

The NAAFA Report

Spring 2016

**Every SUNRISE gives
you an opportunity to
begin again** ~Debasish Mridha

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AT NAAFA WE BELIEVE.....

MORNING HAS BROKEN!



“Every Sunrise Gives You an Opportunity to Begin Again.”

Many, many agents have called NAAFA telling how sad and discouraged they were that they had been asked (shoved out) to “retire” or worse yet, been terminated. In this issue our intention is to encourage you to genuinely look at the new day before you because, indeed, “Morning has Broken!” You have an opportunity to improve upon what you have been doing for many years. And that is to *restore the joy of selling insurance*.

We are honored to present you with two outstanding articles, each written by terminated agents who started over, so to speak. Each did it in his own way, one going with an aggregator and one getting his own contracts. Although both are considered seniors, neither looked at himself as such. One was about 50 and one was about 63 when starting over. While both had many obstacles to overcome, both became extremely successful and both did it in a relatively short period of time. Look for “A True American Family Insurance Agent Saga” and “Former AmFam Agent Gets Paid Twice for His Agency.” We just know you won’t put the articles down till you’ve read them beginning to the end. Congratulations to all who heeded their sunrise!

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NAAFA, Inc.



**National Association
of
America’s Finest Agents**



“Because We Care”



MESSAGE FROM THE NAAFA PRESIDENT

Since I have been holding the gavel at NAAFA, I have tried to promote honesty and fairness. I try not only to look at what's fair for the agents, but also what's fair for American Family. I suppose you wonder why I would even concern myself about what's fair for the company because, after all, the company's behavior and treatment of our agents are reasons why NAAFA even exists. But let me tell you that it was this company that gave most of us our starts in the insurance world. Most agents will say to us, "When I started with American Family, it was a different company than it is now." Well, yes, that's true. AmFam has grown and evolved and certainly, it has changed under different leadership. But we agents have grown and changed, too.

But there is one difference as far as I can see. Most of our agents have maintained their honesty and integrity throughout their life changes. They have maintained their compassion and concern for their insurance customers. They have remained loyal to the company even though they have seen what they feel is unfair treatment of our customers (questionable claims handling, exorbitant premiums, the disparaging of the agent brand, thus damaging the importance of their own agent, etc..) I will admit that the world seems to be accepting those with questionable behavior with open arms, but I just don't see that with our agents. It's just too bad that the company didn't recognize the resource they had in their outstanding agency force.

Often agents come to NAAFA with fear and trembling at the prospect of being fired or having their contracts terminated. They do everything they can to negotiate a future date when they can willingly (well, not quite!) resign so the termination is not on their record. But we always try to point out that it is not a disgrace to be terminated by this company. Actually, **it might even be considered an honor, for you have stood for what is right no matter the cost. This is big, readers!**

Independent companies know the reputation of the American Family agents. They *want to hire* our agents because they can see that the AmFam agents know how to sell. They recognize that our agents are trustworthy and loyal. They see that they are truthful and ethical. To our knowledge, a terminated AmFam agent has never had any trouble finding another company to license them.

As President of NAAFA, my goal has always been to work toward creating a better relationship between AmFam and the agency force. But it takes both sides with a desire to make a relationship work. I pray that someday NAAFA can sit across from the AmFam powers-that-be and speak openly about things that will enhance not only the quality of this company but also the quality of the relationship between the agents and NAAFA. Let's face it, the agency council simply has not done it for us. I believe that I am a reasonable person. I believe that our board and growing membership are reasonable. I also want to believe that there are reasonable people at the helm of the American Family Enterprise. So why can't we get together at the conference table and have a meeting of the minds? It's time, isn't it?

Sincerely,

Your NAAFA President



A worthy goal in life is to be as good a person as your dog thinks you are!

YOU CAN BE EXTREMELY INTELLIGENT, BUT IF YOU LACK COMMON SENSE,

YOU'RE STILL AN IDIOT. ~ JOHN HERMAN

2015 AMFAM CORPORATE SALARIES—TOP TEN OFFICERS

NAME	Year	Salary	Bonus	All other Comp	TOTAL	\$\$ and % (+ or -) of Change
Jack C. Salzwedel (Chairman & CEO)	2015	1,062,500	6,195,753	419,410	7,677,664	- \$ 449,816 (-5.53%)
	2014	974,297	6,739,901	413,283	8,127,480	
Daniel J. Kelly (Chief Financial Officer)	2015	482,231	1,290,419	254,194	2,026,844	+ \$ 258,212 (+14.6%)
	2014	446,124	1,113,009	209,499	1,768,632	
Peter C. Gunder (Chief Bus Devel Officer)	2015	507,692	1,182,610	137,786	1,828,088	+ \$ 242,295 (+15.3%)
	2014	459,077	1,024,965	101,751	1,585,793	
Mary L. Schmoeger (Chief Admin Officer)	2015	466,579	1,033,696	116,954	1,617,229	+ \$ 233,943 (+16.9%)
	2014	430,723	863,314	89,249	1,383,286	
William B. Westrate (AmFam Chief Opr Officer)	2015	454,656	1,005,104	110,233	1,569,992	+ \$ 252,266 (+19.1%)
	2014	404,093	843,372	70,261	1,317,726	
David C. Holman (Chief Strat Off/Sec)	2015	414,387	919,045	186,280	1,519,712	+ \$ 238,167 (+18.6%)
	2014	371,646	765,297	144,602	1,281,545	
David A. Graham (Chief Investment Officer)	2015	449,154	987,734	74,659	1,511,546	+ \$ 388,903 (+34.6%)
	2014	419,540	744,254	71,919	1,235,714	
Mark V. Afable (Chief Legal Officer)	2015	450,117	859,273	144,649	1,454,040	+ \$ 71,135 (+5.14%)
	2014	434,000	822,987	125,918	1,382,905	
Gerry W. Benusa (Chief Sales Officer)	2015	408,646	826,053	148,116	1,382,815	+ \$ 187,974 (+15.7%)
	2014	379,538	709,283	106,020	1,194,841	
Kristin Kirkconnell (Chief Information Off)	2015	421,607	865,059	87,846	1,374,512	+ \$ 158,651 (+13.1%)
	2014	394,772	749,444	71,646	1,215,851	

Just some reflections from the field.....

From the field, we hear regularly how much agents' incomes have been falling over the past several years. With the control the company has over how much the company makes (believe us when we say we believe the company regulates the rates to meet their own specific whims) we look at this report as bitter/sweet....mostly bitter, however. Jack deserves a small accolade for the tiny decrease (5.53%) in income he took for 2015; however, considering the 55.7% increase he took the year before, we really can't praise him too much.

But take a look at the other 9 officers. They managed to give themselves an average of a 17% increase. The cost of living does vary across the US, but for most of us, our cost of living is supposed to have gone down because of the consumer Price Index. (The Federal Government will *not* be giving a COLA increase to Social Security recipients for 2016.) We in the field wonder where in the world our expenses have gone down because it seems we're spending more just to eat. But evidently, 9 out of the top 10 AmFam Corporate executives feel justified in taking more for what they do. We fail to see that this sets a good example for the rest of us. We'd all have been overjoyed to get a 17+% increase in income, wouldn't we?

Overall, with Jack's salary staying about the same, the cost to the company for the top 10 officers still went up \$1,581,730 in 2015 over what was paid out to them in 2014. The AmFam Board of Directors were quite generous with themselves, too. The Board seems to have increased by two members (10 members now for 2015) with salaries ranging from \$135,000 to \$165,000 and the average board member salary being at \$144,583. That board alone cost the company \$1,735,000 last year. And how many board meetings a year is that??

The Insurance Commissioner, we're told, raised the thresholds on the Executive Compensation reporting form, so from now on we will only see the AmFam incomes of those people receiving \$400,000+. Previously, they reported those receiving over \$250,000. Guess we can't blame AmFam for that, can we?

If you would like to see the complete list of 2015 AmFam Executive Compensation, please go to www.NAAFA.com and look on the left side of the Home Page under the blue "Corporate Salaries!" button.

LETTER TO JACK



NAAFA received the following copy of a letter that an agent sent to Jack Salzwedel, AmFam CEO, at the time he was “forced” to resign. His name and other identifying expressions have been altered to protect his identity. NAAFA is still so sorry that agents must remain anonymous out of fear of retaliation. Although we have seen some positive things come out of the Home Office in the past, today’s environment is proving to be less than positive. Perhaps some of you can relate to the following letter. BTW, this agent never received a response nor did he have a fond farewell.

Dear Mr. Jack C. Salzwedel, CEO,

You probably don’t know me, probably never will, but my name is (Name Withheld) and I am a 15+ year agent for your American Family Mutual Company. Next week I will take the option of resigning because if I don’t, I will be *forced out and fired* by your District Manager.

As an agent I worked relentlessly to market, sell and service our customers. You probably didn’t know that my family, my wife, my mother, brothers and sisters, aunts and uncles, cousins and neighbors and friends all proudly (although indirectly) did the same. These efforts allowed me to achieve many rewards including All American, AFLIC, Gold Key and agent of the Month; you probably didn’t know that my office wall was covered with 30+ plaques representing those awards and recognition.

No one knew, but I was scared on my first day when my policy count was ZERO, when my only phone call was from my wife who said, “Good luck.” But I believed in the American ‘FAMILY’ promise that honorable work, dedication and discipline would secure a lasting relationship with American Family. I quickly learned how good that first sale made me feel. I continued to work hard, selling 1000’s while that feeling of the first sale never left me. Soon the rewards, special dinners and recognitions followed.

As I watched the monthly reports I knew that my production and agent production in general was

declining. I didn’t know that my career would be based and then defined by my 2015 production and that this would lead to a process that gave me the final option of “resign or be fired.”

Sadly, I watched and I recognized that few, yes, *very few*, hardworking and honorable American Family agents leave their long careers with respect and dignity. Most are painfully recognized through a last email that says, “Effective immediately (Insert Agent Name) no longer represents American Family Mutual Insurance Company”. No one calls, no one cares ...poof, agents just disappear; no respect, no dignity. I didn’t know that I would be one of them.

You must have a reason for terminating an honorable agent with 15+ years of experience knowing how it will help your company. You must have a reason why you don’t need his community contacts, his customer relationships, his positive will, his dedication, his career successes and his good name. You must know why you are taking away everything I worked for and built. And you must have a reason for not sharing your ‘real’ reason for terminating so many agents. I wish I knew and could understand, but I don’t.

I know you didn’t know me or the 100’s of other dedicated agents that could have written this letter. I only wish you would have.

[Agent Name Withheld by Request]



EVER WONDER.....

Why people order double cheeseburgers, large fries, and a *diet* coke?

Why supermarkets make the sick walk all the way to the back of the store to get their prescriptions while healthy people can buy cigarettes at the front?

Why banks leave the vault doors open but then chain the pens to the counters?

Why lemon juice is made with *artificial* flavoring, but dish-washing liquid is made with *real* lemons?

WHAT'S GOING TO HAPPEN TO MY TERMINATION BENEFITS IF AGENTS WIN THE CLASS ACTION CASE?



This is a question that is probably on the minds of a lot of agents, active and inactive. Fear of the unknown is real, isn't it? At this point, no one knows what is going to happen in the courts. What we have been told is that this case will not "take your termination benefits away." And really, about all we know for sure is that the class action trial, Jammal v American Family, has been certified and is set for 01/23/2017.

What will happen to your termination benefits if the agents win the class action case? Certain important terms of the termination benefit plans will have to be changed to comply with ERISA, a law that establishes minimum requirements and protections for retirement plans for employees, but does not apply to independent contractors. Also, according to the motion the plaintiffs in Jammal v American Family filed with the court, the terms of the termination benefits would have to change as described below.

First and foremost, American Family will no longer have a right to unilaterally revoke or try to recoup termination benefits if it believes an agent has violated some other terms of the contract. So the American Family agents will have a vested right to their benefits that American Family cannot take away. Other changes depend on which contract the agent has signed as the termination benefits for agents who started before 2009 are different than the termination benefits for an agent who started after 2009.

For all agents who started before January 1, 2009, the termination benefits are calculated based on years of service and the final 12 months of renewal income. Right now, an American Family agent must work for 12 years to be eligible for benefits (2 years of ACP can't be counted toward years to achieve termination benefits, according to the contract). Under ERISA, the benefits would have to vest within 5 years.

Also, the accrual rates for benefits under current **pre-2009 termination** benefits plan are "back-loaded" and postpones the bulk of an American Family agent's accrual to his later years of service. For example, there is no accrual during the first 10 years of service under the contract. At year ten, the accrual starts at 50% of renewal services fees and then grows until 200% of renewal service fees at 30-years of service. **This also violates ERISA and will have to be changed so benefits start to accrue at year one, not year ten, and then grow at a non-back loaded rate to 200% at 30-years of service.** However, although benefits will accrue at year

one, an American Family Agent will not have a right to the accrued benefits until 5 years of service.

Under the pre-2009 termination benefits plan, the lifetime monthly payments for those who are over 60 or 65 years old when they terminate are reduced over time (basically, American Family pays a declining annuity). The payments for those who terminated before age 60 are limited to 60 monthly payments. American Family does not offer any annuity. **Also, if an agent receiving a life-time annuity dies, American Family does not provide a life-time annuity to the agents' surviving spouse. All of these terms would violate ERISA and have to be changed.** Those who are over 60 or 65 years old when they terminate would receive a non-declining life-time annuity. **For those who terminate before age 60, they could either opt to start receiving a life-time annuity when they reach retirement age or, if they opt for a one-time lump sum payment, receive an amount that is the actuarial equivalent of a life-time annuity. For any agent who is receiving an annuity and dies, American Family would also have to provide a life-time annuity to that agents' surviving spouse.**

For any agent who started **on or after January 1, 2009**, American Family changed the terms of the termination benefits to be a defined contribution plan that specifies annual benefit credits into the plan. For example, if an agent made \$100,000 in sales and renewal fees in a year and her years of service gave her a 2% accrual rate, American Family would contribute \$2,000 to an account at the end of that year that earns interest per the terms of the contract. (While this looks like a 401K plan, it is not and the agent makes no contributions.) When an agent terminates employment, payment of the accumulated theoretical account value is paid out in 5 annual payments. The plaintiffs in Jammal v American Family claim this termination benefits plan violates ERISA by, among other things, failing to vest within 3 years and (2) being unfunded.

Now listen closely: We're just throwing out possibilities here based on what the Plaintiff's council in this case is claiming in papers they filed with the Court. Certainly things could go either way. The Plaintiffs could lose. We're not experts in this field. And by the way, NAAFA had nothing to do with instigating this class action. For the record, NAAFA has never incurred any legal fees in regard to this case, nor any other for that matter. But we certainly are interested in the class action case because we know that it could provide better retirement benefits for the agents that American Family can no longer threaten to revoke or take away.

[The NAAFA Board]



"Justice will not be served until those who are unaffected are as outraged as those who are." ~Benjamin Franklin

A SAGA=any long story with dramatic events or parts: This is truly what the experience of this former American Family agent was....a "saga." You will not be able to put this article down, believe me. We know our readers will relate to many of this agent's experiences. He is not the first nor will he be the last agent to get fired by American Family. But not too many can (or are willing to) tell about it like this agent has here. This agent shows some outstanding qualities that really should cause AmFam much shame and regret because they lost him. It's often said that 'one man's loss is another man's gain.' Mr. Couri, you have gained an outstanding addition to your group. Now, sit back and enjoy this true and very personal Insurance Agent SAGA.



A TRUE AMERICAN FAMILY

INSURANCE AGENT SAGA



“WHEN ONE DOOR CLOSSES, ANOTHER DOOR OPENS” ~Alexander Graham Bell

Author's Identity Withheld by Request

I was fired by American Family (AmFam) just weeks after our new president, a young senator from Illinois, took the oath of office. And why, do you ask? All because of a 60 second brain-freeze, a stupid mistake for which my life was profoundly impacted forever.

To be 'fired' is really a misnomer, as an independent contractor (really, that's what I was? ---but that's another story that's being played out in the courts as we speak) my contract was 'terminated.' And in my case, it was terminated without notice and with cause. What this means is I had no idea my business was to be taken away in a heartbeat as I was not planning or prepared to leave, and I was very happy with American Family. I started at AmFam as an ACP agent and built up one of the largest AmFam agencies in the urban area where I lived.

What happened and why my contract was terminated, was, I 'accessed confidential information from a consumer reporting agency without consumer authorization.' That's the official verbiage. Pretty cryptic. Who was that consumer? Let's just say that Mr. X is a very well known, high ranking politician.

In just days before my contract was terminated, I was planning my first wedding at age 50, and my honeymoon was to be in Rome, and then to Santorini Island, Greece. Life was good. I'd just completed my 13th year in a row of All Americans and was to get my Hall of Fame ring. I thought I had the Agency of the Year pretty much locked up in my State. I had a huge business that I had started from scratch. I'd also just won the Line Leaders contest (for the second or third time), which just happened to be in Rome that year. I figured this would be a great way to extend my honeymoon, go to Rome, then to Greece. AmFam had just delivered a brand new foosball table to my office, courtesy of being Life Diamond.

I was always a top producer, even from the get-go, and I got off ACP at the very minimum time frame of two years. I was also the guy that other new AMFAM agents tried to emulate. It seemed I was the guy new ACP and even established agents called trying to pick my brain on how to build up their businesses as quickly as I had.

After I ran the motor vehicle report on Mr. X, the Secret Service visited me a few days later. I knew that was not a good omen. In fact, I was really shocked that the Secret Service even knew about this, and that they would physically come to my office to investigate. When the agent told me why he'd come to my office, my jaw dropped. I *immediately* admitted to him that I was the one who had run the reports. (I don't mess around with the Feds.) He asked me why, and my answer was, "Curiosity only. I had no bad intentions whatsoever and I wished I hadn't run it. It was certainly a mistake by me, I should have known better, a lapse in judgment on my part, and I wish I could undo what I did."

I never thought that my *faux faux* would put me in such jeopardy. I was sitting around my office after Mr. X was elected, wondering what his driving record was. No bad intentions whatsoever, no *mens rea* (Latin, translated to English, is 'guilty or evil mind,' used in common law, for the mental state of criminal intent) just a curiosity that I could easily figure out.

After the Secret Service agent came and left, I knew there would be repercussions. He was only at my office about 15 minutes, he asked a few questions, took a copy of my driver's license, and then left. I just didn't know what might happen. My honest hope and prayer was that the Secret Service would see what a stupid mistake I'd made, and that they would not contact AmFam and that this would just go away.

But that didn't happen. Sure enough, a week or so later, at 9:02 AM on Monday (Monday at 9 AM must be a good time to terminate an insurance agent without notice..... when they're least expecting it and haven't had the weekend to ponder what to do!), about seven or eight burly American Family people, including my State Director, (who honestly was a real stand-up guy, somebody I truly liked and respected,) somberly walked into my office, unannounced, and literally slapped the termination letter down on the front desk. As they were walking in, I didn't have to be told what was going on. It was pretty clear what was about to happen.

I was also surprised my District Manager wasn't even present. Maybe AmFam preferred it that way, I don't know. I was also surprised that since I was her "Golden Boy" for so long that she couldn't even pick up the phone and call me in the ensuing weeks while I was appealing my termination---I guess business is business.

My State Director took me into a private office, shut the door, and let me review the termination letter. I obviously had a lot of questions, but got somewhat evasive answers. Of course, I was shocked and stunned. He then gave me a business card of the local hospital close to my office with a telephone number to call in case I thought I would need immediate medical attention. I'm serious about this. I'm not sure if they thought I would have a heart attack, faint, or try to do something stupid to myself, but apparently, that's part of getting fired this way and that's how they hope to protect themselves.

My full time assistant *just happened* to call in 'sick' that Monday morning at 8:50 AM (just twelve minutes before AmFam came in) complaining of stomach pains. (Let's pretend her name is MARY.) However, what *really* happened is that my District Manager had apparently called her on the weekend and told her not to come in on Monday 'because something was going down at the office.' Let me repeat: My District Manager told my CSR, my employee, not to come to work at MY office! This fact was confirmed with me by my part-time assistant (let's pretend her name is SUSAN) who was there on Monday and who called Mary to find out why she wasn't *really* in that morning watching me get fired. I think that was highly inappropriate since I'm an independent contractor and Mary worked for me...not AmFam.

The other agent that shared my office with me, an ACP agent, conveniently was not at the office either on that Monday morning since AmFam had a pre-arranged ACP meeting at the District Manager's office that happened to be on that Monday at 9 AM.

I guess AmFam doesn't like to have witnesses at a surprise termination. It's not pleasant for a CSR to see her boss's agency being stripped away, along with her full-time job as collateral damage. It was also disturbing to me that I never saw or spoke to Mary, EVER AGAIN. I always wondered if AmFam paid Mary some type of severance pay in order to get her to follow their orders because now she was out of a fulltime job. I'm also happy that Susan was there that day since she was a witness and can corroborate all the events described above. Susan is a tough cookie and she watched everything that happened. I will take an educated guess and say they would probably have called Susan, telling her not to come in had they known that Monday was one of her part-time work days.

Mary was my right-hand man, my Girl Friday, for five or six years. She was the person I relied on for my entire agency. How would you feel if the person you relied on the most didn't show up one day, the day you got fired, and then you never saw or heard from her ever again? By the way, I promoted Susan with a full time job after I was up and running. She has been my GREAT and LOYAL assistant from day one of my new business. I even paid her for the months between getting terminated and opening my own shop, just out of loyalty even though I didn't have a business at that point. She just came into the office and read a book. I told her that when I was ready to rock 'n roll, she better be prepared—and she was up for the task!

During my termination process, my State Director told me I would not be able to go to the Rome Line Leaders Trip---DUH--(even though I would be paid the 'equivalent' compensation. They also paid me for the 'equivalent' value of my Hall of Fame ring). What all this really meant to me was that my honeymoon was immediately cancelled. But of course, our wedding went on with or without AmFam. I did have to put my game face on at the wedding since most of my guests did not know I was out of a job and still going through the appeal process at AmFam. By the way, we celebrated our 7th anniversary earlier this past March.

Getting back to the termination event at my office: I immediately called my fiancée, who left work and came to my office while the events were unfolding. AmFam started stripping my office of all computers and hard paper files. I pleaded (actually begged) with my State Director to allow me to keep my agency, but to no avail. I really did not want to leave AmFam. And in the event I had to, I knew what a monumental and Herculean task it would be to replicate what I had done. My State Director was the same guy who about 6 months earlier allowed me to throw out the first pitch at a major league baseball game in my home town against the Milwaukee Brewers on *American Family* night, obviously, a perk reserved for top producers.

So, on that termination day, I finally accepted that my American Family agency was most likely done. While they were eviscerating my office like a piranha feeding frenzy, I started to put my new insurance agency together. Let me repeat this, WHILE I'M BEING FIRED, I AM STARTING MY OWN NEW INSURANCE AGENCY AT EXACTLY THE SAME TIME.

I called my IT guy, and ordered computers. I made sure my phone number was in my name, not AmFam. I started making calls to figure out what I should do, who I should interview with, and what my options were. Most AmFam agents who leave have a lot of time to figure it out. I didn't. I quickly learned, however, that opening up a 'pure' independent agency by getting my own contracts was next to impossible because of the significant financial commitments one would need to give a major insurer in a relatively short time period. I concluded the best option for me would be partnering with an aggregator, or working with an established P & C broker.

I'm a bit embarrassed to tell you that, even though I'm also an attorney, I didn't realize my AmFam contract provided that I

needn't give up my files and company information manuals until the 10th day after the termination date. I could have told them to leave, but didn't since I didn't know my contract as well as I should have. So it makes sense to read carefully all the contracts you sign including the hardware and software contracts because there is important info within which might seem innocuous, but really isn't.

Within a few hours, *everything* was stripped out of my office, (except my American Family throw rug when you walk in...not sure why they didn't take that, but I'll keep it as a trophy. They can have it back if they want) computers, files, etc., everything except my self-respect and my drive to succeed. AmFam did allow me, however, to keep the paper file on me, my mother, my sister, and my father.

My first thought was to get my job back, to appeal my termination. I was told that AmFam had never rescinded a termination in 75 years, or whatever, but I thought if there was a chance I could do it, I would try. I followed the appeal process to a tee which only allowed me to submit a written appeal that would be ruled on by a senior management person who was supposedly an *impartial* person, someone whom I didn't know, and who didn't know me, that would allow for objectivity. I was really hoping (and I preferred) that with my 13 years of being a loyal soldier, and coupled with my outstanding production that this would buy me a 20 minute face-to-face meeting in Madison at HQ, but it didn't. While I was appealing, I was still trying to figure out my game plan by pursuing other options in the event the appeal failed.

I wrote a 15-page, heartfelt letter where I apologized profusely for my actions, and I readily admitted fault. I know honesty, as always, is the best policy, whether to the Secret Service, or to AmFam, and really, that's how I live my life. I reminded AmFam of my accomplishments over the 13+ years and of how much help I had provided to other agents at the company even though those agents were really de facto competitors to me. I bet I spent 25 hours, literally, in writing that appeal letter. And I paid an employment attorney \$500 to review it. I didn't want to leave any stone unturned and since this was my only shot, and I couldn't get a sit-down, I gave it my all.

I also wondered if the appeal process was really impartial, legitimate, and fair given the fact that AmFam sent letters to all my former customers telling them that I was no longer with the company, that their accounts were in the process of being transferred to other agents, and then doing this **BEFORE** they ruled on my appeal!

Of course, I didn't prevail, and AmFam upheld my termination. A few weeks later they sent me a cryptic letter thanking me for my 13+ years of service and wishing me well in my future endeavors. Yes, they did try to take everything from me and that hurt terribly, but *they couldn't take my brain, my drive, my work ethic, my insurance knowledge, my experience, and my passion.*

By the way, did I deserve to lose my entire insurance agency, my livelihood, and 13 years of hard work for one sixty-second blunder? I'll let you, dear reader, decide that for yourself. What I will say is that I was hoping AmFam could have found a less severe disciplinary action, where rather than taking my entire agency away from me, they could have used another less severe form of punishment that still allowed them to keep face. Please allow me to play devil's advocate for that's the way I roll--- even if it goes against me, there might have been other internal issues that AmFam could have used against me in their decision which I was not privy to since they never discussed them with me.

Regardless of whether my termination was justified or not, the *manner* in which AmFam terminated me and how they and the

agents who inherited my book, treated me subsequent to the termination was, to say the least, disturbing to me. For example, in my 'termination kit' which was sent to me shortly after I was terminated, there were appeal instructions as well as retained earnings information. (AmFam paid me everything they legally owed me over the next five years under the contract.) The kit also had my COBRA election form, which allowed me to choose several deductible options to continue my health insurance under AmFam's group health plan.

The last thing I wanted to do during those turbulent weeks was to get new health insurance. Since there was no Obamacare yet and individual health plans were subject to pre-existing conditions, I elected to go on COBRA (at my expense, of course). I submitted my election, but shortly after applying for COBRA, I received a certified letter from AmFam informing me that my COBRA was being terminated and would not be honored!

I was stunned by their response. It was my understanding that a terminated agent still has the right to extend his group health insurance coverage for up to 18 months (36 months if disabled) under COBRA law. I called the AmFam benefits department and they cryptically told me that I wasn't eligible for COBRA and that they had made a mistake even allowing me to apply. They said it WOULD NOT be reinstated and they refused to give me a reason why. Again, shock and disbelief!

I showed my attorney buddy the letter---he specialized in employment law---and he told me there is Federal or State case law that suggests an employee or independent contractor may not be protected under COBRA in the event that the person is terminated for 'gross misconduct,' since there is a qualifying event.' 'Gross misconduct' is typically interpreted by the courts as a tort that has an 'intentional' element such as 'FRAUD, EMBEZZLEMENT, or THE INTENT TO COMMIT, OR DOES COMMIT, GREAT BODILY HARM OR KILLS SOMEONE.'

Needless to say, *I was in shock when he told me this*. He then told me a court of law would be extremely unlikely to uphold a termination of COBRA for my 60-second stupid mistake where there were no bad intentions, no *mens rea*, and it would unlikely be considered 'gross misconduct.' So I hired him to help me navigate this against AmFam. My buddy laughed and said they could also be on the hook for HUGE penalties if they didn't acquiesce, as well as be charged with my out-of-pocket health expenses should I get sick or hurt. In his words, they were trying to bully me.

He wrote a demand letter to AmFam's legal department which included references to the appropriate case law in my favor and then demanded that if my COBRA was not immediately reinstated, they would find themselves responsible for any medical expenses in the event I got sick or hurt as well as significant monetary repercussions and penalties as provided by law.

I got my COBRA back within the next day or two and was able to keep it until I wrote my own individual Blue Cross policy some three or four months later.

There were other challenges AmFam presented to me that I didn't back down on. I guess it helps to have a little legal knowledge. For example, AmFam sent me a letter a year after I was terminated suggesting that I was intentionally sending out false and misleading advertising and that I should cease and desist immediately or experience the threat of a suit. They demanded a response within about 21 days. Interestingly, AmFam was sending out 'Policyholder News,' (the quarterly agent newsletter which I still received because I was still an AmFam customer at that point having my car and condo insurance with them) with *my* name and *my* signature still on the newsletter! Was that intentional or a mistake, or some type of corporate software glitch? No matter what the answer was, they clearly misappropriated my personal info by using my signature AFTER I was terminated. Weren't they stealing my trademark...something they had been known to accuse agents of stealing in the past??

So I timely responded to their letter and unequivocally denied that I had intentionally sent out false and misleading information

because I hadn't. I was *more* than careful in vetting any correspondence that had anything to do with AmFam. I respected my contract as well as the law. Then I counter-demanded a response from them within 21 days as to why they were misappropriating *my* name and signature without my prior authorization. I construed this as tantamount to false and misleading advertising by them. **THEY NEVER RESPONDED BACK TO ME AND I NEVER HEARD FROM THEM AGAIN ON THIS OR ANY OTHER ISSUE.**

As an aside, there were no repercussions whatsoever from the Secret Service, or the Feds for 'accessing confidential information from a consumer reporting agency without consumer authorization.' They investigated me diligently, so I was told. There was not one adverse thing they could find in my record, nothing, not even a moving violation conviction---and I'm sure they checked my record for the last 30 years.

Since I was never charged with anything, nothing needed to be expunged. I called the Secret Service agent, and he confirmed that I was no longer a person of interest. And in his own words, he said, "Everything is buried, nobody will ever know what happened here except the parties that already know." He commiserated with me about losing my job with AmFam, although he stressed and I agreed, that he was only doing his job. He also told me that HUNDREDS of people had accessed Mr. X's driving history for various reasons, and they had to investigate every one.

A week or so after being terminated, the phones at my office started ringing nonstop-- all from former customers who had received letters stating that I was no longer with AmFam, and they wanted to know **what** happened, where I was going, if their insurance policies would be with another agent, etc. If you think *I* was shocked when I was 86'd, I think my former customers were even more in shock since they knew me as a pillar of their insurance for over a dozen years. Since I was about to go through the appeal process with American Family, I could only tell them my leaving was sudden, their insurance would be properly serviced, and that I would be in the insurance business in the future. That's about all I could really say.

A friend of mine at AmFam, a really top guy in all aspects, told me about a company in Wisconsin that partnered with ex-AmFam agents and those agents thrived. He said I should call them. He didn't even know the name of the company. I started googling and researching, and actually cold-called agents in Wisconsin to find out who this was. I finally figured out it was *Couri Insurance Associates*, based in Waukesha, Wisconsin.

I interviewed with them, as well as others. *Couri* offered me an opportunity to own my own business after just five short years. They would give me support, but no seed money to start. I would have to be on my own, pay all my expenses, and build my own independent agency from scratch. I also interviewed with a large insurance broker in my city, among others, and they offered me a HUGE six-figure plus draw with a two-year guarantee to start, and a position as an employee to run their in-house P & C book of business. They would give me all kinds of benefits, car and office allowance, health insurance, pension plan, etc. I was shocked by the generosity of their offer.

I then ran ten-year projections on a spread sheet. I tried to be really honest with myself, and I figured out that by about year six or seven, if I did what I knew I was capable of doing, I would be far better off with *Couri*. My new bride, who had never been on commission, thought I was nuts. "Take the guaranteed deal," she said. I replied, "Doodle Poops, if I do that, they'll own me just like American Family. I've been on commission since I was 14. I know how to build an insurance business. That's how I roll. I'm taking the non-guaranteed deal, the *Couri* deal, the deal where I can **ACTUALLY OWN MY OWN BUSINESS**. You'll see, it will be better for us in the long run."

This is probably a good time to thank my wife, who stuck with me through thick and thin, especially during those dark hours and after I was terminated. She helped me get through what was the most difficult and traumatic period of my life.

So with her support and encouragement, I went 'live' with *Couri* less than 3 months after I had been terminated by AmFam. So

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The following article was submitted anonymously by one of our readers and we thought it was so outstanding that we'd like to pass it on to you. The analysis this agent makes of what is actually going on these days is evidently right on. If you agree, please, please let NAAFA know. And if you don't agree, still let us know. As always NAAFA works very hard to protect your identity. That's why we feel it is important for the TRUTH to be told.



WHY ARE WE SO BLIND?

I don't claim to be all that smart, but many years of 'moving with the cheese' in agency has got to cause one to notice some things that are blatantly quite obvious. Why then do we need to point out the obvious? Well, just look at the world. Everyone seems to be running to the newest thing that gives immediate gratification; we are so easily influenced and it seems we just move like herded cattle. Let me explain.

Marketing companies (like campaign committees) study us and then use what they see to manipulate us. Just once in a while, why don't we look a little deeper for the truth and then decide for ourselves *what* changes "we" are willing to make. We must learn to join together (as in NAAFA) to stop this flood of change that is doing nothing but hurting the field agents. **We must become the drop that starts the ripple that changes the tide.** Oh God, give us courage to *Stand in the Gap* when we discern a need to protect our clients, our families and yes, even our company, from themselves. Case in point, **Evolution Of Agency.** (EOA)

If we will simply follow the dots, the acronym EOA is really the company code letters for:
Evolving Out Agents.

Read the signs. We know the company didn't just wake up this month and decide they were going to put their eggs more heavily into the "buy direct basket." It was calculated a long time ago. What were the indicators we have ignored? (Yes, some of this is on our shoulders because we **blindly follow too much.**) When we were told to go along with these "great things" such as EOA (like lambs to slaughter) and when we were told that this was going to be great for "us" if we just *follow the cheese*, we swallowed it hook, line and sinker. What we should have asked ourselves is "just who is "us"?"

Many of my veteran colleagues have forfeited over \$20,000 a year of renewal incomes due to the first phases (before it had the EOA name) and they (we) accepted the lie that it was our responsibility to accept the new Homeowner commission cuts. (When they went from 15 to 13 %.) That commission cut cost the average 20-year agent about \$20,000/ year in HO renewal commissions. (And, by-the-way, it continues to do so every year, thereafter.) Folks, **that's \$200,000 of take -home pay we just gave up if we planned to work 10 more years, and for what?**

But what did Jack do? He gave himself a \$2 million dollar pay raise. The key AmFam board players also took big raises. The agents are the ones fighting re-inspections with artificially inflated replacement costs (to also fatten the AMFAM war chest) but we agents are the ones who took the pay cut on the most *time-consuming product to service*, while trying to "save the company customers."

A few agents recognized this injustice and talked some smack at the All American (because NAAFA wisely published the corporate pay increases right before the convention) and when it was pointed out how bad it looked for AmFam to give Jack and his cronies the huge raises while screwing over the agents and still planning to cut the commissions even more. It was after all the agent chatter at the All American that corporate changed their minds and (temporarily) decided not to reduce the HO commissions to the full extent previously announced.

We should be thankful, I suppose, but not to Jack as much as to the brave souls who spoke up. But ALERT! It really wasn't a hard concession for the AmFam Board and Jack because they knew EOA's next phase was heading our way in what we now know as ADVANCE.

They certainly knew in advance that ADVANCE was going to offer a **less comprehensive coverage policy with lower premiums and an even lower (10%) renewal on homeowner commissions.** They also put the rhetoric on steroids about new enhanced bonus money which was supposed to *offset the commission cuts* "for the agents who earn them." Problem is, since bonuses just came out, and because of the *Gatekeepers'* restrictions, most agents are not going to receive in bonuses enough to offset what they forfeited in the commission cut. There's your EOA program at work for you....do the math!!

Let me also point out that it is *no unintended result* that by paying you "bonus" money instead of commission, it just happens to get left out of the equation when figuring your termination benefits. Agents should print their Termination Benefits statement every month so they can compare it to the previous month and you will see that in most cases, your Termination Benefits are going backwards, even if you grow! The company is now *legally stealing your retirement.* What did they do with all that windfall? Well, they built up companies to **sell direct and compete against you.** They certainly are not investing it in agencies as they imply.

Remember the AIT program that was supposed to put a producer in your office (if you were working to deserve one, or you were owed political favors) for over \$3,000/ month or \$36,000/ year? Well, now they have forced out over 25% of the agency force (vs # of agents less than a decade ago) yet they are willing to give you only up to \$1,000/ month or \$12,000 a year to train *your own producer whom they freely admit they might steal away from you after you train them.* Now listen, here is where **we have the power.** We need to stop being so blind and begin seeing the big picture. We need to quit doing their bidding. We need to quit spending our dollars to instigate these stupid programs they are so freely shoving our way.

[Continued on Next Page]

You see, EOA and the direct marketing plan that formally stages AmFam to compete against the agents just won't work mathematically unless they can manipulate the current agents to eat the extra costs to train our replacements. And they know it!

They have tried "experiments" like policy service centers where corporate pays (subsidizes) a horrendous cost to implement these policy service centers. They tout the sales they are making, but if you followed their business plan you would see it's just for show to draw us in. They have put corporate employees in agencies with guaranteed salaries of

over \$160,000/ year and also paid for as many as two full time staff members at \$35,000/ year (each) just to prop their choice corporate employee/agent up. That's \$230,000 per year the company has paid to put agencies in towns where other agents have spent decades building up the client base, only to let corporate's grand experiment make it harder to survive. As a matter of fact, where this has been implemented, veteran agents who pay their own expenses have been forced to "retire" and who do you think took their policies? You guessed it, the propped up agency. On paper it's the worst return on investment you could have. Until you calculate what they save by paying half the commissions for eternity now that AmFam also implemented the new transfer policy with a 50% commission for eternity rule. So before we blindly drive the EOA bus over the cliff, let's consider who has the power and where.

And now, Corporate has announced another huge partnership that is just another attempt to drive field agents out of business. The Wells Fargo partnership will put employee agents in every street corner bank in direct competition with the field agents. Are we so blind that we don't see what is happening here?

One of the new corporate objectives is to implement ADVANCE fully and we're down to our last few states. So we've been told the key to success with ADVANCE is prospect, prospect, prospect in "advance" of going live. **Most areas we were not competitive in, so just quoting everyone you see willy-nilly and expect not to write a lot of until ADVANCE is here, is just a lot of useless work and expense for the agencies which try "to enter all that prospect data into their system and which data now (AmFam claims) they own!!** The agent pays for leads, staff training, staff hours and extra overhead expense in adding employees and equipment. The agent pays most of the acquisition costs for prospects which we all know we won't have a chance to write until the next quote cycle or even the year after that. Again, are we blind or what?

Let me repeat: The problem is, all those quotable people whose information we entered in the system, all those house pictures that used to be in our H drive until "your" agency successfully closed the sale, are now in the new cloud system for AmFam which allows the Company's direct writers or policy sales folks, (or their policy center people) to write what you've entered and thus cut you out.

It's already happening, folks! Remember that lie about how we should promote the AmFam.com site so when our office is closed or unavailable, PS&S would be able to write our overflow for us? Are you getting any of that action? NO! Remember after we had to put AmFam.com on all our advertising and business cards that AmFam came out with as a requirement that in order to be American Star you could no longer use an answering machine to screen calls and take messages or you couldn't be JD Powers/AMStar agencies? So the result was that when you went to their *basically mandated phone system* and a client called your office for a quote but you were so busy servicing AmFam's insureds, that after 2 rings it went to the Company phone message system (don't know why it was 'professional' for them to use a voice message but not for us. Oh, wait, here's why) and the message says: "If you're calling to get a new policy, please press #." So low and behold, it routed "our" prospect to Policy Sales who then sold that policy to our client. Who, you ask, got credit for it? (Because it sure wasn't us?) They told us they had no way to track where the call came from (can you believe that?) and so PS&S assigns the policy to their most favored agent (Likely, the guy they are already subsidizing to make their overpriced experiment look plausible). By the way, he / she also gets all the regular internet leads. Do you ever get any? Again, why are we so blind?

There is so much more but I hope by now you are opening your eyes and asking,
"What in the world can I do about it?"

Here's what! Don't put up with it anymore. ASK questions and when you see blatant injustices, **REPORT IT**, even if you have to do it anonymously. It's better than rolling over and playing dead. (As we've done for far too long!) And when you see flagrant violations, and management won't listen, **report it to the ethics line and/or your state's insurance department.**

One example would be to report these "Blind Quotes" AmFam is encouraging you to do. Remember, agents go to the trouble to find the prospect, put their info in the company system so that basically anyone else including AmFam themselves, can use your info to write that customer. If you catch them not checking their list and then quoting your clients, REPORT IT! If corrupt agencies use blatantly bogus info to bait and switch, REPORT IT! Do you think the company whose motto was to be the "most trusted" insurance carrier should be doing such things? Of course not. And if you see AmFam making agents hire staff and using unlicensed staff to do that blind quoting, unleash the dogs.

American Family wants you to pay their cost of acquisitions, I hope by now you see that. If we're going to stay around, **it'll be because we continue to fight for integrity.** We sell the American Family brand. If we become known as the company who makes up lies to get our foot in the door, there will soon be no doors open to us.

On the other hand, if we wisely think about *why* we do what we do and seriously focus on protecting our name, our customers and our families, then we will have the power it takes to start the ripple that becomes the tidal wave that washes clean the scum that has accumulated and is choking out our ethics and our livelihoods. Remember, if you feel what the company is doing is wrong, then report these erroneous actions. If your desire is to honorably serve American Family and those hard earned clients who place their trust and money in your hands, then we truly thank you for this bold but ethical move. Ask others to join you in standing for truth and what is right.





FORMER AMFAM AGENT GETS PAID TWICE FOR HIS AGENCY

My first memory of American Family goes back to 1959. Back then it was called Farmers Mutual. I was only 12 years old when my dad, a pioneer agent, took me to the American Family Indiana State Office. The "Indiana State Office" was just 500 square feet and next to a State Farm district manager's office whose district policy count was greater than American Family's policy count for the entire state. I had a paper route back then and when I went out on my route, my dad had me pass out his cards and auto brochures to all my customers. My dad often gave me 500 flyers at a time and told me to go put them on all the windshields of all the cars at the shopping mall. I was not to come home till I had them all distributed. I enjoyed doing it.

My dad worked from home. He knew everyone in Madison on a first name basis. He was so proud to work for them? The Madison management used to call down and ask my dad questions about the different ways to be competitive in Indiana. That might have been because at this point in time American Family had no name recognition. He was the first Hall of Fame agent from the State of Indiana. He also accomplished the following achievements:

- All-star agency.
- 3-times top 10 sales leader for American Family (only agent from Indiana to achieve this recognition).
- Profit leader – He helped establish the American Family brand on Indianapolis's eastside.

After going two years to Junior College, and earning an Associate Degree in economics, I worked for a couple of years for the Pennsylvania Central Railroad. Then I went into the Navy. I served 5 years in the US Navy as a medical corpsman and was honorably discharged as a Viet Nam veteran. After I was out of the Navy I went to San Diego State University and earned a Bachelors' Degree in Business. For the 5 years following that, I became an underwriter for Allstate Insurance Company.

It was in October of 1980 that I established my own American Family agency. I was 33 years old. After just five years, I was making a good wage and had my ACP paid off. I made several All-American conventions. At the end of 2008, my agency was the largest in the district with \$ 2,500,000 in premium. The loss ratio for my agency was 51%. I was second in application production and a retention leader. I received the largest cash bonus in the district. I never missed a day of work in nearly 29 years. I enjoyed working for

American Family for the most part at that time. There was good comradery among the agents. Life seemed good. But good times don't always last forever.



On July 22, 2009, I was called into a meeting by my district manager who had explained that this was a meeting about "agency growth." When I arrived, there were two district managers there. My own district manager informed me that they had a letter from legal terminating my contract with American Family. The reason they gave was that I was being accused of violating a compliance rule. I was being accused of extending some auto policies from 6 months to 12 months without customer consent. I knew I wasn't guilty of this and I also knew I probably had an uphill battle ahead of me trying to prove my innocence.

Interestingly, I guess I instinctively knew something was up. Wisely, I had brought with me an Indiana Insurance Department complaint on a certain former district manager (who had stepped back into agency) who had been fined \$500 by the Indiana State Insurance Department. I asked where the AmFam Compliance department was in this case. I told them I thought this was definitely bias on their part. But this didn't matter to them. They had picked their targets and so I was terminated. I was nearly 62 years old at the time and I felt they had stolen my agency.

In the next few days, I received a letter from the Indiana Department of Insurance informing me that they had received a letter from American Family Insurance saying *they had terminated me for cause due to Fraud or Misrepresentation*. I have in my possession copies of communication

letters between AmFam and the Insurance Department. It was plainly admitted in AmFam's letter to the state that the company could not readily prove why only 71 policies had been impacted by my so-called indiscretion. They attempted to contact about 10 of these clients but could not conclude that I had *neglected to* inform or ask for their permission to write annual terms for them.

Alas, American Family decided to dig even deeper. Everyone readily knows that as the saying goes, if the company wants to get rid of an agent, they can always find something in the agent's history which they can maneuver into a cause for termination. I was the living example.

The company then sent out some 66 letters to my insureds asking them to check a box about what applied to them. The first choice would indicate that the insured had not requested the change and the insured wanted their policy changed back to a 6 months term. The other choice the client could check was that the insured had requested the annual term.

Now in my logical way of thinking, a client didn't have to request the change because I was the one to suggest it. In that case, the insured would have to say yes but that didn't mean they didn't know about it. Or hadn't agreed to it. Very tricky way of maneuvering the answer you want out of someone in my way of thinking. [Also, remember that the company did not require a written consent from the insured in order to extend the term. Nor did the company have a rule against extending the term. I had always gotten a verbal consent, of course.]

I remember that the economy was bad at this time. The Ford plant lay-offs affected many people on the east side of

Indianapolis. People lost their jobs. This approach was really quite beneficial both to the insured and to AmFam because at least the business stayed on the books while the client was able to pay monthly instead of paying the much larger 6 month premium. We'd have both lost had the customer cancelled. The other big issue affecting the customer's ability to pay was that AmFam started credit score rating. Of course credit becomes an issue when you've lost your job. But these insureds of mine were good people and this solution seemed the reasonable and humane thing to do. In the end, the Indiana Department of Insurance agreed with me...totally.

The most difficult part of my termination was telling my wife, the mother who watched our six kids over the years. Her response was, "They never gave you any of your dad's policies, and now they're stealing your policies. I told you to quit AmFam years ago." I realized then that I had her total support in this.

My DM told me I had 30 days to turn in my files. I knew better than that. I knew I had only 10 days. I have often wondered whether or not there is some attempt to get the agent to miss this dead line in returning the files because not turning them in within the 10 days after the termination date is cause for losing your Termination Benefits.

In all fairness, I suppose there might have been a chance that the DM, who was rather new, didn't know any better. Ultimately, after I contacted the state director about it, the DM finally set an appointment with me and came to pick them up, but managed to still be 2 hours late. The DM would not sign my inventory list. I knew I needed documentation that I had turned my files in within the 10 days. I had several customer payments that had been slid under my office door (as customers often did in those days) and the DM would not take those either. I made copies and mailed them in. Actually, I had a credible witness who observed the presence of the DM and this witness signed my inventory sheet confirming that he witnessed the DM taking the files. I brought the district manager to the front of the office, shook hands, and said no hard feelings. I said I was going to print cards and put a sign in my front office and go back to work after 12 months. I was motivated to sell.

It's interesting to note that the agent who received about 40% of my files was also the one who had been disciplined and fined by the Department of Insurance for a violation under the unfair insurance practices act. In addition to his \$500 fine (I spoke about this earlier) was the requirement that he take additional training and also provide evidence of premium difference refunds. He had been a successful district manager with over 20 years' experience.

So here we have documented proof that one agent who actually *did break insurance laws* as evidenced by the state was praised and rewarded by the company. But another agent who was falsely accused, fired, and reported to the State Insurance Department continues to have his punishment upheld. Perhaps this was politics, not ethics.

I purposely waited till my one-year non-compete was up. I could not risk losing my Termination Benefits. Meanwhile, I studied other options. I had several aggregators contact me about going with them, but I was so afraid of working for someone else again and possibly losing my agency again that I decided to get my own contracts. Fourteen months later at age 63 I started my own independent agency. My staff was gone but I began my one-person operation.

I enjoyed talking with my future clients and building a foundation for my future success. I had so many people that I could write now that I didn't even consider soliciting my former customers. I just didn't have the time.

For your information, if I had it to do over, I'd have gone with an aggregator because I only had 5 companies and a brokerage house that carried sub-standard companies. Quoting would have been easier with an aggregator because I would have had their quoting system. Bonuses would have been bigger with an aggregator. I got several bonuses, but I believe I would have gotten larger ones as part of an aggregator. But this worked for me at the time, and I'm thankful.

I started the first year by writing over \$450,000 in premiums. The hardest challenge was learning to navigate each company's website. I won a trip to Europe, golf packages, \$100 gift cards, dinners, and tickets to professional

sporting events. Only 10% of my business was prior American Family customers. I targeted larger accounts and made 15%-20% commissions. Now I had the commercial market I'd never had before. With AmFam it was like shooting with a single shot 22 but now selling for the independents was like shooting with a tank.

After five years of building this new business, I began letting the company reps know that my agency was for sale. Never did I think it would be so easy to sell an insurance agency. I received several offers to purchase my agency from multiple insurance agencies. Every time I went to a continuing education class or any place where I saw other agents, they'd hand me their cards and say if I ever wanted to sell my agency, I was to call them. My agency was very marketable because it was so profitable.

I ended up selling my agency (an agency I'd only worked at building for about 5 years) for 1.7 times commissions. I want you to note that this money was taxed as capital gains. For my bracket that meant that I was taxed at just 15% on the sale price of my agency. Now take a look at this: After 29 years at American Family, extended earnings was only 1.8 times commissions and then I suffered a five months' reduction for taking a lump sum settlement. This money was taxed as ordinary income which as you might know put me into quite a high tax bracket because of the lump sum coming within one tax year. My bracket was definitely much higher than 15%. Doing the math, you can quickly see that my 5 years as a true independent was much more profitable than my 29 years as a captive AmFam agent.

Agents who were with AmFam for a long time, called me up and encouraged me to sue AmFam for unjust termination. Not only had I been unjustly terminated, but I was told that some newer agents were talking negatively about me. Customers became enraged about it and came to me and told me how AmFam agents were bad-mouthing me. I'm told this often happens to the agent who leaves no matter what the reason. The company readily admits that quite a high percentage of the former agent's book of business drops off when that agent leaves. I found out later that my best

customers (upper 10%) shopped after I left and got better rates. It just a fact of life, I guess. I was told by my customers that *newer* agents were getting pretty upset when *their* business decided to leave. I didn't want to get involved in this childish nonsense because it cut into my selling time. How many of these people could sell \$450,000 of premium their first year? I've heard of some agents who sued for defamation of character and actually won their cases, but at this age and time of life, I didn't need that fight.

It makes me feel quite used to realize that I was ok for 28 years and now they kicked me out of my retirement plans. But I learned a great lesson and a lot about myself. I have found that I loved it so much that I would have worked as an independent for free. It was a joy to come to work. I really was my own boss and I didn't have negative management comments to deal with. Truly, I never had this much fun at AmFam. *With*

American Family it was like I was a good triple A baseball player, playing with a few people with major league contracts. The



termination motivated me to try out for the major leagues and I got a little playing time with the big boys. I went out and wrote as much business as I could. I didn't whine and cry about it. I

was just so glad to get away from them. Yes, I hit it as hard as I could and believe me, it paid off.

People call me for advice. My family wrote thousands of policies for American Family. And the company owns all your work. As an independent, you own all your own policies, your own time, you're totally free to run your business as you want. No meetings. You are judged on what you produce. The ability to produce is true security in the independent world. At AmFam I found that not to be the case. If you stay with AmFam, when they decide to terminate you, what do you have when you leave? You have absolutely nothing. As an independent, if you're having trouble with a company, you terminate the company!

If you're unhappy or want to take on a challenge, you might consider calling an aggregator and start planning your future. So many AmFam agents tell me they just about can't take it anymore. Listen, if you don't like your situation, don't whine, change it. I would like to tell you that just because you're over 60 or even 65 this is no reason to wrap it all up. Many of us enjoy working and there's no better place than in your own agency. If you love what you're doing but hate the circumstances under which you have to work, then think about

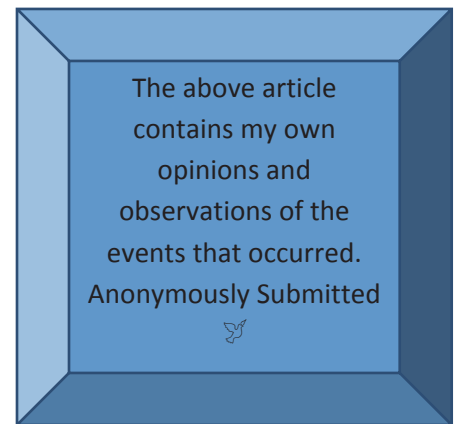
getting out. The independent companies treat their agents so much better than you can ever believe. They bend over



backwards to help you. And under-writing is actually there to help you succeed.

Independent agents don't have to spend their precious time driving miles and miles to take pictures. You have time to sell. And sell you do because now you have the products and the rates to attract the sales. It's time....it's really time to make the move. Good luck.

American Family, thank you for the opportunity. I wish we'd had a better parting, but I developed my own great ending to my career.



SPECIAL DUES RATE FOR **NEW** NAAFA MEMBERS

NAAFA is offering a NEW membership special rate to any active AmFam agent who has not been a NAAFA member for the last 3 years. This special will run from **5/1/2016 to 10/1/2016.** The annual rate will be reduced from \$240 to **\$199.** This is a special deal and one you should consider taking advantage of. **DON'T MISS IT!! THAT'S A ONE YEAR MEMBERSHIP FOR ONLY \$199.**



ARE YOU REALLY **AWARE** OF WHO YOU ARE?

More and more is being written today about our self-centered society and the bad effects of people who fall into that category. From the days of "do your own thing" to "if it feels good, do it," to "smart phones and selfies," to "total distraction," all are having their effects not only on our home life, but in the work place, too.

Does it seem to you that there are more impossibly difficult people, poor leaders, and distracted employees around now than ever before? Have you ever wondered if perhaps you might be someone else's biggest headache? Have you been guilty of actually enjoying the dissemination of someone else's personality? And do you actually enjoy repeating the horror of another's errors and downfalls?

Social media has certainly enhanced this age of selfies, self-imaging techniques, and name branding where people share their most intimate moments. Is it pure narcissism or is it self-destruction....or both? There are some who claim *selfie* is synonymous with *vain*. There's *funny selfie*, the *bragging selfie*, the *lonely selfie*, the *guess-where-I-am selfie*, the *see-my-new selfie*.....what do you think?

Perhaps it is time to rethink your own goals in life. How do you want to be perceived? Self-awareness is absolutely necessary. Often how you intended to be seen is not at all how others perceive you. Have you ever found it necessary to approach another person regarding what you perceive as improper behavior or insufficient work accomplishments? You had it all worked out in your mind how you would tactfully approach them, but when you actually talked to them about their problem....boom, it backfired. Again, how you intended to be seen is not at all how the other person perceived you.

A lesson to be learned is that if you are winning, it's not because you have been rationalizing your own shortcomings. It is because you have taken the time to focus and be persistent about your work. You have taken the time to get rid of that "it's all me" syndrome. You have eaten a chunk out of the humble pie that enables you to *not* place yourself so far above others. You've successfully dumped the "selfie" you and succeeded because you are self-aware. Congrats! And always remember, the emptiest people of this planet are usually the ones that are full of themselves. <http://www.pomperinsurance.com/navPage.html?targetPage=http%3A%2F%2Fwww.220marketing.com%2Farticles%2FThe-Not-Me-Syndrome>



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.

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CITY _____ STATE _____ ZIP CODE _____

CELL _____ OFFICE PHONE _____ FAX _____

PERSONAL EMAIL _____

MEMBERSHIPS*:
(Circle one)

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

New Member Special
\$199 Annual
(No Active Membership
in past 3 years)

DONATIONS:

NMEF (NAAFA Member Enhancement Fund-
Formerly the Legal Defense Fund) \$ _____
SECA Kit (\$400) \$ _____

PAYMENT OPTIONS:

CHECK:

Make your check payable to NAAFA and send to:
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PO Box 578
Circle Pines, MN 55014

EFT:

To open an EFT account, you must enclose a check for 1 month (\$20).
ACP agents enclose a check for 1 month (\$10). Mail to the above address.

CREDIT CARD:

Please go to www.NAAFA.com, click on JOIN NAAFA tab and pay by PayPal.

SIGNED _____ DATE _____

(Signature of Applicant)

*Membership and contribution 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: 1-800-567-9668



ALTERNATIVES TO **PAINFUL** TERMINATIONS

Submitted by a NAAFA member

A recent article (*The Rising Tide of Digital Distribution & What it Means for P/C Insurers*) written by Kathleen Garlasco, Senior Vice-President of Enterprise Marketing at Bolt Solutions, and published on www.carriermanagement.com seems to imply that **unless insurance companies offer digital distribution channels to their consumers, they probably won't survive. Or they will survive with quite a lesser amount of market share. Apparently, American Family has taken this advice to heart. AmFam is definitely in transition mode and they expect you to transition right along with them.** <http://www.carriermanagement.com/features/2016/03/30/152650.htm>

It has been very hard on some (if not most) AmFam agents to see the company they have trusted and endorsed all these years make changes in their marketing strategies that seem to compete with the only marketing channel they known as captive agents. Many agents realize that times are changing. Change has been occurring since the beginning of time. We all know that. But there are a few things that should never change....namely one's integrity, one's compassion, one's desire to be fair and above board, and one's desire to be kind to others. We're proud to say that you should hear this often at NAAFA.

Many agents complain that they wish the company would have leveled with them and done it long ago. Sometimes one who understands "corporate speak" is able to decipher certain trends, but as a whole, we agents have been kept in the dark. Informing workers about the problems the company is facing and why it is necessary to do what they have to do would serve to improve trust.....something that seems to be really missing around this company today. If bottom line profit is the issue, then asking **everyone** (that means everyone from TOP down) to take a hit in their salaries might be fair.

Surely there must be a way for a company to transition to the world of "Digital Distribution" without decimating so many agents. The dictionary describes the verb *decimate* like this: **1.** To destroy a great number or proportion of **2.** To select by lot and kill every tenth person of. Perhaps the word "kill" is a little harsh in that second definition, but actually it might be quite fitting because the heart, soul, and enthusiasm of many terminated agents has been killed! Perhaps you think it is also a bit harsh to imply that this is what AmFam has been doing when forcing retirements or quotas on so many agents. In reality, forcing out so many field agents has been nothing less than traumatic and devastating.

The NAAFA office hears regularly (heard from 4 yesterday alone) from literally hundreds of agents who are suffering as a result of having received 3 &/or 6-month letters, forced retirements of 12 to 24 months out, of suggestions by ASMs that "it would be best for you to just leave," or from a company audit of the agency in an effort to prove a compliance violation! Agents are being given an "opportunity" to resign on their own, but many are still being told that they have to maintain certain quotas. And there's no rhyme nor reason to the level of such quotas. Sometimes it seems these numbers are randomly picked out of a bucket of tabs. Unless you have an agency of several thousand policies, it's nearly impossible to meet the quota with such non-competitive rates.

It appears to NAAFA that the majority of these forced terminations or resignations are happening to senior-aged agents over the age of 50. A compassionate company with integrity would realize that this is exactly the age where agents need the income from the businesses they were told they owned. (Didn't they tell us we were "business owners?") Agents at 50+ have kids in college, years left on their mortgages, car loans, and many other financial obligations that the average American intends to get paid off by the time he retires. Now there won't be that chance to be debt-free by retirement because the agent's business has been pulled out from under him, so to speak. Of course, we know it's easier to "control" novice agents because they haven't yet had to learn the survival tactics of a truly independent contractor agent....nor does the company want them to learn them. "Make life easier for yourselves by simply agreeing to do what they ask," is how many rookie agents think.

But how should AmFam have approached the Digital Distribution trend, you ask. First of all, the fact that AmFam classifies agents as independent contractors eliminates the need (in their minds) for **severance packages, unemployment compensation, and/or outplacement services.** A compassionate 'we-care-about-you' company would try to extend some type of package to workers being shoved out the door, wouldn't they? And BTW, Termination Benefits cannot be considered a severance package. Term Benefits were earned as a result of years of hard work and a condition of the unilateral contract the agents were forced to sign if they wanted to work for AmFam. One would have to wonder whether AmFam really thought these terminations through or not. Will the absence of these 2000+ agents have an effect on the company's profit margins? Will the company sense the loss of talented agents who related, encouraged, and serviced the AmFam customers so well? Can you already sense the Company

reputation change as people are beginning to realize that their trusted and long-time agent has been kicked out the door?

What type of counseling, if any, has AmFam given agents who have been and still are being terminated? Most compassionate companies will offer outplacement services which counsel and give job search assistance. How awkward would that be for AmFam to help their own captive agents find jobs in the independent world?? Well, that's exactly what *real* (compassionate) employers do, even at the risk of having their own former employees compete against them. When a company has a goal of always trying to further the career of their workers, that company continues that policy even into the layoffs they feel are necessary. Do a little study. There are many companies which practice such policies.

Any assistance offered to the downsized agents would create a much better morale among not only the agency force, but also among the employee workforce at AmFam. When a company treats its workers equitably, that news gets around. When one hears that a certain company is downsizing, the public image of that company usually suffers even though many suspect the downsizing was probably done for what company officials felt were justified reasons. However, the "thinking" public might also reason that these same company officials failed by allowing the company workforce to get out of hand in the first place. At any rate, an insurance company that finds it necessary to eliminate 40 or 50% of its agents is not going to make brownie points with its insureds.

Many of us have had some wonderful years at American Family, but it's not these good memories that linger. What we will remember is how we were forced out and how we were treated as the company did it to us. There's a line from Shakespeare (Romeo and Juliet) the gist of which goes something like this: PARTING IS SUCH SWEET SORROW. Separating from people you've known for years and a business you've enjoyed *is* sorrowful, but parting is also sweet if you realize that tomorrow will be brighter because you did at last part. <http://www.inc.com/encyclopedia/employee-termination.html>

SHORT AND SWEET MESSAGES

“LEAN INITIATIVES COMMITTEES?”

Ever heard of “*Lean Initiatives?*” We keep hearing bits and pieces about Lean Initiative Committees that have been established by AmFam whose goal is to *find areas they can cut to lessen expenses*. Hmmm!??

Have you ever heard of an agent being appointed to a Lean Initiative Committee? Why don't we all ask our Agency Council Reps if they know anything about these committees? And we could also ask them to find out why agents haven't been asked to participate since it seems a lot of the cutting is going on in the back pockets of the agents? We might also want to ask our underwriters what they know about these committees. If cutting expenses involves agents (and it certainly does!) then we need to have a say in it.

ANOTHER ASSIGNMENT



CALL THE HOME OFFICE!

Agents have been very successful in convincing American Family to use a more typical interest rate in the “**present value formula**” which is used to determine what reduced amount of Termination Benefits a beneficiary will receive should the agent die while receiving these Termination Benefits. We thank the agents who called the Home Office and politely suggested AmFam make this change. The adjustment quarterly more closely reflects market place interest rate and this, in turn, really helps the beneficiary out.

But the other issue still afflicting the beneficiaries is the fact that AmFam pays this balance **in one lump sum which falls within one tax year**. NAAFA would like to see the beneficiary have a choice of whether to receive it in one or two payments, each falling in different tax years. Receiving it in one year pushes the already grieved widow /widower (beneficiary) into a **much higher tax bracket** and we feel this is terribly insensitive at such a traumatic time.

We suggest agents contact the Home Office and suggest a two year payout option be instituted immediately. Be polite, be concerned, but be assertive. We must “speak up” to get things done. Please call the NAAFA office if you have questions. 800-567-9668

LET US KNOW WHEN YOU RETIRE

NAAFA would like to remind agents who retire to call us immediately so we can change your membership dues billing to the *retired rate*. Because this causes such a problem for those who pay their membership by EFT, NAAFA now has had to establish a policy about refunding overpayment of membership dues. Beginning immediately, NAAFA will only refund up to \$100 in over payment of membership dues. PLEASE LET US KNOW AS SOON AS YOU RETIRE SO WE CAN MAKE THE BILLING CHANGE. THANKS.

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NEW GUIDELINES FOR SECA KIT AVAILABILITY

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

The SECA Kit has been updated as of August 2015. The success of this kit has been invaluable. As most of you know, the SECA Kit is just one of the benefits of being a NAAFA member. Any members who leave American Family (and qualify for Termination Benefits) should have the Kit *before* filing their taxes the first time. Understanding how and why you file as you do could save you thousands of dollars in penalties and fines by the IRS.

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

As a result, NAAFA is now asking for a donation of \$400 for the Kit unless a member has had 3 full years of continuous (no lapse) membership. After the three full years of membership, the Kit is free. A *new member* would pay the first year's membership up front and then the kit would immediately be available for the donation of \$400. Or the new member who pays dues either *monthly* or *semi-annually* would have to wait until the beginning of the second year to become eligible to receive the Kit after donating \$400.

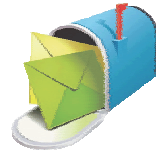
As before, you must have a personal Email to receive the SECA Kit. NAAFA asks that you **honor confidentiality** regarding the Kit. **Do not share it with non-members. And be sure to tell your accountant that this kit must remain confidential and only used for your own tax preparation.** As a member,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



SECA Kit

Worth noting is the fact that a *greatly increased* number of agents receiving Termination Benefits are reporting to NAAFA that they are receiving "IRS Inquiry Notices." In fact, we would estimate triple and even quadruple the number of inquiries compared to what we saw a couple of years ago. We're happy to report, however, that in *every* case, the SECA Kit has enabled these agent who used the kit to receive a "0" owed notice from the IRS regarding SECA tax on their Termination Benefits. It pays to be a NAAFA member!

THE NAAFA MAILBOX



Letter #1

Regarding the Webinar: American Family's Chosen Ones

Hi NAAFA!

Yes, they do use the agents to build the market, build the company, and service the insureds because AmFam can't do it right without the agents picking up the slack. And yet all the while they're phasing the agents out or at least into irrelevance. The days of being paid fairly for bringing in the business are coming to an end. The changes are so obvious. The big "push" towards increasing apps (or else you get put on notice) just happens to be starting at the same time the company comes out with *Advance* which pays a much lower renewal commission in order to keep the rates down. (This instead of Jack not taking such big increases in his pay, or the company not spending or wasting so much on advertising the 1-800#.) They say we want to keep Classic business but the encouragement is to increase app count (or else) which means you have to move them to *ADVANCE*, or else.

Then the Classic pool rates will naturally increase and we will be *forced* to move them all to the lower commission *Advance*. AmFam won't mind keeping agents who will work for lower commissions. Eventually, there will simply be policy centers, not agencies. That's the reason when I asked the company why they put just certain "chosen" agents in positions where they cannot fail because they give these agents 2 (paid by the company) AIT's to the tune of \$35K/year each, and also a salary of some \$160,000+ plus a guarantee of support for 2 years, **I got no answer**. And low and behold at the end of the 2 years the company sometimes gives these "chosen" agents even more agencies. These specially "chosen" ones are allowed privileges the rest of us are exempt from. Some of these "chosen ones" are allowed to run ads that no one else can run, and often they get all the AmFam.com leads. It doesn't seem to matter that there are other agents in the market area well qualified and capable. We aren't the "chosen" ones!

By the way... I really have to question the ethics of the Company when management exhibits unethical and even illegal behavior and yet they get promoted by the company. It's a sad state of affairs for the agents and we better be working on our exit plan. If we have to help the company build their business to compete against ourselves, why not go independent and show them what *Revolution of our own Agency* can do? I personally think they want to make us look on paper like we're growing so they can sell us to competitors, and the upper management can leave with huge parachutes. As you can see I'm wound and there is so much more corruption I haven't even touched upon. I gotta calm down now so I can sleep sometime tonight. Good Night

Letter #2

Killing the Goose that Lays the Golden Eggs

Dear NAAFA,

I want to comment on the January AmFam webinar if I could. Opening the market to all 50 states through this network will probably be through call centers. My thought is that once call centers exceed agents in profit, premium, and policy growth in the states we are in with agents, they will phase agents out or reduce our commissions and phase us into the call centers.

The company stated that agents are "still driving our growth *at this time*" which makes me think they are looking at this for that purpose. It's going to take several years for this to pan out, but they did say they would be in all 50 states by the end of this year. My thought is they are determined to eliminate the extended earnings for agents and end what corporate views as an expense,

The agents don't know what they don't know. When AmFam gets all our operating states on *Advance*, they will have cut the property renewals to 10% companywide, so all new business will be at that value. Also, Termination Benefits are cut as well. Amfam, as usual, dips into the agents' pockets to advance their programs. This will all be paid for by cutting the agents' pay and retirement until eventually they have killed the agency force. The new marketing and sales network doesn't have renewals or termination benefits expense. Same old story ...kill the goose that lays the golden eggs!

Letter #3

My, how Company Attitudes toward Agents have Changed!

Dear NAAFA,

I'm sending you a copy of a letter I sent to the Home Office where I tried to explain that attitudes toward agents has really changed. I thought I'd share it with you. I'd like to know what other agents think.

To Whom it May Concern:

When I begin my career in 1999, the company leadership and culture respected the Agent. In fact, in 2003, I was selected to enroll in the management district manager training program. It was clear in the training class that Agents were a "protected/valued class". To back that up **the State Director specifically stated that Agents are only subject to**

termination if they steal, cheat or violate insurance law. Otherwise, it is up to the management team to work with and respect their independent contractor class. The company leadership, at that time, was seasoned and experienced.

It is interesting to note that my final management group consisted of a District Manager, who was "promoted" from being a struggling financed Agent of 1 ½ years. More surprising is that our current Vice President (who I started with) was a failing financed Agent; bottom of the list in term of production and other metrics. With the current Agent requirements he would have been terminated within the first 1-2 years of his Agency start. **Failed financed Agents "leading" the region...ironic!**

[NAAFA, if you have any questions or need assistance in your organization please let me know.]

Respectfully,



MY PERSPECTIVE ON THE DRIVERLESS CAR

(And how it may affect me)

Submitted by NAAFA Board Member




There have been some interesting discussions amongst insurance agents who are up-to-date on progress being made with the autonomous car. Agents most concerned, it seems, are those with enough years in the business to realize what could happen to their income should there no longer be auto accidents and personal injuries. It certainly is something to think about, but from my perspective, it should be more of a concern for younger agents than those who have been in the business for 20-30+ years. By the projections of most experts, truly driverless cars that still include driver control won't be marketed till perhaps 2025 at the earliest, and truly driverless cars not until sometime after 2050. <http://www.iii.org/issue-update/self-driving-cars-and-insurance>.

There are so many factors to be considered before any truly significant change in agent income occurs, however. For instance, how will the driving public accept driverless cars? Someone recently pointed out that there are some who won't even yet use cruise-control because they want to have complete driver control of their vehicles. Forward-collision warning systems, although available since about 2000, are still not a real popular item in vehicles. What about the fact that mechanical systems often fail? It'd be my luck to just get to the point that I trust the automated gadget when it would decide to malfunction...whoops, accident, and up goes the insurance claim cost! And can you imagine Defensive Drivers 55+ people trying to learn how to operate the new machines? In 2013, it was reported by the government census that there are still about 25% of our people who do not have internet usage in their homes. (<https://www.census.gov/history/pdf/2013computeruse.pdf>) Just two years later, in 2015, a Pew Research survey indicated that only 15% of US adults don't have or use internet. Considering that internet usage began around 1962, its acceptance and usage has actually been quite slow. <http://www.pewresearch.org/fact-tank/2015/07/28/15-of-americans-dont-use-the-internet-who-are-they/>. Just how these figures reflect what might happen in the driverless car setting, we can only guess.

It seems rather redundant that one would worry about whether or not auto insurance will be around in 10 years or so when you work for a company which is trying to eliminate your job *right now*. Let's step back for a moment and recognize that millions of people have lost their jobs due to their companies becoming computerized, robotized, and even closed because their product or production process was no longer viable. It happens all the time, and it will continue to happen if America is allowed to progress as it has in the past.

When I read about autonomous vehicles, ridesharing, and the projected problems involved, I don't get worried one bit. For every new invention, there must be protection. These cars will need some type of insurance coverage. Liability coverage will be greatly needed, of course. Believe me, if one line of insurance is threatened, the insurance companies will figure out a different way to soak the owners with a premium charge, believe me.

We know that suppliers, manufacturers and maybe even states and municipalities will be called on to share the responsibility for what goes wrong. And physical damage will still be necessary because after all, accidents do happen....and what about comprehensive? A tree might fall on the driverless car. Or there's a flood possibility, or theft. And do you think these smart vehicles will be less expensive than what we now drive? Dream on!

With over 50M people on US government welfare, how in the world will they afford these cars? (Whoops, perhaps easier than I can!) We have had to adapt to many new things. When I started as an agent, we had no computers and my cell phone (that appeared on the market in my 11th year as an agent) was the size of a brick. Direct marketing should be a bigger worry for the captive agent. And as I have been saying for a while now.....we're stupid if we don't have a second line of business! As my father always said, "If you can figure out how to do something no one else can do, you will always have a job." 

(Don't forget!)

NAAFA **NEW** MEMBERSHIP SPECIAL

NAAFA is offering a NEW membership special to any active AmFam agent who has not been a NAAFA member for the last 3 years. This special will run from 5/1/2016 to 10/1/2016. The annual rate will be reduced from \$240 to **\$199**. This is a special deal and one you should consider taking advantage of. **DON'T MISS IT!!**

THAT'S A ONE YEAR MEMBERSHIP FOR ONLY \$199.



ARE THERE SOME WHO GET AWAY WITH 'MURDER' WHILE OTHERS CANNOT?

[Or does this company reward unethical behavior?]

Now no agent thinks he should get away with murder, of course. **But why does the company let one person break the rules but not allow it with others?** Agents are really frustrated when they see these inequities occurring. Agents who don't perform are being given the most policies, favored agents are allowed to be licensed with other companies, certain underwriting rules are relaxed for certain agents, often unethical AmFam employees are ousted from current positions, but then given large insurance agencies, ASMs accused of unethical behaviors often receive some of the biggest agencies, and nepotism is rampant in the distribution of agencies. Oh yes, the company will say it is your responsibility to report any unethical behavior, but sometimes there is retribution to those who squeal. Know what I mean?

In a recent Insurance Journal article, "*Why Some Employees Get Away with Unethical Conduct and Others Do Not*" it was explained that it is often the high performers who are allowed to be unethical. <http://www.insurancejournal.com/news/national/2016/04/13/405023.htm>. This research was done by Baylor University and published as a study in Personnel Psychology. It said:

"Unethical, high-performing employees provide contrasting worth to the organization," researchers wrote. "The employees' unethical behaviors can be harmful, but their high job performance is also quite important to the organization's success. In this vein, high job performance may offset unethical behavior enough to where the employee is less likely to be ostracized."

The study went on to say that unethical, *low-performing* individuals do not fare as well.

"They not only violate moral norms, but they fail to fulfill role expectations, which would make them particularly difficult to work with as evidenced by relationship conflict," researchers said. "People, then, are expected to demonstrate their disapproval towards those who create conflict by ostracizing them."

Perhaps this begins to explain what is obviously happening (and has been for years!) at AmFam land. Time and time again we have seen certain individuals get away with things that others didn't even dare think about. The bottom line, the risk for unethical behavior is worth it to the company if the agent's production is high enough.

The research is pointing out that "high-performing employees, their work groups, and their organizations may exist on a **false foundation that has the potential to crumble and cost employees their jobs and their organizations significant amounts of money.**" Still, at AmFam, other workers seem to want these so-called privileges, too. Perhaps you should think again about whether you really, truly do want these privileges. In the long run, it could cost you!!

Although the company appears to present a *facade of ethics* by telling its workers that unethical behaviors will not be tolerated, we all know they tolerate way too much of it. And those who report unethical behavior are often questioned and investigated as though they are the guilty one. And we've heard of agents who reported unethical behavior by the insurance company to certain state insurance commissioners who were actually fired. It appears that word "disloyalty" in the agents' contract was judged by management to come into play in such instances.

It is hard to see unethical people get praised, promoted and patted on the back because we ethical observers know it is wrong. NAAFA has always stressed with our members and readers that the choices you make are critical not only to your agency, but also to your own well-being. In the long run, telling the truth, having high moral and ethical standards, and ALWAYS STICKING WITH THEM NO MATTER WHAT will serve you well. Your conscience will remain clean (do some people even have a conscience anymore??) and you will sleep well at night. There is nothing more rewarding than for your co-workers to recognize and praise you for your trustworthiness regardless of what the company management thinks. Personally, I would rather give up my job than jeopardize my own Christian ethics. How about you?

[Submitted anonymously] 🙏

[AGENT SAGA, continued]

within less than 90 days I had gone from being a happy AmFam camper who was planning to spend my whole career with them, to being an independent agent/owner with Couri Insurance Associates. Soup to nuts in less than 90 days.

Interestingly, my entire book of business was not transferred to just one agent as I had heard they usually did at that time. Instead my policies went to probably 5 or 6 agents, with one particular agent getting a bigger chunk of my former business. I guess my book was large enough that it would have been much harder for David to attack 5 or more Goliaths rather than one Goliath. But David, though small, was nimble and quick, smart and crafty, wily and determined, and he didn't take things for granted. He knew he could outwit a much bigger and stronger opponent. Goliath, on the other hand, was dim-witted, dull, and plodding, one who thought that nobody could penetrate his armor. He took things for granted because he thought people were scared of him. Enough said.

I have to say my projections were way wrong since I exceeded my sales goals about year 4 1/2 and most importantly, **I OWN MY BOOK OF BUSINESS**. Furthermore, while I was building up my new agency, I followed my AmFam contract to a tee, and did not violate or breach anything that I had signed.

It wasn't luck that I had built up one of the largest AmFam agencies from scratch. I worked day and night from the start, and literally seven days a week...no less. My first District Manager nicknamed me "The Machine" since I produced consistent, profitable business including lots of life insurance. I did this month after month, year after year with no let-down. I won just about every sales contest every year. I had more plaques than Carter had pills. I thought I was untouchable. I loved American Family. I thought and hoped that I would die an AmFam agent. I had seen other agents get terminated for various reasons and I thought, "This could never happen to me!" How wrong I was.

If I was a workaholic with AmFam, I was a monster with my own business. And I was still 50 when the game started. I knew that putting Humpty Dumpty back together again was going to be a massive under-taking. But, I already built up a scratch agency once and I knew I could do it easier, quicker and better the second time. I didn't need someone to prod me. I put myself through college and law school by selling oven mitts, dish clothes and potholders door-to-door. I did that for 13 years, too, starting at age 13, and opened up my own business at age 18 after I was an expert door-to-door salesman. I'm one damn good peddler. I can eat nails and broken glass for breakfast. I have a thick skin and wear a suit of armor every day. No amount of sales abuse bothers me, no amount of doors getting slammed in my face will make me stop. My inner guy tells me to work my butt off to accomplish my goals. I used to make 150 cold calls a day when I worked at *Merrill Lynch* during the 1980s. I didn't enter the insurance business to make \$50,000.

AmFam management used to ask me to give seminars and sales presentations to new agents, show them how to build a business, how to market, how to ex-date, how to cold call. I had no secrets. I unequivocally gave any and every American Family agent who asked me, every sales technique I knew, every script I wrote, and really, a road map to follow to show them exactly what to do. I was the umbrella king. I had over 600 umbrellas in my AmFam agency. My State Director even asked me to give a seminar on umbrellas to the entire sales state, which I gladly did.

A funny story (at least to me) is that maybe 10 years ago or so, AmFam hired McKinsey, a big, prestigious consulting company, to figure out how AmFam agents could produce more, and why there was such a high agent failure rate. AmFam asked me personally to be one of the select few agents they would interview since I was a top producer. They wanted to know how I could thrive and build up a business so quickly while others languished or failed. I spent an hour or two with McKinsey, told them everything I knew, and found out later (after they probably charged AmFam a pretty penny for this) that 'agents don't make enough sales calls or talk to enough people.' AmFam could have asked me that and I would have told them the same thing for free.

I know it's not how many people say "no," it's how many people say "yes." The more 'no's' I get, the more "yes's" I will eventually get. It's that simple. I don't need to reinvent the wheel to get customers.

I knew one thing that AmFam probably also knew. I could provide all my sales techniques, scripts and plans, but there's one thing I couldn't do for my insurance students: *I couldn't pick up the phone and make the calls for them. And I couldn't give them the passion or make them EXECUTE their own plan.* That's really always the problem in most new businesses, isn't it, Grasshopper? Everybody has good ideas and good intentions. It's executing. That's what I was good at, and I executed my own plan a second time. *I knew exactly what to do with laser focus!*

I worked relentlessly, harder than ever, but smarter than ever. I didn't want to cold call *at night* anymore so I ramped up my cold calling *in the day*. I kept my same targeted market of prospecting affluent attorneys who spend \$3,500-\$6,000+ annually on car, home and umbrella insurance. I was determined, that I would be the best independent agent I could be. I did not want to wake up 10 years later and feel I didn't give this my all. I was at my office no later than 6:30-7:00 AM every day. I'm serious! I worked every Saturday (and still do) getting there just as early so I could leave by about 1:00 PM. But I never worked nights. Ever. I rarely left my office during the day, and on the very rare occasion if I did, I made the appointments at 7 AM so I could be back in my office by 9 AM.

I have learned you can sell paperclips or battleships; it takes just as much effort and time to get a new customer no matter which you sell, so I choose battleships. And I've also found that eventually, an insurance agent will ultimately replicate the income of the people he or she is targeting to sell to. If you sell to people making \$50,000, that's what you'll probably earn. If you're writing insurance for households earning \$200,000+, well, you can do the math.

By the way, if you're wondering what I could do at 6:30 AM to build my business, my best answer is to stop by my office and I'll personally show you. If you're sitting around waiting for the phone to ring, and you're not writing as much business as you want, you probably need a little bit of help.

If prospects couldn't see me at 7 AM, I didn't want to see them. My time was too valuable. I only had 10-11 hours a day to work and going on appointments is very time consuming, especially, with trying to navigate driving in a major urban area. It could take 30 minutes to go 2 miles. Saying that, I put on less than 8,000 miles a year on my car. Since I've been with COURI I've put on about 50,000 total miles on the four cars I've leased. I INSISTED that all of my new customers or prospects either come to my office, or business was done either over the phone or by e-mail. It's amazing how much you can accomplish when you know what to do, and realize how your confidence regarding how to run your business permeates how your customers perceive you.

It also helps that I don't have to drive 20 miles one way anymore just to take a picture of a house like I used to have to do. That was a time-suck, wear and tear on my car and an extra gas expense I truly don't miss. The independent insurers are happy to expense property inspections with their independent home inspectors in the pursuit of adding quality business to their book. I surmise that the independents have a lot more money to earmark to underwriting since they have fewer expenses than the captives.

By the way, I have nothing against middle and lower income households. They need good insurance and good insurance agents, too. I, however, choose to target a more affluent and wealthy clientele. They have more things to insure. They spend more \$\$ on insurance, they're less likely to switch or shop when their rate increases because they realize the inherently complicated nature of their insurance. They know it's a lot of

work to switch and these clients have fewer billing problems. And for that reason, GEICO, Esurance and direct writers of all sorts are never going to eat my lunch!

As I mentioned, I built up an insurance agency in less than seven years that more than rivaled my 13+ years at AmFam. And I did it with the rug being pulled out from under me, little time to do research, having to continue to pay hefty office expenses with virtually no money coming in, the stress of getting married at the same time with no job, the economy in the 'dumper' and mired in the worst recession since the great depression, the stock market in the tank and at a decade or generation low, my *entire* immediate family dying (My only sister passed away at age 57 from cancer in 2012, my mother died one year later and my dad passed away just last year) and AmFam, my former employer, always with the pervasive specter of breathing down my neck even though I was careful not to breach the contract I had signed.

By the way, my dad helped me get into the P & C insurance business. Actually, he got me my first interview at AmFam because he knew my first District Manager. All of AmFam and the agents knew my dad because of an ancillary business he was in. When I got fired, he heard about it right away. He was at my office within an hour or two. He was just as pragmatic as I am. He told me, "It's just time to move on. You'll know what to do and I know you'll do it." I love you, dad.

There are a lot of opportunities in insurance land. There are a lot of ways to skin the cat. I always thought American Family cared about their agents and that they were at the top of the food chain. When I prospected people who had independent insurers as their insurance carriers, I snobbily thought that was ridiculous, because after all, there was only one company to be with--*American Family*. I always knew, even when I was with American Family, that I could make more money being independent, but again, I always thought, I LOVE AMERICAN FAMILY. THEY'LL ALWAYS BE THERE FOR ME, and WHY UPSET THE APPLE CART.

Leaving American Family was initially the worst thing to have ever happened to me. I cried, literally for weeks during my appeal process. I couldn't eat. I couldn't sleep. I was really in a fog.

Now I realize that leaving AmFam was the *greatest* thing to have ever happened to me. My only regret is that I should have left a lot sooner, and under my accord, not the forced and unhappy way they made me leave.

I seem to be the Poster Boy, by default and not by design, for AmFam agents who want to leave, or have just left, whether forced or not. They always want to pick my brain, it seems. I don't know how they find me, but they do. And I'm happy to give them an honest account of what it's like to be independent...just as I have done here. I'm always very careful what I say about AmFam since I respect the law and their brand and I only tell the truth.

I made the right decision by choosing to work with the Couri Group. They have been a fair and exceptional organization to be a part of and I'm proud to be with their fine group. My wife is happy I chose Couri, too. She loves the intimate and absolutely phenomenal trips that the Couri Group has generously allowed us to go on which, of course, were based on my production.

Couri was the perfect fit for me because I'm so entrepreneurial. They were able to provide me with the right tools and markets at the critical starting point to get a fast start. After I learned what I needed to know they left me alone. It can't get better than that.

I was so angry at AmFam for so many years for how I was ultimately treated. I have, however, channeled my anger into building my business by working as hard and smart as possible. Of course, I wanted revenge, but unlike *The Count of Monte Cristo*, I felt the best revenge would be living well, which I do today. I make more money than I ever did at American Family, and I've been in business basically not even seven years. I don't have all the reporting, the red tape, or management to deal with---I AM THE MANAGEMENT! Most

importantly, I'm happy being an independent agent and the master of my destiny.

I also love making 90% on term life insurance, since I write and always have written, a ton of life insurance. And to sweeten the pot, Couri doesn't take any fees from my life insurance production, how nice is that? Most agents can't wait to go home; I can't wait to get up and go to work. When I leave my office at 5 PM (Remember, NEVER any nights!) I CAN'T WAIT to walk in the next day. I truly "row my own boat" now.

But let's not forget about the customers whom we serve. They're the gas that makes our engine purr. Without them, nothing happens. They're the ones that truly reap the benefit by being with an independent agency, not just me. They get flexibility and options and pricing relief they could never get with a captive insurer. I make more money, they pay less money for insurance---that's a win-win in my book.

As an independent agent, I have many fine carriers to write business with like Acuity, Secura, Travelers, MetLife, AAA, just to name a few. The underwriters actually bend over backwards to help me write business. They look at my track record and make exceptions if it makes sense. They don't care about points, useless plaques, never ending sales contests, JD Power surveys, retention, growth, or where my office is located. What they do care about is writing good, profitable business. Isn't that the way it should be?

I was also able to contract in Michigan (Which I could never do at AmFam because they didn't operate in that state.) I'm now licensed in 10 states, including the State of Michigan. I've found that a lot of attorneys who live in my metropolitan area have vacation homes, boats, and cycles there. It's really nice not to lose this business to State Farm which is what used to happen when I was with AmFam.

I truly wish all the current American Family agents a prosperous and successful career. However, if for whatever reason, you leave AmFam, and you want to remain in the insurance industry, please know that you have options to make yourself into the most successful person you can be.

Even though what happened to me was over 7 years ago, it seems like yesterday, and those events will be indelibly imprinted on my brain forever. It was really therapeutic for me to write this article since I've found I really like telling this story. I *love* telling this story--a *David and Goliath*, *Horatio Alger*, and *Rocky* story—all rolled into one, which seems to fascinate a lot of people, especially insurance agents.

When I was sucker punched and hit the dirt, I got up, dusted myself off and hit the ground running. I've never looked back. As they say, *it's darkest just before the dawn*, and I think my story illustrates this. I never would have left AmFam on my own, so in a perverse way I have to thank AmFam for setting me free. If I can motivate or help even one agent with this article, then I feel the time I spent writing it was more than worthwhile. Thank you all for letting me into your reading realm. 🦋

***"The world is all gates, all opportunities,
strings of tension waiting to be struck."***

~Ralph Waldo Emerson

"Be an opener of doors for such as come after thee."

~Ralph Waldo Emerson

***"The darkest night is often the
bridge to the brightest tomorrow."***

~Jonathan Lockwood Huie

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 NAAFA Member Enhancement Fund. (NMEF)

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www.NAAFA.com

“Tell Me”

[Written by: Allstate Hall of Fame Member, Bill Gough]

You know that you are in the relationship business, right? Truth is, relationships affect our businesses, our personal lives, and our emotional well-being. I know that at one time in my life, I had no business giving advice on relationships. My wife, Vanessa, and I have been through our share of struggles in our marriage. Thankfully, due to some major changes that I applied in my life, a shift occurred, in all areas, and most importantly in my family relationships. I believe that there is always more to learn though, and I want to continue growing in my personal and my professional life. The BEST way for me to do that is through learning more about relationships and how to make them better and stronger. That being said, I want to focus on how to use two little words to revolutionize your relationships with your customers in regards to sales scripting. *Do you want to know two words that can help you have breakthroughs? Are you ready for this?*

TELL ME.....

Yes, these two little words can drastically improve your relationships with your clients in your business. Let me give you a few examples of how you can use “tell me” statements in sales scripting, and it’s every time that you ask a question during the sales process. For example, the first question that we ask in the automobile or homeowner sales process is:

“Tell me, John, who was it that referred you to our agency?”

Now, wait for their answer, then set the referral culture hook with; ***“the reason I’m asking is because three out of four people that I speak with about Auto Insurance are referred by a family member or friend because of our incredible referral rewards program...”*** and so on and so on. The following “tell me” questions should be layered between a “relationship building” conversation with the new prospect or customer and not just asked one after another. ***Tell me, John, where is it you live?” “Tell me, John, what kind of cars do you drive?” “Tell me, John, how many drivers are in the household?” “Tell me, John.”***

You get the picture.

Following the basic “Tell Me” statements, the most important closing question is ***“Tell me, John, would you like for me to get you started with coverage from us when your State Farm policy expires on April 7th?”*** There really is no limit to how many questions you can begin with “Tell me”. The possibilities are endless! And, you will begin to notice an immediate shift in the way that communication styles change when you begin using “Tell Me” statements.

“Tell Me” statements are a command....a very powerful, persuasive command, and people are telling their story...which they love to do.

We are not trying to manipulate people here. We are trying to ethically persuade, because we know what is best for them. Most of them NEED help making a decision. You never want to have a negative motive here...only a helpful one. This is REALLY POWERFUL stuff. In fact, you may want to stop here and re-read everything up to this point again so that it really soaks in. These two words give a lot of bang for their buck. They are extremely powerful. They can even move mountains, my friend. Let’s face it. People LOVE to talk about themselves. Think about it. When someone asks you a question about something meaningful to you (especially after they have shared something about themselves), ***don’t you jump on the opportunity with excitement and enthusiasm to share your point of view?***

If you start to engage others with “tell me” statements followed up with your undivided attention and a listening ear, you can really build solid relationships, and maintain them in your business.

Through an understanding and respect of the other person’s point of view, come endless possibilities, personally AND professionally. It means a level of success in every area of your life. Success can only be measured by the quality of your relationships. Practice daily with “tell me” statements and you will see a huge difference in the dynamics of every relationship you value.

Moving on...Let’s talk about “Time”.

Twelve years ago, I was heavily influenced by Dan Kennedy’s No B.S. Time Management book. In fact, my life has never been the same since I read it. It completely changed my outlook, and I’ve never looked back. Two years ago, Dan asked me to write the foreword to the updated edition, which I gratefully responded with a ***“YES!”*** Right there in Chapter 1, I learned what the VALUE of my time was when I was working *productively*. For example, I learned how to script my days. I learned how to work by appointments only with clear start times and end times. I learned how to create tools to help better manage my time, and on and on. I am a big believer in lifelong learning, and this book helped me to learn things that I can apply throughout my entire life.

Right now, I want you to pretend that there is a bank account that automatically deposits \$86,400 into your checking account every morning.

No questions asked. The catch is, is that you can’t roll over any of the money that you don’t spend TODAY. That’s right, every night the bank clears out of your account any remaining balance that you didn’t use. So, I ask you, ***“What would you do?”*** *You would withdraw every cent, every day, right? Well, guess what? We each have a bank. It’s called TIME. Each day, it gives you 86,400 seconds to do with as you please. Every night, you lose whatever time you wasted, and you can’t get it back. But, the good news is that you have a brand new account opened for you with each new day with a brand new 86,400 seconds.*

So, what will you do with your time? Will you use those seconds wisely? Or, will you allow it to be lost by investing it in things, people, or activities with no purpose or meaning? The choice is completely yours. Invest your time in things that benefit you mentally, emotionally, spiritually, professionally, and personally.

This will lead to a life of success and happiness in ways that you may not even realize. Make today extraordinary!

**The first 17 people to email support@bgisystems.com and ask for a FREE copy of Dan Kennedy’s NO BS Time Management Book will receive it...no questions asked!*

I'm Gonna Make You An Offer You Can't Refuse!!



Don Vito Corleone
"The Godfather"

It's Hall of Fame Agent Bill Gough here, and I'm going to make you an offer you can't refuse...

For the first **27 agents** that respond, I'm offering a **FREE Strategic Growth Call** with me or one of my Senior Marketing Consultants.

On this call, we'll dive into your agency and you'll walk away with **AT LEAST 3 to 5 things** you can implement immediately. **The call is customized to you and your agency** based on your agency size, staff size, and length of agency experience so you get the most benefit.

After the call, **1 of 3 things is going to happen:**

1. You'll love the information you get and run with it to make your agency more successful.
2. You'll love the information you get, and you'll need some help implementing it in your agency. We can help you!
3. You'll think the call was a complete waste of time (highly unlikely). In this case, I will make a \$100.00 donation to your favorite 501(c)(3) charity.



Ruth Williams
Allstate Agency Owner
Houston, TX

"I tripled my new applications from 10 to 30!"

After 20+ years as an insurance agent, I was a little skeptical of what Bill's motive was for doing a call. He quickly put me at ease and what seemed like 15 minutes on the call with Bill was almost 1 hour. In the next 30 days, with just the information he shared on that call I tripled my new applications from 10 to 30. I feel like this is just the beginning! Thank you. Thank you. Thank you.

Hurry, Only Available for the First 27 Agents!

2 Options to Schedule Your Strategic Growth Call Now:

Option 1: Go to www.InsuranceAgencySuccess.com/NAAFA

Option 2: Contact Lantz at 256-246-2612 or Lantz@BGISystems.com

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