They are starting store fronts with employee agents that don't have to pay expenses and the employee agents don't get renewals.

Just a few years ago, AmFam had 4200 agents. Then we heard that Amfam had gone to about 3400 agents and now to less than 2400 in just a few short months. Does that tell you anything? Wake UP! Starting over is what I would understate as '*a large discomfort.*' But, had I known eight years ago what the company was becoming, would I have left? Hell yes! Don't walk, run! There are so many independent options out there that weren't there eight years ago. Grab one. Own your destiny. 80% on life policy commissions. I can write anyone, of any health up to a terminal diagnosis. I can now write any policy that offers itself. Average commissions, 12%. Some 20%. No home inspections. E-signed apps. Growth bonuses. I can quote 12 companies with 1 input. I can do it every six months as my rates change. With that, I will get them all eventually. Suppose Company A has a 20% rate hike and I move them to Company B and it goes towards my growth bonus there. I never lose a client. I will let you know these opportunities are nearing an end. I had a difficult time getting a couple of appointments and failed at getting a couple of others. There is no time to waste.

Lastly, CYA. Put a password lock on your phone number with your phone company carrier. Take any reference of "American Family" off of your telephone bill. Never sign up for AmFam's new corporate phone system. Print every detail of your monthly statement....that's your paystub. You will need your Profit/ Loss statements for your new carriers and to get E&O insurance. If you decide to keep anything, it is a contractual crime and Amfam will sue you for hundreds of thousands, relentlessly. . If you have questions, call an agent that has gone Indy. They'll be glad to give you the scoop on it all. And remember to join NAAFA.

Again, all of the above items are my own opinions and my own experiences.

Name withheld by request. 

The only real battle in life is between hanging on and letting go." Shannon L. Adler

BUT MAYBE I'M NOT READY TO QUIT.....

NAAFA wishes they had kept track of how many *departing* AmFam agents are going to continue working, especially in the field of insurance. Although we have no proof, it does seem to us that the majority of the calls indicated the agents were going to keep working. As many of you know, AmFam seems to have been terminating or encouraging resignation to many of the older agents. These are because they had not yet reached the level of anticipated. What do the statistics say about statistics say about how much people are retirement vocation? What were some of the reasons people gave for wanting to continue working?



people, we hear, that were not quite ready to quit savings that enabled them to live the lifestyle they'd how many people work after 'retirement?' What do saving these days? How many people stay in their pre-

The John Hancock Financial survey returned statistics that show that 45% of their survey participators said they planned to work during their retirement years. About 34% of those thought they'd find just a new part-time job while 29% said they wanted to continue working in their current jobs. Another survey (Career Builder) found that 60% of workers 60 years and older plan to look for new employment after they retire from their present job. Some said continuing to work past retirement made them feel more productive. Some thought they'd be bored if they didn't work. 35% said they had financial obligations they had to fulfill. And about 70% said they felt continuing to work would keep them physically and mentally more fit.

Did you know that only about 44% of male workers between the ages of 58 to 62 are still with the employer they had at age 50? This number is down from 70% just 20 years ago. (Check the information in the Retirement Blog of www.bankrate.com.)



How much are **you** saving? How much **do you need** to save? Did you know that the **average** 55 to 64 year old has only about \$65,000 in savings and those 65 and older have saved only about \$56,000?

(<http://budgeting.thenest.com/average-person-saved-retirement-28301.html>) There are any number of retirement planners on line if you care to Google a few and give them a try. WWW.moneycrashers.com gives us a valuable idea of how much you'd have to save if you wanted to retire at 50, 60, or 70 years of age. This plan assumes a 7.5% rate of return and **starting your investment portfolio at age 25**. (Probably much too late for some of you...and that's why many of you must keep working.) It goes something like this:

To retire at age 50 with \$1M...you need to save \$1,250 a month.

To retire at age 50 with \$2M...you need to save \$2,500 a month.

To retire at age 50 with \$3M...you need to save \$3,750 a month.

Wow, you say, I could never do that. So that's why very few of us retire so young. Now let's look at retiring at age 60:

To have \$1M at age 60...save \$500 a month.

To have \$2M at age 60...save \$1,000 a month.

To have \$3M at age 60...save \$1,500 a month.

But a more realistic goal of saving might be this one:

Want to retire at 70 and have \$1M? Save \$250 a month.

Want to retire at 70 and have \$2M? Save \$500 a month.

Want to retire at 70 and have \$3M? Save \$750 a month.

Remember, in all these examples, you need to start at age 25!! Steve Vernon of CBS Money Watch puts it another way. He says that 25-year olds need to sock away 22% of their pay to retire at 62, 15% to retire at age 65, 12% to retire at 67, and 7% to retire at 70. And this is only if you intend to also have social security. <http://budgeting.thenest.com/average-person-saved-retirement-28301.html>

If you have decided you must work a while longer, then you need to decide what you have to offer the world by continuing to sell insurance? Most of you have years and years of experience. You have been following what is happening in the world of insurance and you know how to advise your customers. You are from a generation who cares about others to the point that you are willing to go beyond the call of duty to make sure your customers are taken care of. (That's why they trust you!) This aspect of caring about how your customers feel about you is often missing in the current market place. You believe that trust and integrity are of utmost importance and that's how you have run your

agency for many years. Often these basic qualifications are missing in younger agents...not that they won't someday mature and develop into more credible insurance advisors. Working for a company that recognizes your value to their organization is really important and makes one much happier. It also makes the company a much better company.

Let us ask you this: Would you rather trust a person in their twenties to tell you how you should insure your assets? Or would you rather trust someone with a little greying around the temples? It makes more sense to trust someone with some experience and hindsight. That's why senior agents are so valuable. That's why the independent world is happy to sign experienced agents on. One wonders why the captive world is so willing to shove them out the door. It seems to be a contagious disease of our nation, this attitude that senior aged people are less than credible and should be left to rot in senior living centers. Such places seem to have become a fad in America.

Let us challenge you to keep working, be productive, stay active, and think for yourselves instead of letting your employer think for you. If your present employer doesn't want you....seek another way of making a living. You can do it. After all, look how you created a good business by selling insurance. It was great until the "new" ideas of the company caused them to take it away from you. This is probably one of the greatest heists in history. Someone should figure out how many millions of dollars has been stolen from captive insurance agents either through reduced renewal commissions on policies already sold, reduced new business commissions, or from taking away agencies where agents dropped hundreds and thousands of dollars into, believing they were business owners.

Yes, we've been fooled. It has been painful. But we will not give up. We are creative and we are hard workers. We are resilient and we will survive. We can be trusted and our clients know that. Perhaps we can't make it at American Family anymore, but we know we can elsewhere.

[Board member contribution]



THE BENEFITS OF NAAFA MEMBERSHIP

Sometimes agents ask themselves "Is it worth it to become a member of NAAFA?
What will I get out of it?"

Let us remind you about what some of the benefits of NAAFA membership are:

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

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.**

[NAAFA needs agents but agents need NAAFA more!!](#) 



SUCCESS IN A CHANGING MARKET

By David Colvin, Premier Group Insurance

What is **SUCCESS**? As defined by the Merriam-Webster Dictionary: **SUCCESS** is a NOUN; the fact of getting or achieving wealth, respect, or fame; the correct or desired result of an attempt; someone or something that is successful; a person or thing that succeeds. I'd like to take this opportunity to discuss **SUCCESS** and how it relates to your current situation as a business owner and in particular, insurance agency ownership. Having a clear picture of where your business is today, where you'd like it to go and how you will get there is critical to your success. While some will "wing-it" and achieve success through pure luck, the data supports that those with a plan for success have both more success and are able to better avoid pitfalls in achieving their desired levels of success.

In today's world of insurance, the competition has never been greater with the various mediums from which to choose and purchase insurance. Never has an insurance agent had to compete so fiercely to maintain his or her clients. Billions of advertising dollars are being spent on non-stop advertisements and commercials in all media forms promoting savings for insurance from direct and exclusive carriers alike, offering their products through websites, 800 numbers, local agents, and most recently offered in select Walmart kiosks. And now internet giant *Google* is selling insurance in California. Last, but not least, the brick-and-mortar retail **Independent Insurance Agency still exists**. However, it's definitely not the *least*, and let me tell you why.

Agencies must plan and act to keep pace with these changes. If you don't, you probably will fail over time. And let me add, being an Independent Agent puts you ahead of the competition (see competition listed above). Many are talking about the commoditization of insurance, in particular auto insurance. However, representing multiple carriers will often give an independent agent the advantage over direct and exclusive

agents. The pricing aspect of providing a quote with multiple options and variables increases your likelihood of success. Let me point out that when providing a potential customer with his or her personalized proposal, that having the ability to say, "I quoted your insurance with 12 companies competing for your business, all of which are competitively priced and financially sound. Based on my coverage analysis, it appears that this company is the best fit for you and your family to give you the protection for your unique needs." Direct and exclusive agents do not have the advantage.

To be successful in any business, it is imperative to have a clear picture of the success you want to achieve, and then be able to describe it in detail. Having a clear vision, helps you identify and clarify your drive. It's not to say, it's always calm waters.... as all good business plans require adaption to client's needs and market availability. Being successful is being open to new ideas and never losing sight of the end goal.

Once you know where you want to go, you must create a blueprint for success to help you get there with specific steps that will take you where you want to be. Let's say you want to make a million dollars annually, you can't take some low stress job that allows you to be home for your afternoon nap. If you do, you've already won! Winners choose a path, then are not easily swayed in another direction. Thomas Edison supposedly said, "I've not failed. I've just found 10,000 ways that won't work." From his perspective, I would think those 10,000 attempts were him just getting closer to success.

As an insurance agency business owner, now is the time to take inventory of where your business is today and where you want it to be. Only you can determine your current level of success and where you want to be. Is your business on track to meet your desired growth and revenue goals? Is your business in "maintain mode" or worse yet... shrinking? Sir Winston Churchill

once said, "A pessimist sees the difficulty in every opportunity and an optimist sees the opportunity in every difficulty".

At Premier Group Insurance, we have a culture to constantly, **Innovate, Improve, and Invest** in our business. Since our inception, we've discovered success is not a mystery; it leaves clues every step of the way. There is one characteristic shared by those who get their desired results, the "winners" and the ones who do not get their desired results, the "losers." It's quite simple, **winners do the things losers do not want to do!** Those that make it across their "LINE OF SUCCESS" have a different mode of thinking from those that don't. They also hold themselves accountable, partnering with people and groups whose opinions they value to help them stay focused and on track. Not once have we seen a successful business person go it alone. People who set high standards seek (actually, need) help from others or groups to be successful.

Premier Group Insurance, established in 1999 and headquartered in Denver, Colorado, is one of the largest and fastest growing Property and Casualty Groups in the country. In 2014, more than 50 insurance professionals partnered with Premier to build an independent insurance agency as big as their vision and commitment. They did it with freedom, autonomy and without limits and yet, with experienced guidance, support and training. More than 250 PGI Partners across the country have immediate access to increased new and renewal commissions, direct P&C market access for personal, commercial and surplus lines of insurance. Simply put, if you want to take your business to the next level, then partner with a group that offers the expertise and market strength to help you make it happen.

Contact **David Colvin, Business Development Manager, Premier Group Insurance. Mobile: 720-550-1031 Email: davidc@thinkpremierfirst.com**

PGI Testimonials:

"Prior to signing with Premier, I was a captive agent for 4 years. I had to come to a point where I no longer felt I was offering my clients the best of what is out there and wanted to make a move to where I was free to meet the needs of a diverse client base. My recruiter David, was honest, direct, and very responsive, as he assured me Premier Group Insurance would be the best option for me and he was right! I couldn't be happier with the support that I've received from the team at PGI and the success that I've had thus far.....thanks David". -Former Captive Agent

"My largest year at my former captive carrier was \$377,000 in Written Premium. Even during my non-complete period, I wrote \$395,000 in Written Premium with just one of my carriers." -Former Captive Agent

"PGI has paired us with several carriers, both National and Regional, giving us the ability to accommodate more customers. They provide expertise when we need it, but let us run our business our way. They offer a true partnership". -Former Captive Agent

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Again!*



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For a confidential conversation or to explore your options
contact us at: www.PGIAGENTS.com



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2014 AMFAM CORPORATE SALARIES—TOP TEN OFFICERS

NAME	Year	Salary	Bonus	All other Comp	TOTAL	\$ \$ and % of Change
Jack Salzwedel	2014	974,297	6,739,901	413,283	8,127,480	
(Chairman & CEO)	2013	956,192	3,907,666	356,908	5,220,766	+ \$2,906,714 (+55.7%)
Daniel R. Schultz	2014	644,075	2,981,615	431,645	4,057,335	
(Enter. Pres. & C O O)	2013	617,278	2,083,090	417,606	3,117,974	+ \$ 939,361 (+30.1%)
Daniel J. Kelly	2014	446,124	1,113,009	209,499	1,768,632	
(Chief Financial Officer)	2013	406,684	793,948	155,152	1,355,484	+ \$ 413,148 (+30.5%)
Peter C. Gunder	2014	459,077	1,024,965	101,751	1,585,793	
(Chief Bus Dev Officer)	2013	438,269	783,407	82,084	1,303,760	+ \$ 282,033 (+21.6%)
Mary L. Schmoeger	2014	430,723	863,314	89,249	1,383,286	
(Chief Admin Officer)	2013	419,731	657,221	75,171	1,152,123	+ \$ 231,163 (+20.1%)
Mark V. Afable	2014	434,000	822,987	125,918	1,382,905	
(Chief Legal Officer)	2013	417,735	669,360	132,167	1,219,262	+ \$ 163,643 (+13.4%)
Westrate, William B.	2014	404,093	843,372	70,261	1,317,726	
(AmFam Chief Opr Officer)	2013	342,620	562,075	47,344	952,041	+ \$ 365,685 (+38.4%)
Holman, David C.	2014	371,646	765,297	144,602	1,281,545	
(Chief Strat Off/Sec)	2013	320,000	547,036	97,085	964,121	+ \$ 316,424 (+32.8%)
Jerome G. Rekowski	2014	386,000	735,936	132,946	1,254,882	
(Sales Strat & Supp VP)	2013	386,000	580,155	156,489	1,122,643	+ \$ 132,239 (+11.7%)
David A. Graham	2014	419,540	744,254	71,919	1,235,714	
(Chief Invest Officer)	2013	264,924	724,889	7,833	997,646	+ \$ 238,068 (+23.8%)

Just some reflections.....

We are totally startled at the HUGE increases the AmFam officers took for 2014. Absolutely FLOORED! The **average** increase for the **top ten officers** was 27.81%. Overall, the compensation for the top 10 officers went up from \$17,405,820 to \$23,395,298 or in other words, our top ten officers cost the company 34.4% more in 2014 than they did in 2013. Were they worth it? You decide. Were they fair? You decide. Did they set a good example to the employees and so-called independent contractors who work for them? You decide. Were they fair to the policyholders? Did they give them fair rates or decreases in premium? You decide.

Compensation for the **AmFam Board of Directors** is always interesting. Now how many meetings a year must they attend? In 2013, there were 11 board members listed with total board comp being at **\$1,415,666**. In 2014, there were 10 board members listed with comp being at **\$1,228,750**. Eight (8) out of the 10 took increases; while a new one was added, another one showed an actual decrease in salary. Perhaps he left mid-term which would account for the decrease. Board members are paid well, with the average for 2014 at \$122,875 per member!!

Agents tell us they are disturbed over the fact that Jack Salzwedel felt justified in taking a 55.7% increase for 2014, particularly with the conditions that exist today. Schultz, Kelly, Westrate, and Holman all received at least a 30% increase. One could speculate that because these top officers are now “overseeing” additional companies (Direct marketing) that they felt justified in being paid more. The “Enterprise” is the whole conglomerate, it appears. Schultz is the Enterprise President/Chief Operating Officer and Westrate is the American Family Chief Operating Officer. Guess when you do more at American Family, you get paid more, right agents??

You may view all 2014 AmFam management salaries which are over \$250,000 by visiting our www.naafa.com website. ☺

And now, turn to Page 26 for another SURPRISE regarding captive company corporate salaries!

ARE ETHICS AND A COMPANY'S REPUTATION REALLY IMPORTANT?

Who makes the determination?

Guest Editorial

Over the years, the NAAFA Report has contained many articles on ethics, good management, leadership, the importance of having a good reputation, and responsibility to customers and employees/independent contractors, etc. It's hard to know whether our readers take to heart some of the suggestions we have put forth, but from the response of our readers, we tend to think they have. We have questioned the ethics of management from time to time, but it would be our opinion that if you asked management whether they were ethical or not, they'd say, "Most certainly....to the highest degree!" (Something similar to what Obama said about the IRS!!)

Many rating companies determine a company's rating in much the same way. **They ask the company** to fill out informational pages about what programs they have in place to protect the environment, what programs they have to 'help the poor and disadvantaged,' what their code of ethics is, how they promote ethics from within, etc. Of course, the company is going to make it sound like they are the utmost in ethics....who wouldn't? But wouldn't it make more sense to ask the customers or the employees of the company to anonymously rate the company they work for? After all, most executives think they are always ethical and forthright, don't they? But we know better.

Here's the problem with asking employees or independent contractors of the company, however. First of all, they would be afraid to tell the truth because they would be afraid of getting fired. Secondly,

they might feel motivated to give their company a good rating just so they might also get a promotion. Thirdly, the workers might hate to admit they had made a mistake in going to work for the company they have.

But what about asking customers? This might be by far the most accurate way to get a reflection of the ethics of a company. Many people rely upon evaluators such as Consumer Reports. Recently (March 2014) Consumer Reports rated Amica Insurance as the highest ranking *homeowner* insurance company followed closely by USAA Property & Casualty. Next (and it was close) was Auto-Owners Insurance and Erie Insurance Group. As far as the lowest rated insurers, Allstate Insurance and Farmers Insurance tied and just barely above them were American Family, California State Auto Group, Liberty Mutual and Travelers. Middle of the group included State Farm, Hartford Financial, Metlife Auto & Home, and Nationwide. Consumer Reports also rates *auto* insurers. Many people think it makes sense to believe a rater who *listens to consumers* rather than listening to a rating company that relies on feedback from the company itself. Duh!

Why are ethics so important? Ethics control the reputation of the company. If a company is held in high esteem, there is a great probability that its future will be bright. Actually, the same thing is true of individuals. There are certain people, the mention of whom brings to mind qualities of trust, worthiness, and fairness. There clearly are certain people you just 'know you can trust.' In an interview in the Spring of 2013, Jack Salzwedel said he hopes he's the kind of leader that is authentic, transparent, approachable by employees and agents, honest, open, and that he has the ability to express the direction the company is going in a way that encourages the workers to want to work toward his common goals. That was two years ago. Has he achieved his goal?

<http://www.renolan.com/insurance/perspectives/interview-jack-salzwedel-chairman-ceo-american-family-insurance>

It is interesting to note that apparently NAAFA itself has finally achieved a reputation of trust. We have heard from scores of agents who tell us that "what we have been saying is true." Our warnings have proven credible. Agents often say it's NOT because they don't trust NAAFA that they haven't joined before....it's because they don't trust the company! Our members have learned that over the years we have maintained confidentiality about anything people share with us. Our members have learned that we will support them to the utmost. Another thing we have learned is that for the most part, American Family agents (past and present) are good people. They can be trusted. They are fair. Oh yes, perhaps there have been a few bad eggs in the bunch, but for the most part, our agents are hardworking, truthful, trustworthy people.

Our CEO in his 2013 interview said that "*there are great opportunities for great agents in the future. But, the flip side is it's probably never been a worse time to be a mediocre agent in the industry.*" What is a "great agent," you ask? According to the company, it is the one who sells the most. (Often we must ignore the suspicion that these high producers get unusual favors from underwriting, don't we?)

[“Are Ethics” Continued on next page]

[Are EthicsContinued]

It's our opinion that the truly *great* agents are the ones who have dedicated their lives to this company only to find that when they have earned the right to coast a bit, they are shoved out to the slaughter house. Our belief in these agents is probably why our membership has been growing by leaps and bounds and why the independent world is grabbing them up as fast as AmFam lets loose of them!

What consumer wants to trust a company with a not-so-good reputation to pay their claims when tragic hits? Why do so many insureds leave the company when an agent leaves? Often it's because of how the company treated their agent. "If the company would do that to my agent, they'd also cut me off if I had a claim," they think. Sometimes an outstanding, loyal, sincere agent can overcome the not-so-good reputation of the company he's selling for, but it becomes a terrible uphill struggle.

A few years ago, one of our members contacted us saying that his biggest selling point was that American Family was just excellent at claim time. Although rates were high, claim service was great. Well, that agent is gone. He couldn't make it, probably because even now claim service has suffered. Remember the "when pink elephants fly" debacle? Well, evidently, it is still going on. Plus, agents have to contend with many other issues that are designed to drive them away. Take reduced commissions, underwriting restrictions, increased interference in agency operations, and fear of

termination.....all things that make life miserable. The trust of the workers and customers has declined greatly in the past 5 years. Is this progress?

Why do so many insureds leave the company when an agent leaves? Often it's because of how the company treated their agent. "If the company would do that to my agent, they'd also cut me off if I had a claim," they think.

One has to wonder about a company that finds it necessary to raise the rates extremely high, but then put quotas on their salespeople, knowing full well that most salespeople can't reach that quota *because* of the high prices. And if they do reach the quota, the

company will just raise the quota again and again until the agent fails. And then, according to their game plan, he is fired. Does this reflect an ethical company? Meanwhile, all these wonderful (what Jack called "mediocre") and sincere agents are moving to the independent world. Can you see what is going to happen? Ethics will have moved to the independent side and corruption will remain on the captive side. Yes, reputation is important. It was Socrates who said,

"The way to gain a good reputation is to endeavor to be what you desire to appear." ☘

ALERT!

UPDATE ON PRESENT VALUE "LEFTOVERS" A DISGRACE FOR GRIEVING AMFAM AGENT SURVIVORS"

In the Fall-Winter 2014 NAAFA Report, we asked the agents to politely call the Company Home Office and ask them to revise the interest rate used in the 'present value' formula when determining the balance of a deceased agent's Termination Benefits which are to be paid to the agent's beneficiary. We wish to tell you that evidently the company has heard your voice. We've been told by several sources that **the company has evidently adopted a plan whereby they re-adjust the interest rate quarterly. First we learned they lowered the interest rate on 1/1/2015 from 5.9% to 4.1%! Next we learned it was lowered on 4/1/2015 to 3.94%.** Bear in mind that the home office told several agents that they had kept the interest rate at 5.9% for years. This is a compliment to your special efforts and also a compliment to American Family that they listened to your pleas and took action. Thank you, American Family, from all those who might someday be affected by your decision.

Still, agents, there is work to be done. The company has not yet addressed the issue of distributing the Term Benefits over at least a 2 year period. The fact that the beneficiary receives the balance in one lump sum places the beneficiary in a much higher tax bracket....a real disservice to a grieving person. The Home Office tells agents this change would require a new contract. Not so. Simply add another endorsement. **Please place another call to the home office, again, politely urging them to move on this issue by asking them to "Please give my beneficiary the choice to take my Termination Benefits in one or two distributions."**

Dare we say that without NAAFA this benefit to the deceased agent's family might not have happened? Yes, it's because we care! Thanks for listening and taking the right action, American Family. ☘


\$\$ WHO LOSES TWO MILLION DOLLARS? \$\$

Wow! Do you get concerned with the idea that a two million dollar check was lost by American Family? You should. What else might the home office lose that perhaps could really affect you?

This story is just too much. Field Compass recently reported that two gentlemen in the systems support area had worked diligently to recover \$2M for AmFam in a class-action lawsuit that involved price fixing of LCD monitors, televisions and laptop computers during the years from 1999 and 2006. We all know how class actions work. After the class is defined, all potential plaintiffs are notified and given an opportunity to opt out if they wish. The judge decides how the damage distributions are made. The Field Compass gentlemen filled out the forms in a timely manner, certainly, and set about to prove what was purchased, another huge task. We're sure the work on the parts of these two "million dollar men" was time consuming and quite diligent, to say the least, and so congratulations certainly are in order. Thanks, guys!



However, several agents have raised some interesting questions about these 48,000 LCD purchases made during the 1999-2006 years. In fact, many agents themselves actually received and paid for these very items. The questions being raised are, "Who should really get this class-action award?" Some agents are arguing that because they paid for them, shouldn't these agents also get a share of the award? Interesting thought, isn't it? The company definitely passed on their cost at the time to the agents, didn't they? Wouldn't it be a nice gesture to return some of the reward to those who actually bore the cost? Isn't that what class actions are all about?

Now back to 'the rest of the story.' How in the world do you lose a check for \$2M? Did Peter forget to tell Paul to watch for it? We all make mistakes...that's why it's wise to have checks and balances. 

TAXES, TAXES, AND MORE TAXES

This is the time of the year we all dread...tax time. Although April 15th has come and gone for this year, some of you filed for extensions and some of you might use this advice for the coming year. Yes, some of you keep very good records and others of you...not so good. Some of you just pay what your accountant says you owe. Many of you never check over your tax forms before you or your accountant sends them in. Some of you are probably overpaying. Could some of you actually be underpaying?

Outside of the initial shock of hearing from your accountant that you owe thousands of dollars to the IRS, the second big shocker can be the notice of an IRS audit. Many former AmFam agents are having their Termination Benefits audited these days. The IRS has definitely stepped up its investigation of any independent contractor's tax filings. The Department of Labor and the IRS are collaborating with several states to

police misclassification of workers as contractors. Therefore, it is understandable that many corporations who thus far have been able to "control" their so called independent contractors may find themselves being challenged in their decision to classify their workers as such.

It is wise for each of us to know and understand what triggers an audit. To name a few, unusual or large questionable deductions, (large amounts in meals and entertainment costs, unreasonable mileage, businesses where customers can pay in cash, income from rental income is a great red flag) deductions that are out of sync with income. And all retired AmFam agents know that underreporting income is an instant audit trigger. The IRS matches up income reported by third parties with what agents have reported to the IRS. That's why the SECA Kit has been so valuable.

If you are audited, it is always wise to have proper tax representation. The IRS seems to want to deal directly with the taxpayer because often the taxpayer's representative stalls the process or over-responds to the IRS's audit. Many people feel the less said the better thus allowing themselves to stay safely under the wire. And it should be pointed out that usually the examiner's main objective is to close the audit as quickly as possible and have the taxpayer agree with the IRS's position. But remember, it is possible to close your case quickly and still have the IRS agree with the taxpayer's position. Never alienate an examiner, however, do stand firm. Examiners are not "out to get you," or so they say. And as always, document, document, document. If you are one who does not keep good records, you're heading for trouble. Tax time will become much easier if you have prepared for it all year.

[Board Member Contribution] 

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STRUCTURE CHANGES SUPPORT OneAmFam, OTHER BUSINESS GOALS

But where are the agents in these goals?

Submitted by NAAFA Member



As I sat at my desk reading about the structure changes American Family is planning to make, I began to wonder how anyone....and I mean anyone, including myself...would consider working for a company where you know right up front that the division of the company you would be working for is considered by corporate to be unimportant. I would want to feel that I was part of a group that was going to make the company successful. I would want to know that what I did would make a difference and would be recognized as such. Actually, I don't think I was stupid when I started working here. I think the company is changing and now it's time we all take a look at what is really going on at "OneAmFam."

The first of the four critical changes the home office plans to make, it appears, is **corporate planning and incorporating customer feedback into decision making**. No longer will agents' feedback be considered, evidently. Oh yes, they argue, we listen to our agents via the Agency Council. Well, we know many feel the Council is a farce. The Council, they say, is like a pacifier used to quiet the children. This first goal is not a plus for agents!

Secondly, they plan to '**consolidate multiple data areas into a single, efficient and well-aligned team**.' NAAFA has already heard that the new Advance (consolidated data area?) is a mess. The company doesn't really have a good track record for successfully consolidating data information. In fact, things have been a nightmare. Not much said about how they plan to accomplish this second one.

Thirdly, **the I/S structure will be strengthened to optimize customer-driven technology development**. We agents interpret this to mean plans are underway to *make it easier for customers to buy direct.....bypassing the agents*, of course. Again, this is not a plus for the agents!

Fourth, (and this should really seal the thought that agents are extremely unimportant.) the company has plans to **hire talented people to support the priorities of Homesite and that includes developing those direct multiline products**. This one hits us agents square in the face!

Remember about a year and a half ago that NAAFA told us about the McKinsey Report? McKinsey is a consultant to American Family. McKinsey told in their report that insurance agents were 'going the way of travel agents'.....extinct. American Family, I guess, is living the dream of making that happen. We cannot be blind any more. If we haven't opened our eyes by now, there's no hope for us. The writing is scrawled in huge writing all over the wall. We need to read it and then take action to protect our careers. It may not be at American Family, but I believe we do have the talent to make it happen elsewhere. 🙏

Success consists of going from failure to failure without loss of enthusiasm. ~Winston Churchill

There is no such thing as can't, only won't. If you're qualified, all it takes is a burning desire to accomplish, to make a change. Go forward, go backward. Whatever it takes! But you can't blame other people or society in general. It all comes from your mind. When we do the impossible we realize we are special people.--Jan Ashford

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



NAAFA MAIL BOX

(As always, NAAFA withholds names unless writer requests their name be published.)

LETTER #1Former AmFam agent tells how independents handle on-line business.

Hi NAAFA,

Recently, I had an American Family agent contact me because he was thinking about going independent and he sought my advice and experience before he made the move. I made that same difficult decision about 8 years ago and feel it was one of the best decisions I have ever made. I'm still in contact with some of my former AF agent friends. They seem to always have such a gloomy attitude, complaining about how American Family treats them.

Last week I got an email from one of my independent companies. Here is what it said:

“Other insurance companies ask agents to handle on-line business, but then pay less commission to do it. Or, even worse, they create their own on-line distribution channel to compete with the agents they claim to support. With (Name of Company), customers fill out an on-line application to get a personal auto quote, then choose a local independent agent they want to do business with. (Name of Company) sends that lead electronically to the chosen agent to consult with the prospect and write the policy. The best part? (Name of Company) gives you full renewal rights and pays you full commission on any account written through (Name of Company)- no different than if the customer had called or walked into your office.”

This Company went on to say they think insureds feel more confident in a company when they are represented by an agent who will always be there for them when they need them. Quite a different philosophy than I remember at AmFam. And with another commission cut, well, I'm glad I'm where I am.

A former AmFam agent

LETTER #2... Agent comments on a published interview with Jack Salzwedel.

<http://www.renolan.com/insurance/perspectives/interview-jack-salzwedel-chairman-ceo-american-family-insurance>

NAAFA:

I want to Say Two Things Regarding Jack's Interview:

First, I'll comment on Jack's last comment about leadership: When he said good leaders (including himself) need to be authentic and transparent, we would all agree. However *saying it* and *living by that code* are two separate things. I was saddened because it showed his lack of respect for our intelligence. We know what transparency is, and lately that veil is more of a muddy grey smokescreen. I had hoped for so much more from our leadership. For many decades from the company, we have never seen "less" transparency and more fake authenticity. We're told one thing and immediately they do another. It's like they make it up as they go and when someone outside the scope of the-top-handful-of-highest-paid-talking-heads tries to point out an obvious flaw they have missed (or intentionally overlooked) the messenger gets ignored or worse yet retaliated against.

Secondly, what does Jack mean by a “mediocre agent?” I have heard him say it and heard it repeated by DX's and those above, that the changes which are coming are going to benefit the excellent agents but the mediocre and less are going to struggle. You have to wonder if Jack was flying home from some vacation sitting in first class next to the president of some other insurance company and they made a bet about which one could sell the most apps. (Not make the most profit or even profit per PIF, just app count.) Well, you get what you're looking for, if measuring success by volume (apps) is what you're looking for. You inadvertently created a culture that aims towards that (apps). But do apps or does profit pay the bills?

Consider the fact that the middle sized agencies actually do make more profit for the company. As a matter of fact, many of the heavy hitter agents have the highest consecutive losses. (You know the ones who can write businesses that 99% of the rest of the agency force is not allowed to, the ones who have their own underwriters and rules.) Those heavy hitters who generate big apps and premiums, have been shown to lose more money than any other agencies in the company. If you look at the top 10 most profitable agencies in any state, you will see that most profitable agencies would be considered *mediocre* as far as annual app

count, yet **they have great retention and profit which is what improves the company's bottom line.** As a matter-of-fact, it is those so called "mediocre" agents who produce the money that pays for the goodies that the top app and point agents get (and the super bowl commercials which were like throwing money in a toilet if we're not competitive when they run.) Yes, you get what you are looking for and you're looking for the wrong things to keep this ship floating. Of course, those top exec's will have a huge retirement even if the ship sinks because (like politicians,) they squeezed it from the workers.

The company's "evolution of agency" is the next scary thing. The statements we hear ARE true. AMFAM IS committed to keeping agents as their preferred/main source of distribution (however), they should be transparent and say, that is if agents will train and pay for more staff themselves (no more \$36,000/ year AIT's that didn't work.) Let the agents hire and train staff out of their own pocket, then if the company sees an agent's CSR that's a diamond, the company will burglarize them with no reimbursement to the agent except a "well, don't you feel good about how well you trained that new agent?" (And one that you will now compete against!!) Agents will also need to continue to work more hours for less pay as the commission cuts and lower renewals of new products become fully implemented.

Don't they realize that they also get what they pay for? No amount of possible bonuses can offset the commission cuts and lower renewal commissions in the new products. The quality of agents in the future will be stifled because they naturally will think, "Why work so hard to build a business that just keeps getting whittled away?" It will soon be the cultural aim to be *mediocre*, to be paid as a corporate employee and go home at 5 o'clock. Is that what they really want? Companies can ill afford to misjudge the people who generate sales. (The life blood of the company.) Is having fewer but larger agencies really the answer?

Now if we truly aimed for profit and satisfied customers, we would structure and measure for that. Let's not waste so many opportunities by chasing away customers with a high volume of overpriced quotes that cause prospects to decide the company is too high and give up on the brand. Here's a novel idea: Let's cut the advertising budget in half and use the savings to get rates competitive... for real this time... not with trumped up discounts that won't stick.

We're just sayin.....

LETTER #3... Writer acknowledges Jack's comments.

Dear NAAFA,

I think Jack is very clear that our agencies are no longer our businesses. It's his way or the highway. We are now under 2400 agents and still going down in numbers. It's interesting how at one point he can say the agents are so vital and yet so many are gone. *Mediocre* is an interesting word coming from a man who truly knows nothing about the lives he and other management have destroyed. As they now say OneAmFam, one team, one dream, one way, **OUR** way.

LETTER #4 ...Still another writer has opinions on Jack's comments.

Dear NAAFA,

It seems like AF has two classes of agents according to management, great & mediocre. My guess is that great are those who write a lot of new business, especially a lot of life insurance. Mediocre agents are just the opposite of great agents. Most veteran agents probably fall into this category because after many years of serving the company, they feel comfortable servicing the needs of their clients in the agency they have built.

He mentions being very transparent with the field force about buying The General and being able to build confidence. Really? Several local agents I asked about whether AF had acquired The General, didn't know. One said he had heard rumors that they did. A side by side approach will benefit the field force. How?

Instead of counting on investment returns, AF is going to rely more on operating costs. That sure sounds like more commission cuts and shifting more of the work load to agents.

Leaders today do need to be authentic and transparent. Authentic? Yes. But, transparent with their agency field force?? Usually, they are the last ones to find out the company's agenda.

**"If liberty means anything at all, it means the right to tell people what they do not want to hear."
~George Orwell**

Bob Korvas' s **CONTROL YOUR DESTINY**

Are you acting like a turkey? Do you have an understanding of the position you are actually in?

Captive agents who are not reading this are likely either drinking their company's 'Jones Town' punch, or simply sticking their heads in the ground like turkeys at Thanksgiving. Because turkeys are so dumb, they believe that if they don't see the hunters coming, then the hunters are not really there. If you are reading this, then you have hope for your future in the insurance profession. You at least care about knowing the facts. You're not afraid of them. The problem is, are you really going to take advantage of what you learn from what you read?

Understanding the position you are in is really a good start and the easy part of the process. The hard part is *actively* and not passively reacting to your situation. Let's get to the facts and then you can assess the situation on your own.

You only sell for one company. You are dependent upon one policy, one set of rates, one set of rules and one source of income. AmFam appears to have its own objectives on how they will make profits and what they plan for the future. When you locate a prospect and quote them on the only policy you have, the odds of closing the sale is extremely limited. Your rates can be horrible or barely competitive and/or your policy could be missing valuable coverage not offered even when the price is competitive. When the company cancels your client, you have no place to re-write the account to keep them as your client. Years of loyalty by you to your client and client to you, are lost in this process. Because once they leave to find someone that can help them, new relationships and loyalty soon follow. Result, you lose the client... most likely for good.

Now that you see how limited your income is while you're '*allowed*' to be an agent, what happens down the road? When you decide you don't want to work as hard but still want to be involved in your agency, it's the company's choice. If you want to keep your agency in your family, forget that. You will get a limited income not of your choice. When your company cancels 'you', you completely lose your income.

Lastly, AmFam and all direct writers are acting like they don't really need agents. Their policies are pretty 'basic'. They follow a blue print that all the other captives do. Rates are only sometimes designed to be competitive. Your company competes on entertaining commercials and advertising schemes to make them 'different' to the market place. In other words your company is looking for people that don't want to think about their insurance. AmFam, it seems, wants DREAMERS as clients. Which is, by the way, both appropriate and ironic. Appropriate because they convinced you to become their agent by feeding your own DREAM of becoming your own independent business owner with unlimited income potential. Ironic because they have no intentions for you to be truly independent, nor even the need for agents in the long run. This all means that your future and your income in the relationship with your captive company is really a nightmare. **Deny that and you're a Turkey.** 🦃

**If you have any questions
feel free to contact Bob at:**

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EMPLOYEE THEFT CAN HAPPEN TO YOU

Julie H.P. Cotant



Unfortunately, employee theft (asset misappropriation, corruption and financial statement fraud) is all too common and can hit small businesses hard. The Association of Certified Fraud Examiners (ACFE) estimates that organizations worldwide lose five percent of annual revenues to fraud every year. Even more startling, the ACFE's 2014 Report found that the fraudulent activities they studied lasted an average of 18 months before being detected. Here are a few basic steps you can take to reduce the likelihood of employee theft:

Know Your Employees. There are indicators of potential employee fraud. Be aware of employee behavior, especially unexpected changes.

- New, sudden, apparent devotion to work and/or working late;
- A lifestyle well above salary levels;
- Strong objections to procedural changes related to financial, inventory, or supply matters;
- Not taking vacations (many violations are discovered while the perpetrator is on vacation);
- Overly-protective or exclusive about their workspace;
- Working after hours or taking work home because of a preference to be unsupervised;
- Financial records sometimes disappearing;
- Unexplained debt;
- Addiction problems such as drugs, compulsive gambling, and alcohol abuse.

Establish Hiring Procedures. While keeping in mind that all hiring procedures must be lawful, conducting a thorough background check and following up on all references and educational and work histories is crucial. Incorporate evaluation of the employee's compliance with company ethics and anti-fraud programs into regular performance reviews.

Audit. Auditing can be uncomfortable in a small business environment. But regular internal audits, surprise audits, and annual external audits can not only help you detect theft and fraud, they can also be a significant deterrent to fraud. Perpetrators of workplace fraud recognize and seize opportunity where weak internal controls exist. A good resource is ACFE's Fraud Prevention Check-up, http://www.acfe.com/uploadedFiles/ACFE_Website/Content/documents/Fraud_Prev_Checkup_DL.pdf

Hire Experts. Accountants, especially those certified in financial forensics or who are certified fraud examiners (CFEs), and legal counsel are key in helping businesses establish anti-fraud policies and procedures that withstand legal scrutiny while helping to reduce the risk of employee fraud.

All businesses are at risk for workplace fraud. By taking intentional steps to reduce that risk, you can deter employee fraud, or at least increase your chances of detecting the fraud early on.

I know a baseball star who wouldn't report the theft of his wife's credit cards because the thief spends less than she does. ~Joe Garagiola

SURPRISE!! (We report—you decide)

FARMERS EXECUTIVE COMPENSATION


Farmers Insurance

Exchange


	Year	Salary	Bonus	Stock Awards	Option Awards	All Other Compensation	Reported Total	Actual Total if Different
Principal Executive Officer	2014	900,000	810,000	571,203		336,259	2,617,462	
Jeffrey Dailey, President, CEO	2013	900,000	1,529,359			372,309	2,801,668	
Jeffrey Dailey, President, CEO	2012	900,000	967,378			346,158	2,213,536	
Principal Financial Officer	2014	373,050	259,978	47,219		175,705	855,952	
Ronald Mayhan, CFO	2013	365,400	338,114			63,479	766,993	
Ronald Mayhan, CFO	2012	357,500	504,631			111,981	974,112	
Scott Lindquist, CFO, Treasurer	2014	444,788	326,250	194,666	145,329	93,205	1,204,238	
Scott Lindquist, CFO, Treasurer	2013	432,500	602,499			841,021	1,876,020	
Scott Lindquist, CFO, Treasurer	2012	421,250	631,470			89,799	1,142,519	
Steven Weinstein, General Counsel	2014	475,000	132,740	34,120		48,707	690,567	
Steven Weinstein, General Counsel	2013	219,508				7,534	227,042	
	2012							
James Nutting, Chief Actuary	2014	271,925	195,510	67,326		31,320	566,081	
James Nutting, Chief Actuary	2013	264,250	304,230			54,628	623,108	
James Nutting, Chief Actuary	2012	257,300	314,825			48,901	621,026	
Doren Hohl, Secretary	2014	205,779	123,769	33,815		23,369	386,732	
Doren Hohl, Secretary	2013	199,315	170,138			33,995	403,448	
Doren Hohl, Secretary	2012	184,551	182,124			39,940	406,615	
Keith Daly, Chief Claims Officer	2014	73,293	5,764			2,090	81,147	
	2013						0	
	2012						0	



UPDATE ON THE CLASS ACTION.....

The class action against American Family in the Northern District of Ohio will continue. Last week, the Court issued an order denying American Family’s Motions for Summary Judgment in which American Family asked the Court to rule that Plaintiffs had brought untimely claims and that agents were independent contractors as a matter of law. The Court found that the vast majority of the claims had been timely brought, and the court held that American Family was not entitled to judgment as a matter of law on the employee/independent contractor issue. The Court also held that “the determination of disputed facts relevant to the ultimate question [whether American Family agents are employees or independent contractors] and the appropriate weight to give to each factor [for making that determination] can be more properly determined at trial.” The case against American Family now continues..... 

NAAFA NOTES.....

- Just a heads up regarding the **SECA Kit**. Should NAAFA find it necessary to update the kit, all agents who have received a kit previously (according to our records), will receive the updated kit free at your request.
- About three years ago, we informed you that NAPAA (The Allstate Agent Association) was **forming a guild** (Office and Professional Employees International Union OPEIU). NAAFA and other associations studied and evaluated the possibility of doing likewise. Perhaps our decision not to follow in NAPAA’s footsteps was wise as they have now ended their affiliation with OPEIU.
- About a year ago, NAAFA told you about a trend by companies to use “price optimization” (PO) in figuring insurance rates for consumers. Just as a reminder, **Price Optimization** bases premiums on the maximum amount that a consumer is expected to be willing to pay *rather than* calculating premiums based on projected costs, such as claims, overhead, and profit. Recently, The Consumer Federation of America stated that they believe they have proof that Allstate is basing auto insurance premiums on just such a PO system. NAAFA members have commented that with the Company’s new sophisticated auto rating system already being used in a few states, that rates are so micro-segmented that they can vary by household address rather than by the territories previously used. Perhaps we need to keep our eyes open for just such rating practices to ‘evolve’ here, too. 



DO EMAILS RULE YOUR LIFE? Does the Mouse rule your House?

(Staff Submission)



Some people estimate they check their emails between 35 and 40 times a day. With the invention of smart phones, people find that emails follow them wherever they go. Even after going to bed, many people hear the familiar chime and can't resist rolling over to see who has emailed or texted them. Emails really do appear to be ruling our lives.

Many agents are rationalizing their low production by claiming that the rates are too high. Others are claiming they just have too much service work to do. Others claim that just giving a quote (especially a commercial quote) is so time consuming that there's no time for much else. Excuses, excuses. But what are you doing to lessen your load? What are you doing to make your hours of work more productive? Well, here is a place where we think most people are wasting hours of time needlessly. Emails!

If you are reading and answering 35-40 emails a day (estimated to be an average, BTW) you are letting your emails control your time. This has to stop. You need to decide right now to check your emails only 2 or 3 times a day. How many of you have been on an appointment, sitting across from your customer, only to have your phone signal that an email or text has come in? Or how many of you have been out to dinner and found yourself interrupted by a text or email? Interruptions such as this are rude, to say the least. Such interruptions can signal the client that they are less important than the person texting. Not exactly the way to make a sale, is it?

After deciding to put email/voice mail in their proper place and stop letting them control your time, you must then purpose to replace this time saving period with actual insurance selling/marketing. Successful marketing makes money! Perhaps you have met with your customer, have given them a quote, but they have more questions before they can make the decision to go with you. Let your customer know that the quickest way to contact you is by calling you on your cell phone. Let them know you only give your cell phone out to important clients like them and you expect them to use this more urgent contact method. After all, your customer comes first!!

Have you ever noticed that the more emails you send, the more you get? Craig Jarrow, author of *Time Management Ninja*, has coined the phrase "Email Ping-Pong: Sport of Annoyance." Isn't that the truth? He says if emails are "pinging" and "ponging" around your office or district, then you are definitely involved in a time-consuming, money wasting sport. And have you ever figured out how long it takes you to cc or bcc so many people? And by all means, never use "Reply All." Yikes.....*Reply All* can mean literally hundreds of Email Ping-Ponging.

There are faster methods of contacting people nowadays. Some claim that email is now the snail mail of the day. The really fast and more urgent means of contacting someone is apparently text messaging, IM, Twitter, etc., but one should think twice before getting involved in yet another

time waster. These methods can become just as habit forming as email, believe me.

In reviewing your daily emails (which by now you are convinced you can take care of just 2 or 3 times a day) do make it a habit to **respond only when necessary**. The more you send, the more you will get back. Some agents have set up personal email addresses, but have office staff who answer the business emails that come in. This might be quite a time saver. If it is important, your assistant will either take care of it or let you know you should.

And remember, an Email is forever! The company has very clearly learned this lesson. And it's time agents did, too. Ever notice how hard it is to get your ASM or State Director to "put it into writing?" Never say anything in an email that you don't want to go public. Yes, it is extremely easy to pour your heart out in an email, but it's not a good idea. And we must remind you that because of our busy schedules, we often misread or completely skip very important parts of an email. It might be a good idea NOT to put critical or extremely important messages in an email. At the least, suggest to your reader that you are putting the important stuff in an attachment in a letter format. This can be printed off and studied, if need be, and the format makes it more formal and portrays an additional degree of importance.

Being 'email smart' can free up hours of time that you can spend marketing. It is worth a try.



CAPTIVE Trends are MILES AWAY from INDEPENDENT Company Trends

Most of us agents often complain about how hard it is to do a quote these days, especially the agents in those few states that are now selling Advance. There is nothing more embarrassing than to get part way through the quote process and find the program requires you to stop while more info has to be gathered. We have to tell the customer that we will call them back tomorrow. This seems to imply to the customer that things will probably not go smoothly at claim time either.

Most of the insurance companies are aware of the need to try to make their quoting programs run smoothly so the agent can make a good first impression. A good quoting system saves a lot of time. One would think that working for a captive company where agents can only obtain a quote from one carrier would be a hundred times easier than working as an independent where the agent has to obtain quotes from many carriers. But for some reason, we agents are experiencing lots of delaying issues when quoting.

It is interesting that in a recent Field Compass report that structure changes noted include attempted improvements for every area except for us field agents. The 2/10/2015 article noted three areas where the company planned to make changes:

- 1) Work on building a better approach to OneAmFam by working on two of their highest priorities: “**corporate planning and incorporating customer feedback** into decision making.”
- 2) Push I/S to “optimize **customer-driven technology development** and achieve operational excellence and efficiency.”
- 3) Hiring additional people to **support the priorities of Homesite** which includes **developing multiline direct products**.

With these stated goals in mind, certainly this company realizes that they have left out one extremely important area in the structure of the Company...the field agents. Certainly you don't think we agents are not so blind as to not see that you are purposely leaving us out. Even though this company article was addressed to the Field agents (Field Compass) there is nothing in it that really says the company is concerned about how this important group of revenue raising agents is able to carry on their task of selling. In fact, the Company has put all sorts of road blocks before us agents. Raising premiums well beyond the average, allowing technological systems to lag behind, attempting to destroy the agent

brand while purposely attempting to beautify the company brand, deliberately setting selling quotas in an effort to terminate more and more of the field force.....all these things lead to the diminished influence of what was once an important part of this company.

A prediction is probably in order here. Is it possible that the days of captive companies as we know them are numbered? Are they being forced to reorganize to the point where one would not, in the near future, recognize them as captive? This company apparently accepted the advice of one of their hired consultants who predicted....the days of the insurance agent are going the way of travel agents.....few and far between. And it appears AmFam is making it happen. Field agents are apparently not needed, in their opinion. The captives have acquired other direct market companies through which their own *employees* will sell. Note, I said employees.

AmFam's *Evolution of the Agency* is broader than most of us realize. Perhaps it should be called the *Demise of the Agency*. Yes, things are evolving in the captive world, but all the while we see the independent world striving to **complement** and **enhance** their agents. Selling insurance in the captive world is as different as night and day to selling insurance in the independent world. Let's be real. Can you imagine anyone with a couple houses, several cars, an umbrella, perhaps a small business, attempting to buy insurance through the internet or without a local agent? It just won't happen. I can imagine a renter with one vehicle contacting an insurance company via the internet, but this same person, once he has accumulated some assets has and always will seek out a live, on the corner, agent with a walk-in business. Consumers aren't stupid. They know they need good, solid, advice and they also know such advice doesn't come over the internet....it comes from a live and credible agent. Captive companies are fooling themselves if they think direct marketing to a renter+auto will increase their revenue. It's that revenue from us field agents (the seasoned, mature ones, that is) that will keep any insurance company afloat. But it seems only the independents realize it.

I do recognize that a few active AmFam agents are being treated well these days. Perhaps I will be one of the chosen few that American Family chooses to keep around. But am I going to be able to live on the reduced commissions they pay me? What am I going to do when rates on the only product I'm allowed to sell have gone up 40 or 50%? I'm cornered. I can't re-quote with another company. If the customer decides my rates are too high, I have no choice but to let them go, and I suffer the damage to my renewals.

A Discouraged but Aware Agent ☹

How often have you said this?

(Secrets for making your life and the lives of others better!)

- I'm proud of you.
- Is there any way I can help you?
- It's my fault, I made a mistake.
- Just know that I'm behind you all the way.
- I'm sorry.
- Go for it...anything is possible.
- We all make mistakes.
- What a great idea...let's do it.
- Go ahead...I trust you.
- My door is always open.
- Could you help me here?

It doesn't matter if you're talking to your employees, your family members, or your friends.....you will gain their respect by asking a few of these questions, seeking their advice and help, and giving compliments and praise. ☹

"I can live for two months on a good compliment." ~Mark Twain

"When you're good to people, God will make sure you come out on top." ~Michelle Medlock Adams

NAAFA, INC. MEMBERSHIP APPLICATION

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

NAME _____ ADDRESS _____

CITY _____ STATE _____ ZIP CODE _____

CELL _____ OFFICE PHONE _____ FAX _____

PERSONAL EMAIL _____

SIGNATURE _____ DATE _____

(Signature of Applicant)

MEMBERSHIPS*: (Circle one)	Annual Active AmFam Agent	\$240	ACP Agent Annual	\$ 120
	Semi-Annual Active Agent	130	ACP Semi-annual	70
	EFT (Monthly) Active Agent	20	ACP (EFT monthly)	10
	Non-AmFam Agent Annual	80		

DONATIONS: NMEF (NAAFA Member Enhancement Fund) \$ _____
(Formerly the Legal Defense Fund)
SECA Kit \$ _____

PAYMENT OPTIONS: CHECK: Make your check payable to: NAAFA, Inc.
Mail to: PO Box 578
Circle Pines, MN 55014
EFT: AmFam Agents send check for \$40,
ACP Agents send \$20 to above address.

CREDIT CARD: Go to www.NAAFA.com, click JOIN NAAFA tab & Pay by PayPal.

*Membership and contributions records are kept strictly confidential. Dues and contributions are not deductible as a charitable contribution. Annual dues may, however, be deductible as a business expense. Questions: Call 800-567-9668.

SECA KIT GUIDELINES AVAILABILITY



The SECA Kit is just one of the benefits of being a NAAFA member. Any member who leaves American Family and qualifies for Termination Benefits should have the Kit before filing taxes the first time. Understanding how and why you file as you do could save you thousands of dollars in IRS penalties and fines.

NAAFA asks for a donation of \$400 for a SECA Kit unless a person has had 3 full years of continuous (no lapse) membership. After the three full years of membership, the Kit is free. A new member would pay the first year's membership up front and then the kit would immediately be available for a donation of \$400. 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. You must have a personal Email address to receive the Kit. NAAFA asks that you honor confidentiality regarding the Kit by not sharing it with non-members. Remember, the SECA Kit is a benefit of NAAFA membership!

NAAFA, Inc.
"Because We Care!!"

“Broken Systems”

by Bill Gough

I want to share with you a story about something that happened to me in March. The big picture is:

Every day you need to be constantly studying all businesses you come into contact with.

I went to my doctor for my annual check-up. I have been going to the same Doc for 20+ years. I wish I could tell you I was treated like a VIP for my loyalty. (I mean, we treat our long term clients superbly, don't you?) First I was told to provide a list of all my prescription medications because the office had no records. Apparently they moved into a new building and the records did not. That was a new one for me. Even if they were purging records, they could have asked or got written permission to release them. But no, they treated me like a *new* patient, making me spend more than 20 minutes filling out paperwork with information that they already had in their files, somewhere else. (Admittedly, I do not know HIPPA laws on medical records and other personal information very well. When a Doc breaks away and forms a new practice maybe something “happens” to those records. Who knows? Perhaps you do. I do not, nor was it high on my priority list to find out at the time.)

The front desk offered zero explanation other than, “We do not have them and you need to fill these out to see the Doc today.”

 **My experience for the next 2 hours and forty-three minutes was horrible.**

Even though the facility was only 7 months old, dust was visible on the floor in the waiting room, plus trash was overflowing from the trash can. The newest magazine I saw was at least a year old -- older than the office itself! My total wait time in the lobby was 1 hour and 36 minutes.

Then, the exam room had more visible dust on the floor, though not as bad as the lobby. There was another patient's folder open on the desk, the exam table was covered in medical packages used on a prior patient, and last but not least, was an alcohol pad on the floor *with a big blood spot on it*.

When the Doc finally got to me he was displaying his usual charm, although with not the same energy he had shown over the years. Maybe he was just having a bad day, but what happened next convinced me otherwise. When it came time to enter data into the computer, I witnessed my 59-year old Doctor struggling with a mouse and keyboard to enter information. My Doc had been reduced to a data entry person. UNBELIEVABLE. I've never seen this in all the years going to him.

**One thing was very clear to me when I left my Doctor's office:
broken business systems have taken a toll on this man, his staff, and family.**

His moving into a new building will not cure their broken systems, or more importantly life outside the office. A final note ... as I was exiting the 7-month-old building, I noticed another door outside about 20 feet from the front door. Upon closer inspection (blatant curiosity at this point), I found an unfinished room with paint buckets and construction materials scattered throughout. Really? They could have covered that door and put up a sign on the door pointing to the actual office entrance a few feet away. Anything would be better than the visual his clients are currently getting near the front door of the “new” facility.

There was a small victory for me that day...

I always prepare for long waits by taking a book and pen to record actionable items for business or personal life, including notes about this story. Here is a short excerpt from the book I happened to have with me that day, ***Work the System*** by Sam Carpenter:

“A bonus of the systems mindset is the ability to instinctively distinguish the efficient from the inefficient. In southern California there is a certain grocery store chain that passionately ensures that all of its stores are precisely organized and customer-centered. The rows of goods are full. Everything is clean and polished. In fact, the people who work there are clean and polished! Walk the aisles and catch the eye of a clerk. You can feel the pride. Each store is assertively systematic.

I don't know the top people, but it's obvious: here is a perfect model of thought-out and documented systems strategy, directed from the top of the organization down to the customer-contact level. Of course, other businesses just like this one exist. They are not common, but you will find them. When you do, spend time there and think about the system mechanisms that are behind the efficiencies. Watch and learn.

It's easy to find floundering businesses. You can't help spending time in them because they are everywhere. In visiting such businesses there is also much to learn. Note the lack of attention, the lack of detail oversight. Feel the chaos. This is the antithesis of what you want for your work and your life.”

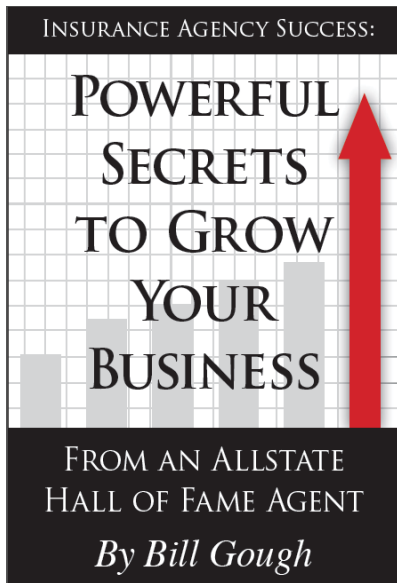
**You can NEVER reach the highest levels of success from your God-given strengths and gifts
if you do not leverage them.**

I founded BGI Systems in 2008 so Agency Owners like you would not have to worry about making costly mistakes like these. You have my 27+ years of experience and Hall of Fame winning systems, processes, and operations manuals available to you, ready for implementation in your business.

My experience tells me, and TOP BGI members report, that implementation is the key – taking action on a new idea or process will give you more results, FAST. A good idea is just that, a good idea. You have to actually DO something in order to see results.

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So, how can you expect to get ahead?

That's the question answered by my new book, *Insurance Agency Success: Powerful Secrets to Grow Your Business -- From an Allstate Hall of Fame Agent.*

Privately published and not available in bookstores, the book is based on my 31 years of experience building and growing agencies that ranked in the top 1-5% for Allstate for a 21-year period, while earning millions for myself and my family.

Surprisingly, the book shows that beating the odds can be easier than you'd ever imagine, IF you apply some simple rules of effective marketing. In fact, so few agency owners know these rules that they give you an almost unfair edge. Examples:

- An Agency Owner in Oklahoma who opened in 2011. He sold \$148,000 in premium the first year from telemarketing and badgering friends and family for referrals. Working 60+ hours, 6 days a week, he struggled to pay the bills. So he talked to my team. **Monthly sales went from \$35,000 to over \$100,000, with a 62% gain**

- **in new business from referrals. His life is transformed.**
- An Agency Owner in Louisiana watched his book of business plummet by \$2 million in 2009. So he talked to my team. In 2011, he qualified for Chairman's Conference and was the #1 life insurance agent in his state. Today, he's #1 in the country for life apps. His life is transformed.
- An Agency Owner in Florida was working 7 days a week in 2011, on track for a loss of 3.21%. Internet competitors were eating his lunch. So he talked to my team. *Retention jumped 11% in 2012. Premium jumped 16% in 2013 and another 20.1% in 2014. His life is transformed.*

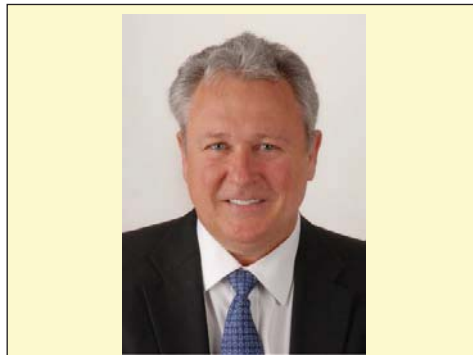
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Who is Bill Gough?

Allstate Hall of Fame Agent, Bill Gough, is arguably the most influential advisor to Agency Owners in America.

He started with Allstate in 1984. Since the early 1990s, Bill's agencies have routinely ranked in the top 1-5% of all Allstate Agencies nationwide.

He founded BGI Systems in 2008 as a legacy to his late son, Bill III, to help other insurance agency owners achieve the same success he has enjoyed. He teaches proven systems and strategies that deliver predictable streams of new clients and profits.

To claim your **FREE copy** of [Insurance Agency Success](#) and your **FREE Success Strategy Session**, Simply call Danielle in my office, at 256-246-2150 or visit **www.InsuranceAgencySuccess.com**

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