

**The  
NAAFA  
REPORT**

**2019 Spring Edition**

**We are the:  
National Association of  
America's Finest Agents**



**Making Lemonade out of Lemons**

**We agents who helped make American Family great, survived extreme adversity and with each horrible and painful squeeze inflicted upon us by the company, we have allowed our optimism and can-do attitude to flourish. We're turning the sour drips into delicious lemonade by continuing in the independent field of selling insurance with NAAFA's advertisers and other avenues of satisfying and rewarding production. We will not be squeezed out. 'Our cups runneth over.' We will succeed!**

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**ALERT! This news came in minutes before going to press:**

Sixth Circuit Court Judge Nugent has ordered a stay of the pending decision in the *Jammal v American Family* class action case. He agrees with the Plaintiffs that the Sixth Circuit's ruling created a circuit split on the standard review to be applied in employment cases, and now Plaintiffs intend to file a petition for certiorari to the United States Supreme Court. As Judge Nugent says it, "IT IS SO ORDERED." So, an appeal will be made to the US Supreme Court. Yeah! Stay tuned to [www.NAAFA.com](http://www.NAAFA.com).

## TABLE OF CONTENTS

Page 1	Cover: <b>THE NAAFA REPORT</b>
Page 2	<b><u>GLOBAL GREEN Ad</u></b>
Page 3	Contents Page
Page 4	OPINION from The NAAFA President
Page 5	Jammal v American Family, Where are We Now?
Page 6	Jammal v American Family, continued
Page 7	Addendum to Jammal v AmFam + On Which Side are You?
Page 8	Want to Save \$27,000?
Page 9	Guidelines for SECA Kit Availability
Page 10	AmFam's Culture
Page 11	AmFam's Culture, continued + The NMEF Fund
Page 12	Bait & Switch Equals Moral Decay of Sales
Page 13	Observations about Working Here + Do You Dare Ask Yourself?
Page 14	Getting Laid Off by the Insurance Company Can't be All Bad, <b>Can It?</b>
Page 15	The NAAFA Collage Page
Page 16	The NAAFA Mail Box
Page 17	<b><u>SIAA Ad</u></b>
Page 18	<b><u>COURI Ad</u></b>
Page 19	Why am I Still an Agent?
Page 20	Who We Are
Page 21	Why Join NAAFA + Membership Application
Page 22	What a Little Compassion Can Do for a Business
Page 23	Only Dead Fish Flow with the Current + LTC Nightmare
Page 24	The Application of a Parable
Page 25	Repossessed by Kim Rich, UFAA
Page 26	Repossessed, continued + Still Unanswered Questions on Agents' Disability Policy
Page 27	NAAFA Boards' Code of Ethics
Page 28	My Thoughts on AmFam Corporate Salaries for 2018
Page 29	Top 10 AmFam Executive Compensation Comparison 2016, 2017, 2018
Page 30	The Importance of Ranking
Page 31	<b><u>AFFORDABLE AMERICAN Ad</u></b>
Page 32	<b><u>ASNOA Ad</u></b>



# OPINION

## FROM THE PRESIDENT'S DESK

**Class action, class action, class action. That's all we've heard for the last 5 or 6 years. We've encouraged, we've provided documents, we've answered questions, we've been open to exposing the appalling and unfair treatment we've endured. We're tired, we're discouraged, and yet----- we are not giving up! We *will* make lemonade out of the lemons that have been tossed at us.**

**We might ask, "What else did you expect in such an environment of corruption as we are living in now?" Companies seem to praise and reward liars and cheats. Agents tell us they have reported illegal behavior, and nothing happens to the evildoer. In fact, often they are rewarded. Powerful cheaters are threatening to the would-be whistleblowers. Corruption has gotten a foothold in American Family land and is attempting to take over the organization. When a company has deep-pockets, it has the ability to influence and induce almost any individual into any decision needed to win in any argument.**

**From our observation, fraud and cheating may have already become too powerful here for the organization to police itself. That's why we feel outside intervention by a regulatory body is needed. Yes, we had hopes that the class action might have provided that regulatory body. But so far it hasn't. Corruption continues.**

**It's our understanding that the Jammal attorneys have several weeks in which to decide on whether to appeal to the Supreme Court. In our opinion here at NAAFA, how can you NOT appeal? Now that State Farm and Farmers both have the same class actions filed against them, it seems the courts might open their eyes to the harm that is being done to thousands of misclassified captive agents. How can the courts allow such a large body of Americans to continue to be negatively affected like this? The courts must intervene and expose to the public exactly what is going on in the obscure world of insurance.**

**NAAFA stands for integrity, for truth, for transparency, and for fairness. We would simply die if it were found that we cheated our members. Can the companies say that? We can sleep nights because we know we are doing the best we can for all who support us. Can the captive companies say the same?**

**Your NAAFA President**

### ON CHEATING

***He who purposely cheats his friend, would cheat his God. ~Johann Kaspar Lafater***

*The more people rationalize cheating, the more it becomes a culture of dishonesty. And that can become a vicious, downward cycle. Because suddenly, if everyone else is cheating, you feel a need to cheat, too. ~Stephen Covey*

## JAMMAL V AMERICAN FAMILY.....WHERE ARE WE NOW?

[The following article is the opinion of the writer and not necessarily the opinion of NAAFA.  
The writer chooses to remain anonymous and we respect that right.]



So why did the Plaintiffs ask Ken Starr to join in their Jammal v American Family battle? We really haven't had the opportunity to ask them, but it really doesn't take a rocket scientist to figure it out. There has been a great injustice, a grave travesty of justice, done against some 7000 captive American Family Insurance agents by the two judges who sat on the 6<sup>th</sup> Circuit Court of Appeals. And the Plaintiffs recognized that the only way to beat the corruption abounding within the captive insurance companies and others surrounding this case was to employ the services of the most experienced, well known, expert in the legal field with an outstanding history in the Court of Appeals plus loads of other experience, all of which makes him *the man to win this case* for the persecuted agents. This man is none other than the Honorable Kenneth Winston Starr.

Can you just imagine the surprised looks on the faces of the defendants when they opened the petition for rehearing and found Ken Starr's name front and center, representing the agents? As one NAAFA member said, "Never in my life would I have imagined Ken Starr representing me!!"

What's next? This is a guess, but it appears the plaintiffs are probably cranking up for an appeal to the Supreme Court, if necessary. Here is an interesting bit of info about the Sixth Circuit Appellate Court, taken from Wikipedia.

*"Decisions issued by the Sixth Circuit were reversed by the United States Supreme Court 24 out of the 25 times they were reviewed in the five annual terms starting in October 2008 and ending in June 2013, a higher rate of reversal than for any other federal appellate court during that time period."*

This may indicate that the case may need to go to the Supreme Court to be reversed and treated fairly. They certainly have a record of being reversed in the Supreme Court. But what's the chance that the Supreme Court would take it? Will Ken Starr's name lend credibility and importance to the case? Will the captive insurance companies once again be able to influence powers that be? Are there enough captive agents who have suffered misclassification to warrant this case being brought before the Supreme Court? Absolutely. It is hard to estimate just how many of the 386,320 insurance agents are captive, because what used to be considered as the three agency types (captive, independent and direct channels) are becoming blended somewhat.

<https://www.insurancejournal.com/magazines/mag-features/2019/01/07/513808.htm> But some estimate that captives make up the majority of all agents, by far. If so, this may be an issue that the Supreme Court *would* find important and challenging. And we think that's why Ken Starr is here in this case. Good choice, guys! We'll see.

Well, next we waited for the decision regarding the rehearing plea. If the rehearing were accepted, then all the appellate judges in the 6<sup>th</sup> Circuit (about 16 of them would be voting on this very important decision. Here is how the Class Administrator website <http://americanfamilyclassaction.com/> explained it:

*"On behalf of Plaintiffs and the Class, we filed a petition for rehearing en banc on February 26, 2019. The petition seeks review by the entire panel of Sixth Circuit judges of the January 29, 2019 2-1 decision, which reversed the district court's decision finding*



that agents were employees for ERISA purposes. The grant of en banc review is discretionary and there is no timetable as to when the court will rule on the petition. We will continue to keep you apprised, but there is no further information to share at this time.”

**ON 3/25/2019, THE DECISION WAS MADE BY THE US COURT OF APPEALS FOR THE SIXTH CIRCUIT THAT THEY WOULD DENY THE PETITION FOR REHEARING EN BANC.**

**Ouch! Do you know how often the Sixth Circuit appellate judges reverse a district court decision? They have an average of 16% to 18% for reversing a district court decision. \* WOW! That means that 82% to 84% of the time the appellate judges agree with the district judges (Think Judge Nugent’s!!) So what happened in this landmark case? We all have suspicions, don’t we? Enough said.**

\* <https://www.sixthcircuitappellateblog.com/news-and-analysis/surprising-changes-in-reversal-rates-in-the-sixth-circuit/>

Now, let’s take a look at some statistics at the Supreme Court level copied from Politifact.com:

*“The Supreme Court hears cases from the 50 state courts and 13 federal appeals courts, known as circuit courts. The cases that the Supreme Court chooses to take on are often disputed among the lower courts, complex, and problematic, so there’s a reasonable chance that the Supreme Court will decide that the lower court’s decision was wrong.*

*In fact, the Supreme Court reversed about 70 percent of cases it took between 2010-15. Among cases it reviewed from the 9th Circuit Court of Appeals, it reversed about 79 percent.*

*The 9th Circuit’s reversal rate is higher than average, but it’s not the absolute highest among the circuit courts. **That distinction goes to the 6th Circuit, which serves Ohio, Michigan, Kentucky and Tennessee, with an 87 percent average between 2010-15.** The 9th Circuit is in third place.*

1. **6th Circuit - 87 percent;**
2. 11th Circuit - 85 percent;
3. 9th Circuit - 79 percent;
4. 3rd Circuit - 78 percent;
5. 2nd Circuit and Federal Circuit - 68 percent;
6. 8th Circuit - 67 percent;
7. 5th Circuit - 66 percent;
8. 7th Circuit - 48 percent;
9. DC Circuit - 45 percent;
10. 1st Circuit and 4th Circuit - 43 percent;
11. 10th Circuit - 42 percent.”

*(Note: bold print is done by our editor.)*

<https://www.politifact.com/punditfact/statements/2017/feb/10/sean-hannity/no-9th-circuit-isnt-most-overturned-court-country-/>

What will the attorneys for the agents do now? That’s the big question. Corruption has been allowed to fester and grow for so long that many of us think it just can’t be stopped. But we at NAAFA believe it can be stopped if the attorneys for the agents can possibly persevere in this case. There are some ethical and logical judges on the Supreme Court, and we trust that at this time in history, perhaps with this majority (as the court now stands) is where a desire to *follow* America’s laws and constitution will be observed. When a body of agents as large as America’s captive agents’ body is, is misclassified and treated as they are, it’s time the wrong was righted. **PLEASE, PLAINTIFFS, STAND UP AND WIN THIS FIGHT!** ☘



## ADDENDUM:

As NAAFA members, you get informed first. Visit [www.NAAFA.com](http://www.NAAFA.com), and sign into the member-side, and click on the *Directly to Members...Directly from NAAFA* column. And do it often. Feel free to contact the NAAFA office if you have questions or comments. 888-716-2232

Links you may want to visit:

1.1 Million insurance agents in US in 2017 according to:

<https://www.statista.com/statistics/194232/number-of-us-insurance-brokers-and-service-employees/>

However, the US Bureau of Labor Statistics estimates 386,320 insurance Sales Agents in the US.

<https://www.bls.gov/oes/2017/may/oes413021.htm>

You may want to check out what the Class Administrator website says about Jammal v American Family: <http://americanfamilyclassaction.com/>



## ON WHICH SIDE ARE YOU?

**The soil of history is stained in the blood that tyrants have shed because they supposed that their holy war had divine favor. When Abraham Lincoln hears someone say he hoped the Lord was on the Union's side, the President responded:**

***"I am not at all concerned about that, for I know that the Lord is always on the side of the right. But it is my constant anxiety and prayer that I and this nation should be on the Lord's side."***

**~ Abraham Lincoln**

From the text of [Abraham Lincoln's](#)

*Proclamation Appointing a National Fast Day*, issued March 30, 1863:

*"We have been the recipients of the choicest bounties of Heaven. We have been preserved these many years in peace and prosperity. We have grown in numbers, wealth and power as no other nation has ever grown.*

*But we have forgotten God. We have forgotten the gracious Hand which preserved us in peace, and multiplied and enriched and strengthened us; and we have vainly imagined, in the deceitfulness of our hearts, that all these blessings were produced by some superior wisdom and virtue of our own."*

<http://www.leaderu.com/orgs/cdf/onug/lincoln.html>

# WANT TO SAVE \$27,000?



*Of course you want to save the money you worked so hard for! Duh!!*

Well, if you are nearing the time when you will be severing your relationship with American Family and drawing out your Termination Benefits, then we have great news for you. Or perhaps you are already retired and seeing your Termination Benefits being taxed 15+% for SECA tax (Self Employed Contributions Act tax) If so, there may be a way you can put that 15+% back into your own pocket.



Here's an example of what you can save: Let's say your Termination Benefits are \$3000 a month and, by law, you're being taxed at (rounded) 15%. That's \$450 a month or \$5400 a year and yikes! That's \$27,000 over 5 years!! That's a chunk that everyone should want to save, right? Here's the good news!

Several years ago, NAAFA created a SECA Kit to help you and your accountant understand why retired AmFam agents should **not** be paying the SECA tax. First you must become a NAAFA member and then the kit is yours for a donation of \$500. Every agent who has ever been audited for SECA tax issues tells us it was one of the wisest decisions he or she ever made. And we do see scores of agents getting audited every year. We're not accountants. We simply tell you in the kit what we've learned over the years.

**JOIN NAAFA TODAY and SAVE, SAVE, SAVE.**



## GUIDELINES FOR SECA KIT AVAILABILITY

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

The SECA Kit was updated in March 2019. Those with active memberships who have received Kits in the past should contact the NAAFA office to receive the updated Kit. The success of this Kit has been invaluable. As most of you know, the SECA Kit is just one of the benefits of being a NAAFA member. Any members who leave American Family (and qualify for Termination Benefits) should have the Kit *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 asks for a donation of \$500 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 active membership rate (\$264) up front and then the Kit would immediately be available for the donation of \$500. Or the new member who pays dues either *monthly* or *semi-annually* would have to wait until the beginning of the second year to become eligible to receive the Kit after donating \$500.

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

Disclaimer: Please note that we are not accountants nor are we attempting in any way to tell you how to file your taxes. The purpose of the SECA Kit is to pass on to our members information we have gleaned over the years that appears to be successful in dealing with the IRS and various SECA Tax issues as they pertain to Termination Benefits and Life Extended Earnings.

# AMFAM'S CULTURE

## HOW DO YOU SEE THE "CULTURE" AT AMERICAN FAMILY?

A few months ago, CEO Jack Salzwedel sat down for a Q & A with Carrier Management's *Cultural Q & A series*. <https://www.carriermanagement.com/features/2018/11/15/184725.htm> Following is one of the questions Carrier Management's interviewer asked Jack:

*Q: There is a famous saying, "Culture eats strategy for breakfast." Do you agree? Do you spend more time on culture or strategy? How does your culture support your strategy and vice versa?*

**Jack Salzwedel, Chair and CEO, American Family Insurance:** I'm definitely aware of this concept. The idea that "culture eats strategy" is a not-so-subtle implication that significant, strategic organizational shifts are hard—maybe impossible—to attain when dated, legacy cultural behaviors are allowed to fester. Quite simply, the necessary shifts in strategy die on the vine because the "old culture" drags on any forward momentum toward positive change, new ideas, etc.

NAAFA members showed a lot of disgust at Jack's answer, especially when he said that "the necessary shifts in strategy die on the vine because the 'old culture' drags on any forward momentum toward positive change, new ideas, etc." Members tell us that the age discrimination experiences the agents have experienced from AmFam (terminations, forced retirements, negative attitudes toward them) most likely came from Jack's attitude that the 'old culture' (older agents) is dragging the company down. Does he really know what the agents feel AmFam 'culture' is? Does he care?

Ethics  
Principles  
Integrity  
Morals  
Honor  
Values  
Trust  
Respect

First of all, we went to a cross-section of our members and asked them to describe the culture at AmFam as they saw it. Interesting that the new, younger agents don't seem to be able to come up with an opinion. We wonder if it was from fear of retaliation that they didn't answer or was it that they truly couldn't formulate an opinion on this topic. Probably a bit of both. But we did receive a lot of answers back and we want to show them to you here. Names are protected, of course. The request was:

## DESCRIBE THE 'CULTURE' AT AMERICAN FAMILY

- *The culture reflects a company focused on other things—not core insurance issues that agents are facing.*
- *American Family is being led by a narcissist! Otherwise very well-intentioned employee morale is at an all-time low. Agents & employees fear being unable to reach & fulfill their families' financial retirement needs. An agent's personal loss, financially, is both intrinsic & empirical. I know right from wrong and "Jack's Plan" is painfully wrong! I pray every day for victory regarding the class action law suit. Sorry for my thoughts; I hope not to sound ungrateful!*
- *I think AmFam's culture is a culture of fears, from the agent point of view. It's all focused around the "enterprise," and the agents are just disposable. There's no concern for agents.*
- *I would say AmFam's culture is "not interested in you" because I never hear from anyone. As far as the company goes with all the classes and e-mails, I think, may be overbearing.*
- *It's great being an independent agency owner: I make my own decisions, I love what I do because I'm free, my book is truly salable, I'm free to offer products and services other than insurance to our clients and I can own several businesses without hassle from AmFam.*
- *I see AmFam's culture as changing and now unfriendly to the agency force.*
- *What do I think of AmFam's culture? ...cutthroat.....*
- *Culture @ AmFam is really sad to me. It is a sad, scary place to be for the employees for they know they do not belong to the 'Main Group' and could be gone at any moment. Do the work as*

*told with real importance to the outcome. The Culture of AmFam is this: Only a select few have the entitlement to be in the Main Group, and everyone else has no say or knowledge of what, how, or why things or ideas happen the way they do. Thus, they will not be allowed to be part of the in-group.*

So Jack has concluded that culture can be the culprit for not allowing a company to advance its strategy. And it appears he thinks the best way to clean up the culture is to get rid of what he thinks is the rotten part...the senior agents. But there is another side to this story.

In an article by Pearl Zhu (Future of CIO, <http://futureofcio.blogspot.com/2016/01/culture-vs-strategy-which-comes-first.html>) we find an opposite viewpoint. Pearl feels that “the culture with which the organization is founded is first. Then the business model and business strategy followed by the organizational culture required to support them. If the business has a great culture, it will strengthen strategy execution and you will get a great result.”

Who’s right? Will American Family, the company that 50 years ago was considered fair, ethical, consumer and family oriented, survive under the new Salzwedel guidelines of ‘get rid of the old, let’s implement all new ideas?’ Guess it depends on what kind of a corporate culture you want to be involved in. We have heard of so much corruption within the company that it makes many of us fear this ‘new culture.’ When we hear that a home office sales trainer said at a district meeting recently stated that ‘*agents must forget their integrity when it comes to quoting,*’ we certainly get worried. Examples such as this continue to come in to us. We at NAAFA are very concerned. Should we be??

~Board Member Contribution ☺

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## THE NMEF Fund

[The NAAFA Members’ Enhancement Fund]

A special thanks from NAAFA for the generous donations our members are making to the NMEF fund. That money, as you know, can only be used to benefit *all* agents. There is a committee that researches and studies each need presented to us. They make a recommendation to the board and the President makes the final approval decision. Just recently, a very complicated case came before us. An agent was being harassed ‘big time’ by the IRS regarding paying SECA Tax on his Termination Benefits/Life Extended Earnings. No matter what his accountant did, it didn’t seem to work with the IRS. We hired the NAAFA Accountant (who also has a law degree) to handle the case with the IRS. We are proud to announce that the NAAFA Accountant was successful in convincing the IRS that the agent did NOT owe SECA tax on his Termination Benefits nor on his Life Extended Earnings. The agent was ecstatic when he opened the letter from the IRS and it showed he now owed “0.” We have updated our SECA Kit to reflect the actions our accountant took as she handled this endeavor. This is just one of the reasons to join NAAFA and then keep your membership current. SECA Kits are strictly confidential, both for the agent and his accountant. ☺



# BAIT AND SWITCH EQUALS MORAL DECAY OF SALES

[Opinion submitted with Request to Withhold Name Honored]



*It used to be that the job of a salesperson was to know the value of their product and then know how to help their consumers understand that their need for the product was worthy of the dollars they would invest. Their investment was for their own benefit. It seems now that a salesperson is accepted and even revered, for being the slickest, underhanded liar who can get away with it. I say this because our company blindly turns its head to unscrupulous sales tactics.*


The new norm was proven at a district meeting with the manager and several company employees present, that the subject of baiting and switching was mentioned several times, and not one eyebrow went up! Even the company-sponsored new marketing plan is based around having the agent pay 40 cents for a mailer (co-oped at 25%) to be sent to areas the agent picks. Those areas picked are now locked out for 90 days to honest agents who want to solicit customers there. (One agent was allowed to send 7000 mailers out thus cutting his fellow agents out of the market for months.) And all the while they are using data which one of our new subsidiary companies produced to spy into our towns and county's neighbors who unsuspectingly and trustingly receive these bogus, company-sponsored, lowball quotes, assuming the American Family Insurance of yesterday wants their business and is willing to give them this unsolicited "great price" to get them away from the competition.

What is shocking and disgraceful is that American Family knows the quotes are completely made up, lowball, bogus quotes (because for one, they can't legally run credit without first gaining permission from the customer) the price of which they really can't give the customer. Recently, a sales trainer from Madison spoke to at a district meeting saying that "unless the agent can forget his integrity, he's not going to make it at this company because he'll have to do lowball quoting." One has to wonder whether baiting and switching is still illegal.

[Understand the Bait-And-Switch Scam  
<https://www.thebalancecareers.com/understand-the-bait-and-switch-scam-38480>]

Yes, they have crawled into the gutter with the rest of the swamp companies, all while making the agents and employees take on-line "required" ethics classes that mock what they are doing because you can't turn the company into the company. The Fox is in the henhouse.

This is made even more of a mockery when it comes to compliance. Several agents and even the manager and management level employees blatantly make comments about things compliance rules prohibit, but they give ways to get around it. One of the big hitters/favored agents explained that a letter he made up was working so well that we should all be using it. When asked if it was approved by compliance, the reply was, "Well no, but it's paraphrased from things others have used and the company doesn't care." He's right, the company doesn't care if he uses it.

But just wait until a veteran agent tries it. The company will fire him and transfer his now 50% less commission policies to that corrupt agent who wrote the out-of-compliance letter. It's like company sponsored abuse of prospects, customers and veteran agents. Gosh, good thing our company creed says we are the most trusted and valued consumer-oriented insurance company. That makes me feel so much better. 

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## SUCCEED IN SPITE OF MANAGEMENT

## JUST SOME OBSERVATIONS ABOUT WORKING HERE

Most people who are fired by American Family have done something ethical, not unethical.

If job security means jeopardizing your standards and ethics, you'd be wise to have a second line of business.

If you feel good about who you are, you're either doing things right, or else kissing the right butts.

It appears that blaming the helpless agents is the company's safest way to direct blame away from themselves.

If the company knew how many times they are being recorded, would they keep up their tirade against unethical behavior?

---

## DO YOU DARE ASK YOURSELF?

“Should I take these transfer policies?”



What is happening at AmFam these days? One has to wonder if all ethics, fairness, and truthfulness haven't vanished with prior administrations in the Home Office. It has been reported to NAAFA by one of our members that he, personally, was promised by the top CEO of the company, all the files from a rather large agency. And this promise came even *before* the “shark tank” committee functioned. He could undoubtedly be put on the stand and forced to testify to the validity of this.

One has to ask why such corruption is occurring. When you think about all the work agents go through to prepare for this shark tank opportunity, it makes you sick to think the winner was already chosen.

Other people have wondered why an agent must prove access to \$20,000+ and it can't be in a line of credit. What is the agent expected to do with that money? Pay more employees to service all these transfer policies? It really gets scary when you realize the '93 contract says the company can take away any transfer policies whenever the company wishes. No questions asked. What a risk! We do know that certain agents get immediate renewals on these transfer policies and some don't. Go figure!??

One has to wonder whether these agents who get a chunk of policies transferred to them don't actually 'sell their soul' to the company. Of course, you feel indebted to the company when you receive them. But do you feel so *obligated* that you are willing to risk your own morals and ethics to please the company? Do you dare ever question the company's behavior again after you get this chunk of policies? Is it worth it? ☹

### PROTECTING YOUR DREAMS WITH BROKEN PROMISES

A company's owner calls a meeting of all the company's employees to discuss the company's record profits in the last year. “We all worked very hard to make this happen,” the owner says. “That's why I'm handing out checks to all of you for \$10,000 so you can share in the rewards!” Ecstatic, the employees all burst into cheers. “And if you show me the same level of effort next year,” the owner continues, “I will sign them!”



## GETTING LAID OFF BY THE INSURANCE COMPANY CAN'T BE ALL BAD, **CAN IT??**



Agents have been suffering slashes at the chopping block for several years now. And yes, it hurts. Really hurts. Often these “cuts” come unexpectedly, but even when forced to resign (you all know the reason(s), I’m sure.) it is a difficult thing to leave what you were brainwashed to believe was a business that was yours. After all, those in command called you “business owners.”

But now we are seeing more and more employees being terminated. Well, we’ve felt for years that AmFam was top heavy on the employee side, but our heart still goes out to them just the same as when we hear about agents getting axed. Not too long ago we heard that over a hundred more were laid off in the Missouri area. And wasn’t it just about a year before that when over 30 were let go? The company seems to tell these people to go work for an agent. Yah, like we’ve got the money to hire them!!

But we see cuts happening all over. Look at this heading about Nationwide: **NATIONWIDE PLANS TO SLASH MORE THAN 1,000 JOBS.** (Posted November 16, 2018.

<https://www.carriermanagement.com/news/2018/11/16/186760.htm> And didn’t they just announce that they’re getting rid of their captive agents?

<https://www.insurancejournal.com/news/national/2018/04/16/486552.htm>

What about State Farm: **STATE FARM LAYING OFF 136 EMPLOYEES IN EARTH CITY** (Posted July 2, 2018.) Oh, there’s more---

*“BLOOMINGTON — While some State Farm employees were notified Tuesday that their positions were being eliminated, the layoffs are part of the reduction of 890 non-management information technology positions in Bloomington announced earlier this year.”*

Hmmm...have you heard of SafetyNet, a type of private unemployment insurance, offering lump-sum payments ranging from \$1,500 to \$9,000 to customers who have purchased policies costing anywhere between \$7.50 and \$45 a month? Guess it’s being offered in South Carolina, Georgia, Wisconsin, Iowa, Mississippi, Missouri, Oklahoma, North Carolina, Michigan and Colorado.

Check it out: [www.safetynet.com](http://www.safetynet.com).

Just so you know, we here at NAAFA think severing your AmFam relationship (for whatever reason!!) isn’t always bad. Here’s what a few former AmFam agents/members who left “protect your dream” AmFam-land had to say:

- *“I ultimately only have to answer to one person.....ME.”*
- *“It’s invigorating to know that I do not work for someone else.”*
- *“Clients love options.”*
- *“When an insured’s rates take an increase and they threaten to go elsewhere, I have other companies to check rates with. **BIG ADVANTAGE** over what you have with a captive company like AmFam.”*

**We say a special “thank you” to our advertisers because they have truly saved the day for a lot of our terminated agents.**

# THE NAAFA COLLAGE PAGE



## ATTENTION

Please notify NAAFA at the time of your retirement so we can change our billing records. We need an exact date, please. EFT withdrawals

drop from \$22 a month to \$10. Annual billing drops from \$264 to \$120. Call 888-716-2232, Extension #2

## YOU NOW HAVE A SHORTER ATTENTION SPAN THAN A GOLDFISH



“The average attention span for the notoriously ill-focused gold fish is 9 seconds, but according to a new study from Microsoft Corp., people now generally lose concentration after 8 seconds, highlighting the affects of an increasingly digitalized lifestyle on the brain.”

<http://time.com/3858309/attention-spans-goldfish/>

About the year 2000, Microsoft found that our attention span began dropping. This is about the time the “mobile revolution”

began. We all notice how people nowadays seem to be constantly looking at their cell phones and other electronic devices. If nothing is going on, they whip them out. And many whip them out even if something is going on. Is this “multi-tasking?” Doesn’t it make you wonder whether people who seek quotes on line can focus long enough to make an intelligent decision? Is this part of the “dumbing down of America?”

And now, as this article referenced above says, “Congratulate yourselves for concentrating long enough to make it through this article.”



## THE CONFIDENTIALITY OF THE NAAFA SECA KIT

NAAFA spends large amounts of time and money updating and issuing our SECA Kit. As a consecutive 3-year member, you get a SECA Kit for free. Others with less membership time must donate money for them. We feel it’s a real slap in the face to find out someone has given a copy of the kit to another person other than their accountant. Yes, it does happen. If you feel NAAFA has never helped you or is a worthwhile organization, then I suppose in your mind, you feel you are justified. But from the praises and compliments this office gets, we know people with that attitude are few and far between. Please, if you respect NAAFA at all, **DO NOT SHARE YOUR SECA KIT WITH ANYONE**. The kits are a huge benefit of NAAFA membership **AND, IT TRULY IS UNETHICAL TO SHARE YOUR SECA KIT**. Thanks for respecting us and working to keep us solvent.

## ALERT REGARDING WIFI IN AGENTS’ OFFICES



As all of you know, AmFam has ‘graciously’ installed free WIFI in each agent’s office. Sounds like a nice freebee, doesn’t it? Well, just a word of caution. American Family is now able to monitor all devices within your office WIFI range, including those devices of yours, your staff, and your guests. Yes, the first time you used it, you received a warning, but most

agents either missed it or simply don’t care. At any rate, your devices don’t require a password each time (as is true in many public places) you come within the range so you are automatically telling AmFam they can listen to everything you say or is said to you via your cell phones. We are suggesting that you may have repercussions from this, especially if you have the infamous target on your back. ☹

## THE NAAFA MAILBOX



12/28/2018 The Fox is in the Hen House

Dear NAAFA,

Regarding the upcoming appointment of Mark Afable as Wisconsin Insurance Commissioner: Our state and federal legislators need to hear from the Wisconsin public as to how corrupt AmFam is and now the Fox is in the hen house.

Name Withheld

---

11/19/2018 RIPPED OFF

Dear NAAFA,

I keep thinking about AmFam no longer paying dividends on the whole life policies. Many customers have been hurt by the so-called disappearing premium line. My advice (and yes, I'm from the older generation AmFam's trying to get rid of, but still young at heart) is to strip your policies of its value as much as possible. My district manager stated one time in a meeting: "Take as much money off your client now because they are not going to retire with you." Try to get the Wisconsin "Fake News Media" to print the truth, never happen. All I do know is when Jack dies even the Devil will not take him. He is too mean to the people who made him who he is today. What a company. My question is: "It is not just the agents being fooled and short-changed, isn't it also the consumers and those who make up the news outlets and other large organizations?" I asked myself for years, is it just me? The answer to that is "NO, IT IS NOT JUST ME." Everybody with AF whole like policies now realize they got ripped off. Same is true of AF's premiums on other policies. It does pay to shop. I and others like you have tried to protect many, but with little or no results. Have a safe holiday.

Name Withheld by Request

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1/8/2019 So Many Agents Suffered with Amfam

Dear NAAFA,

I hope you all had a lovely Christmas. Appears the 3-judge panel has not decided. It's been months. Maybe no news is good news. I go into the docket bird to see the court case updates and nada.

There are many agents who suffered with AmFam. I hope some finally get financial compensation from the evil empire of greed and abuse. The hell most agents experienced affected their family life and health and I am just sickened by it. I felt like I got out of prison when I left. It was pure hell.

I want the ones who did the punishment to financially be exposed, those are bullies and their individual pensions should be questioned. They should not let the company pick up the slack for their personal abuses on many agents. They too should share in punishment.

In the beginning management wasn't that bad. It was not perfect but as the years went on, the last 10 years were miserable. They tormented you on issues that did not exist and they would ride you till you popped. What they did to people is not forgivable.

Name Withheld

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1-24-2019 The Miller Park Thing

Hi,

Glad you ran the Bruce Murphy article on our website. The whole Miller Park thing just shows the hypocrisy of Big Jack and his henchmen.

Name withheld

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1/29/2019 NOT GOOD NEWS—JAMMAL V AMERICAN FAMILY

Very sorry to hear this.

We may never know the behind the scenes activity that brought on this decision. We can, however, move forward in a proud way to know we tried to bring Justice to a situation that has gone on far too long. We can sleep good at night, and eventually Justice will prevail down the road for the things that they have done and probably will continue to do. Keep the faith. I know I will. And give strength to those who were desperate for this win....God Bless.

Anonymous



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## WHY AM I STILL AN AGENT?

I was having a conversation with one of my Account Representatives yesterday and it was not a “happy” one. I was asked why I was not producing that much in new business for the company. I had said in the past the rates were too high in my area for specific products and he agreed, but still he wanted more sales.

So how did I respond to his statement? I just let loose on him and told him exactly what I thought and it went something like this:

I continue to watch commercials where the insurance companies are telling the consumer they have the “cheapest” rates of any company out there. The consumer is eating this up and then going with the assumption that they have to find the policy with the cheapest rate or they are a complete idiot. However, they are not being told what the difference in the coverage is, and when I try to explain it to the client, they don’t care anymore. They just go and look for a lower rate because they think I am trying to throw the wool over their eyes.

I also let him know the commercials are telling the client to go to the company’s website or to give the 800 number a call to get a quote. Basically, they want to bypass the agent all together, but then tell us we are not doing our job when our policy count has not increased.

I, as an agent, took a long class to learn the information to pass a very difficult test. I also have taken countless hours of continuing education as well as attending their ‘rah-rah’ seminars about the products, invested thousands of dollars into advertisements, staff, technology, and so much more, all to be replaced by a website. Now, how can someone who does not even know the basics of insurance become a total freaking expert by being told which is Good, Better, and Best?

I then went on to let him know that we are not able to get to the clients like we once used to. These days, real estate offices, mortgage brokers, banks, and car dealerships all have insurance offices located directly inside of them. The offices even tell the client they will give them a discount if they use their insurance agent. How am I supposed to compete with this? If I have a client and they are selling their house and buying a new one, the realtor and mortgage person are in the same office and they are offering my client the same product and at a discount “in a way” and I can’t do this. Who are they going to go with? That is right! Their new insurance agent, and they will cut me out. So, there goes the client I spent time and money procuring and taking care of. Does the insurance company care? Nope! They have the client and they don’t care how they got them.

After we went through all of this, I then went on to explain how in my building we have a TWFG agent who is brand new. Now, she may have experience in insurance, but she was just recently licensed. The reason I think she has experience is because her husband is a State Farm agent down the street, and she now has an office here. So, clients he can’t write are now going to go to her, thus cutting the client from coming down the street and seeing my sign. How is this fair if a guy decided to be a captive agent, but figures out he can make even more money by breaking the rules and having his wife be an agent under her maiden name? It is not, but it is the way one part of the industry is going.

My wife tried to explain to me, and I would not listen, about how the industry is going to be a second thought. It used to be where insurance was important to have, and now it is nothing but a thing we are required to have but don’t really think about it until we need it. Then, when we need it, and it is not what was expected, the customer comes and sues the agent because the agent tried to explain, but they did not listen. Or what is even worse, the customer went to an agent and he/she did not care and just sold them what they wanted. And since it is getting better for the client, they can also get screwed directly from the insuring company because the phone representative sold them what they wanted, or they chose Good, Better or Best on-line.

I keep asking myself, “Why do I still want to be an agent?” I will be honest, I love selling insurance. I love being able to assist my clients who *want the proper directions to get it*. I want clients who feel it is necessary to have an agent to be able to have one. But these clients are becoming fewer and farther between. Why? Because the art of conversation is going away quickly. Many individuals do not want to make eye contact while they could just as easily make the decision they, as the “educated consumer” can make, while online.

Oh well, will I continue to be an insurance agent? Honestly, I don’t know. It is becoming so difficult to get and keep the business. We will see what happens in the near future and how the world of insurance turns out. Thanks for letting me vent. I hope you enjoyed it.

## 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.

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### 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.

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### SUPPORT NAAFA PAINLESSLY

The most painless way you can pay NAAFA membership dues is by the **monthly EFT method**. Most people do not miss the \$22.00 a month (\$10, if retired) that NAAFA deducts from the account of your choice around the 20<sup>th</sup> of the month. Some agents add an extra \$5 or \$10 a month to be donated to the NAAFA Member Enhancement Fund. (NMEF) It's all so easy. Open your account now by sending your check for \$22.00 (\$10, if retired) to:

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

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**IF YOU HAVE MOVED**, please inform

Contact us at: (888)716-2232.

Or mail us at: NAAFA, Inc.



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

Email us at: [NAAFAwest@comcast.net](mailto:NAAFAwest@comcast.net).

PO Box 578, Circle Pines, MN 55014

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

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

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[www.NAAFA.com](http://www.NAAFA.com)

# WHY JOIN NAAFA?



Sometimes agents ask themselves “*Is it worth it to become a member of NAAFA? What will I get out of it? Will I get into trouble with the company if I do?*” Let us remind you that you’re the loser if you don’t join NAAFA. Our eagle emblem reminds us that as members, we are wise as eagles. Here are some of the benefits of NAAFA membership:

- Access to a network of business professionals, ie board members, agents who’ve ‘*been through it before,*’ agents from other agent associations, accountants, etc.
- Access to industry information via our website ([www.NAAFA.com](http://www.NAAFA.com))
- Opinions on agents’ contracts
- Safety tips for agency transition (when and if it becomes necessary)
- Attorney referrals
- Access to updates on legal cases of Agents vs AmFam
- SECA Kit tax guide and access to accountants with experience. Just knowing how to properly file your termination benefits is worth thousands of dollars. Assistance when there’s an inquiry.
- Assistance at termination and the guidance in getting started in the independent world, should you desire to do so.
- Information regarding “do I need legal assistance?”
- Access to NAAFA’s document library
- Access to member-side of [www.NAAFA.com](http://www.NAAFA.com)
- Access to legal opinions when necessary.
- Assistance with important documents needed in case of a trial.

## NAAFA, INC. MEMBERSHIP APPLICATION

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

NAME \_\_\_\_\_ ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ STATE \_\_\_\_\_ ZIP CODE \_\_\_\_\_

Cell \_\_\_\_\_ Office Phone \_\_\_\_\_ FAX \_\_\_\_\_

Personal Email \_\_\_\_\_

SIGNATURE \_\_\_\_\_ Date \_\_\_\_\_

\*DUES: Active-annual \$264 | Semi-annual \$142 | EFT Active \$22 | Non-AmFam Agent annual \$120

DONATIONS: SECA Kit \$500 \_\_\_\_\_ | NMEF Fund \_\_\_\_\_

PAYMENT OPTIONS: Check Payable to NAAFA, PO Box 578, Circle Pines, MN 55014

EFT: Active send check for \$22 | Inactive Agent send check for \$10

Credit Card: [www.NAAFA.com](http://www.NAAFA.com), click on JOIN NAAFA tab & pay by PayPal

\*Membership dues & donation records are kept strictly confidential. Dues and donations are not deductible as a charitable contribution. Annual dues may, however, be deductible as a business expense. Questions: Call 888-716-2232.

# WHAT A LITTLE COMPASSION CAN DO FOR A BUSINESS

***Do you feel American Family shows you compassion? It is probably true that a select few feel AmFam is compassionate toward them, but that certainly is not the reflection of the atmosphere we observe.***

“New research from Binghamton University, State University at New York, (<https://www.sciencedirect.com/science/article/pii/S104898431730303X>) finds that showing compassion to employees almost always pays off, especially when combined with the enforcement of clear goals and benchmarks. Want the best results out of your employees? Then be nice to them,” the article in Carrier Management says. “The main takeaway for managers,” the article says, “is to put just as much or even more of an emphasis on the well-being of your employees as you do on hitting targets and goals.”  
<https://www.carriermanagement.com/news/2018/09/21/184513.htm?print>

Oh, how often we hear agents say, “I just can’t take it anymore. I am tired of the stress, the criticism, the constant threat to sell more or else!” It is amazing that AmFam hasn’t found itself in the throes of government intervention like Wells Fargo has. Forcing goals on workers often leads to resentment and eventually unethical behaviors in order to ‘keep my job.’ That’s what it’s all about, isn’t it?

*Compassion from you  
instills courage in others.*

The problem as we see it is that captive agents are handicapped by having only one product to sell and when the company screws up that product (rates that are too high, coverages that are insufficient, poor claims handling) either the product is sold under false promises or the product isn’t sold at all. No one wins. At least the government entities have recognized that the problem is usually with management, not just with the workers, as in the Wells Fargo case. That company is still paying mightily for the pressure that was applied on their employees to sell. Perhaps it’d be a good idea to pass a law that says sales people who work for only one company and can sell only that company’s products cannot be forced to have sales goals.

How great it is to have a fine product to sell that is fairly priced, with great coverage, and

presented by a reputable company! Agents are happy to push a good product. We are proud to tell our customers about it. And if it *is truly* a good product, the customers will buy it. It’s when the company trainers tell untruths about the products (as in the case of many of AmFam’s failed products) that we have problems. Remember the disappearing premium debacle (eventually AmFam lost in a class action against them for misrepresenting certain life products) the failed health products, the financial services products, and oh yes, the long-term care products?

Well, the list goes on and on, but the point here is, both AmFam employees and agents would be much more productive if there was concern being shown for the well-being of these workers. Believe us when we say that the workers recognize the problems here in this company. But we feel upper management doesn’t value our ideas and analyzations of what’s wrong here. Sometimes we feel you must be listening to the wrong people because you just keep making the same stupid mistakes. Yes, your pockets are getting fuller and fuller, but it’s because you’re actually stealing from our insureds and padding your pockets with it. We see the corruption, but we can’t tell you about it because you won’t listen and besides, retaliation is alive and well here. You are blinded by your own pride and it’s killing this once great company.

[Board Member Contribution]



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Kindness is the language which  
the deaf can hear and the blind can see.  
~~Mark Twain

BLOWING OUT SOMEONE ELSE’S CANDLE  
WON’T MAKE YOURS SHINE ANY BRIGHTER.  
~ANONYMOUS

# ONLY DEAD FISH FLOW WITH THE CURRENT



"The chance to work past 'retirement' which is usually 65 or 66, has been whisked away from many, many AmFam agents." At age 53, I ended up going with an Independent Group and, trust me, you are starting over 100%. After 13 years I had about 60% of my gross back.

I will tell you one thing. When I started in 1978, I had managers and other agents telling me to "take care of yourself first before you put money in advertising for the company." American Family Insurance was a *family* company then. When I was going to classes for my LUTCF, instructors talked about the future for insurance agents, and advised agents to have a back-up means of making a living.

I found that the managers, the company, and other agents were great mentors at the time I started, all giving me great advice which would aid me not only then but in the future. I must have done something right because I did everything they advised me to do. In later years, if I had depended on American Family Insurance without diversifying and not found other means of making a living, I'd be living on my \$2,400 a month SS check. The bright side is, I can still afford to pay my \$7 or \$8,000 a year in insurance premiums to American Family Insurance, and BTW, on some, they have stopped paying dividends completely. On the others, the dividends are so low it almost costs more for them to mail the annual statements to me.

I don't know why their goal seems to be to destroy the people who helped build the company. They try hard not to pat agents on the back. But we were their money tree and they killed it. I think the first 5 to 8 years my income would have been more if I had worked at a fast food restaurant.

Right around the 8th year they started treating me like dirt. Veteran agents told me AmFam wanted me to quit now because I was starting to make money; and if I quit, they'd owe me nothing. After I earned my 100%, they were nice again for a while but shortly thereafter our needs as agents fell on deaf ears. They just remained nasty.

The Christmas movie *Scrooge* completes the story of American Family Insurance's fearless leaders. I really think they don't even know how to spell the word insurance anymore. I'm glad I moved away from that company because I lost my trust in them during the mid-years of my career. By developing my alternate means of making a living, I was able to survive. When Joe T said to me, "Swim with the current or drown," he gave me a chance to regroup my planning. If he'd have terminated me then, I'd have been up "S\_\_\_ Creek without a paddle. After I regrouped, I stopped swimming with the current and it felt so good. Someone once said that only dead fish flow with the current.

Name submitted with permission. ~ Steve Brunell



## THE WAY I HEARD IT...LTC NIGHTMARE THE DESTRUCTION OF YET ANOTHER DREAM

How many of you ever sold Long Term Care policies when American Family offered them to our customers? Probably not too many of you. Good thing. As most of you know, the AmFam Long Term Care (LTC) policies were yet another failure of the so called 'creative' minds at AmFam and were soon taken off the market. From what I hear, the approximately 2000 LTC policyholders still lingering on the books are really getting shafted by American Family. Have you heard?

Evidently, the Long-Term Care policy was offered with a couple of great endorsements that have now come back to haunt the policyholders. Bear in mind that AmFam wants these policies *off the books* and they're about to enact yet another terribly unethical process to get them off.

If your customer bought the "Return of Premium" endorsement at the time he bought the policy, he probably paid about \$7 to \$10 more per month for it with the promise that if he did not use the benefit while alive, his beneficiary would get back every dollar of premium he had paid in as a 'return of premium' benefit when he died. If he had a partial claim, he would get the balance of the unused premium that he had paid in. Or if he bought the "Return of Premium Upon Death" his family would get back all the premium he had paid in. Sounds good, doesn't it?

Well, probably too good because AmFam continued to lose money on the LTC policies, so they devised a very sneaky way to get the LTC policyholders to cancel their policies allowing the company to pocket the premium money that had been promised to the policyholders and/or their beneficiaries. In one case, I heard that because the customer couldn't afford the increased rate of premium AmFam recently put on this endorsement (which, by the way, has gone up about 70%, that's right, you read that right!!) the company will be able to pocket about \$17,000 of the policyholder's 'promised' money! Wham! Bang! Another dream destroyed by this company!!



*I believe this is just another example of the inbred systemic corruption occurring within this company. Now I know all this is true because I'm one of their victims. But I'm just like you...afraid to expose them. The company that brags that they will protect our dreams appears to have just caused another nightmare.*

Anonymous



# THE APPLICATION OF A PARABLE

NAAFA Member Contribution

*Different versions of this parable have been floating around since about 2008, some filling in the parentheses with General Motors, some with Ford Motor Company. It really doesn't matter which one you want to insert, there is a great lesson to be learned here and we suspect our readers will be able to perhaps relate it to what's happening here at 'home.' Let's give it a try. Jump down and read **A Modern Parable** and then come back here.*

The Americans lost because they had too many people steering and not enough people paddling. Hiring a consulting company didn't seem to help because the American company didn't know how to utilize the information. (sound familiar??) So the American company decided to have a large upper reorg.....shift management around, buy new equipment, set up meetings, give out awards, bonuses, trim the pension program...all moves (stupidly) designed not to solve the problem. Americans lost the race once again, but by now they were so humiliated that they sold all the equipment, stopped the program and gave all the money saved to Senior Executives as bonuses. (sound familiar?)

Well, it has been about 10 years since this parable first floated around. In looking at what has happened to these American companies, we recognize that they have gone through rough times, sometimes getting government bailouts, and temporarily boosting their reputation by developing an electric car, but alas, that seems to have been a bad investment. As of November 26, 2018, GM finds they will have to lay off some 14,000 factory workers and white-collar employees. Another failed program. (Sound familiar?)

**Can a lesson be learned from this parable? Perhaps the 'old culture' isn't so dumb after all. The old culture recognizes that more people paddling the canoe (selling insurance policies) will keep the canoe afloat and actually out ahead, than will the 'new culture' with their experimental programs which are most often destined to fail. (Remember AmFam's Financial Services, Health Insurance, Long Term Care, Securities, and from what we are hearing, the failing Advance Program?) Enough said, you got our point.**

## A Modern Parable

A Japanese company (Toyota) and an American company (General Motors) decided to have a canoe race on the Missouri River. Both teams practiced long and hard to reach their peak performance before the race. On the big day, the Japanese won by a mile. The Americans, very discouraged and depressed, decided to investigate the reason for the crushing defeat. A management team made up of senior management was formed to investigate and recommend appropriate action.

Their conclusion was the Japanese had 8 people paddling and 1-person steering, while the American team had 7 people steering and 2 people paddling. Feeling a deeper study was in order, American management hired a consulting company and paid them a large amount of money for a second opinion. They advised, of course, that too many people were steering the boat, while not enough people were paddling.

Not sure of how to utilize that information, but wanting to prevent another loss to the Japanese, the paddling team's management structure was totally reorganized to 4 steering supervisors, 2 area steering superintendents and 1 assistant superintendent steering manager. They also implemented a new performance system that would give the 2

people paddling the boat greater incentive to work harder. It was called the 'Rowing Team Quality First Program, with meetings, dinners and free pens for the paddlers. There was discussion of getting new paddles, canoes and other equipment, extra vacation days for practices, and bonuses. The pension program was trimmed to 'equal the competition' and some of the resultant savings were channeled into morale boosting programs and teamwork posters. The next year the Japanese won by two miles.

Humiliated, the American management laid off one paddler, halted development of a new canoe, sold all the paddles, and cancelled all capital investments for new equipment. The money saved was distributed to the Senior Executives as bonuses.

The next year, try as he might, the lone designated paddler was unable to even finish the race (having no paddles), so he was laid off for unacceptable performance, all canoe equipment was sold, and the next year's racing team was outsourced to India. Sadly, the End.

[Now return to the top.]

By [JESSICA SHAMBORA](#)

June 22, 2008

FORTUNE.COM

Here's something else to think about:

GM has spent the last thirty years moving all its factories out of the US claiming they can't make money paying American wages.

TOYOTA has spent the last thirty years building more than a dozen plants inside the US. The last quarter's results:

**TOYOTA makes 4 billion in profits while GM racks up 9 billion in losses. GM folks are still scratching their heads, and collecting bonuses...**

**IF THIS WEREN'T SO TRUE, IT MIGHT BE FUNNY!!**

# REPOSSESSED

**By Kim Rich, Director of Legal Activities, United Farmers Agents Association**

*Captive carriers maintain enough control of an agent's business to question their classification. The carrier's ultimate control is held through the "at will" provision of the appointment agreement. The agreement may be legally terminated by either party at any time, without cause merely by providing written notice. Only the company is afforded leverage with the "at will" provision leaving the agent under a constant threat to either comply with every management company demand and mandate of operation or, be terminated. The agent really has no leverage.*

Some independent contractors are contracted for a specific time. Some are contracted for completion of a task. When the allotted time has passed or task complete, the contract terminates. Contrarily, captive insurance agents have open ended contracts. Agreements with no time limit and no specific task to complete. Agents are signing a short-term agreement for an open-ended term. Unfortunately, the captive agent may not have failed in any duty or breached the agreement in any way yet, at any time they may find themselves threatened and terminated without good cause.

Trials such as Jammal v AmFam and Parry O'Sullivan v Farmers question the classification. Courts are split but, still seem focused that agents agree to be independent contractors. Ignoring the fact both parties agreed to allow the agent "sole discretion" to run their operation as they choose yet, the company ultimately maintains control, ownership and sole discretion with the open-ended, "at will" AAA.

Insurance agents make large investments into their businesses. Success requires they take a **leap of faith** and ignore the short-term contract. Agents are led to believe they have "ownership" in their business yet, the carriers retain ownership of any and all material associated with the agency! Begging the question, "Is "ownership" of the agency a misclassification?" What does the agent own apart from chattel and possibly real estate if the contract value or termination payment is only consideration for a non-compete?



Is the Appeal ruling in Jammal v AmFam an example of 'passing the buck'? Is it justice to lump all independent contractor agreements together? These contracts are not all the same! The court recognized agents have specialized skills. They

pay their own taxes, hire their own staff, choose where to purchase office supplies and equipment and they agreed to be independent contractors. Based on that yes, they are. But courts must also recognize whatever title and sole discretion offered the agent doesn't really exist.

District Judge Nugent and Appeals Judge Clay saw the light. But Appeals Judges Boggs and Rogers ignore the fact that by their own definition, AmFam employee managers also have "specific acquired skills!" AmFam employee managers also have "sole discretion to hire and fire assistants" exactly as independent contractors! And, ignored the fact American Family refers to agents as agency owners yet, the company holds title, full authority and the power to repossess the so-called ownership at any time, for any reason.


Another point ignored is the fact these agents are not suing to become employees!!! They are not suing to gain benefits. They are trying to be treated fairly, according to their contracts and stop mistreatment. To gain title, control and sole discretions afforded them through their agreements. Because there is no other way for agents to police injustice to themselves and consumers, they must call for the question in court. How long will courts continue to allow captive carriers to induce citizens into contracts which grant sole discretion, only to have the carrier deprive the agent their discretion under a veiled threat of short-term termination?

The agent brings the business they supposedly own to the carrier. When a company terminates the agent for no "good" reason, the company severs the relationship made between the customer and the agent. Creating that relationship is a skill worth more than investing a lifetime and fortune only to lose everything to a carrier trying to save the equivalent of an employee benefit.

Continued on Page 26

If you are looking for a silver lining here it is: Out of 4 Judges, 2 along with a jury ruled **in favor** of Jammal. But our legal system affords the most justice to the party with the most money. In this case that includes all the captive carriers. Not that the other carriers contributed money to help AmFam, but the Judges know the huge disruption to the entire captive industry if they ruled in favor of Jammal.

In UFAA v Farmers AGM DRA Judge Alarcon opened the trial stating that the facts were too complex for a jury to understand, so despite UFAA's demand for a jury, UFAA was denied. The DRA merely pointed to several provisions of the appointment agreement to show one party is not holding up their end of the bargain. The open-ended, at-will provision leverages the company into total control. That is not complicated! A jury would likely agree, the sole discretion offered the agent in the agreement is stripped away by the "at will" provision. Did Judge Alarcon simply pass the buck by only allowing his own ruling and denying UFAA members the justice of a jury?

A silver lining here: The Appeals panel overruled Judge Alarcon that UFAA DOES have standing, meaning members of the association have the standing as an association to bring the question to court rather than forcing an individual to go it alone. **THIS IS HUGE FOR ALL ASSOCIATIONS** as agents stand little chance on their own. To prevail against the \$billions\$ available to management, you need a united association. That is what agent associations have done. That is why you join. 

**The probability that we may fail in the struggle ought not to deter us from the support of a cause we believe to be just. A friend is one who has the same enemies as you have. I do not think much of a man who is not wiser today than he was yesterday.** [All quotes are by Abraham Lincoln.]

## **STILL UNANSWERED QUESTIONS ON AGENTS' DISABILITY POLICY**


Questions continue to come in regarding the 'new' disability policy for AmFam agents. Many agents have asked whether under the new plan if they will be able to collect their CPT (Contract Termination Payments) while they are on disability and we don't seem to find anyone who has answered that question. The only answer we've seen that comes close to this issue was as follows:

Question #2: Will our new LTD policy off-set against the American Family Contract Termination Payment (CPT)?

**Answer from Symetra: Please use this email as formal notification that CPT will not be deemed an offset to disability payments. (Bill Kennedy | mgc group)**

The off-set wouldn't be an issue if the agent were not receiving his termination payments along with his disability payments. So, this implies that the agent, once he has given up his agency, would immediately begin receiving his Termination Benefit payments, his Life Extended Earnings, and his disability payments, right?

Now we know that was not what happened under the UNUM policy. American Family held the agent's Termination Benefits until he went off disability and onto Social Security.

It does not seem ethical that the company can keep both the Termination payments *and* the agent's agency, does it? Yes, we realize that finally AmFam started paying a small amount of interest on the Termination Benefit package while they kept the agent's money, but really, that money belongs to the agent. Either let the agent keep the agency (he can always hire people to run it while he recuperates) or let him keep his money! And by all means, give me my full disability! 

*As you know, your NAAFA Board Members are all volunteers. NAAFA pays board members' expenses for the face-to-face meeting we have once a year. We remain conservative in our travel and accommodations in an effort to wisely use the membership monies our faithful members provide. We take our Code of Ethics seriously. We constantly remind our members to remain ethical and boldly stand for truth in all aspects of their lives. Many have expressed concern over the corruption they see. The NAAFA Board prays that our members will be that beacon of light that shines brightly in every task, every situation, and every undertaking they are involved in. This is our hope and our dream and as we see it fulfilled in our members, we feel the tasks and toils of NAAFA are worth every effort. We thank you for this opportunity.*

## **NAAFA Boards' Code of Ethics**

- 1) As a NAAFA Board Member, I vow to hold NAAFA in highest esteem and vow to uphold its integrity.
- 2) I shall strive to conduct my business and personal life in such a way that everything I do will exemplify the morals and standards of NAAFA, the Board, and my Creator.
- 3) I will be faithful and loyal to the company I am contracted with unless asked to act in a manner contrary to the morals and standards of NAAFA, the Board, and my Creator.
- 4) I will respect others and support and protect the rights of others to express themselves without fear of retaliation.
- 5) I will be loyal to NAAFA and its mission.
- 6) I will protect and honor confidential information.
- 7) As a NAAFA Board Member, I endorse governing honestly and carefully to advance the mission of NAAFA.
- 8) I will be fiscally responsible with our members' money.
- 9) I will comply with our Code of Ethics and by-laws as well as federal, state, and local laws.
- 10) I will seek guidance concerning, and report breaches of our code.

# My Thoughts on AmFam Corporate Salaries for 2018

Member contribution

Well, here they are...hot off the press. Is it any surprise that Jack took another huge pay increase? Just under \$1.5 Million (\$1,422,674 to be exact). NAAFA is providing the PDF page exactly as it came from the WI Dept of Insurance. You can see how the top 10 officers' salaries have gone up over the past three years. Notice there was not a one who saw a decrease. Times must be good. Gosh, and here I thought I was lucky if I maintained my annual income level. Wonder if these guys have office expenses, office help to pay, advertising costs, rent...do you mean to tell me they get to keep all that?



When I think how auto/homeowner rates have gone up and up, wow! I've heard some states are going up anywhere from 35% to 50% and more raises yet to come. When I think about how such increases are just plain cheating our customers right out the door, ***I get sick***. When I think about how many of my fellow agents have had their agencies taken away from them in the last couple of years, ***I get sick***. When I think about the discontinued life dividends and how our clients are being cheated, ***I get sick***. When I think about the Long Term Care policies that recently saw a huge increase...not because the rates went up but because AmFam raised the "return of premium" endorsement some 70% and that change is now causing clients to either completely cancel their policies or else drop the endorsement

which puts thousands of dollars back into AmFam's bucket, ***I get sick***. And then as I watch our commissions continuously go down, ***I get sick***. And where is all this money going? You got it. Right to the top!

I keep thinking that a compassionate leader would eventually say, "*Enough! It's not right for me, the leader, to take such salary increases when my workers are losing money.*" But that's not his thinking. Greed is permeating the upper AmFam environment. It's like Robinhood in reverse. Stealing from the poor to feed the rich. How does this protect the dreams of the AmFam customers? Well, I've vented, but ***I still feel sick***.



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## CHECK [WWW.NAAFA.COM](http://WWW.NAAFA.COM)

### FOR ALL AMFAM EXECUTIVE COMPENSATION

Our NAAFA members were privileged to see the salaries of all executives who make over \$400,000 on the member-side of our website several weeks ago, but we have now posted them for all to see on the home page. It is interesting to note that just the officers' compensation came to \$62,241,971 for the year. You will also be able to see the compensation of the AmFam Board of Directors, too. Although there are only 14 listed for 2018, we know that 4 more have been added. Directors compensation for the year reached \$2,255,417.

Funny how the AmFam Executive Compensation page gets more hits than any other article on our home page. Interesting, isn't it? Are we rejoicing with Jack? Hardly!



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### SAM WALTON'S 10 RULES TO RUN THE AGENCY

- 1) Commit to the business.
- 2) Share profits with all associates and treat them as partners.
- 3) Motivate your partners.
- 4) Communicate everything to key employees and managers.
- 5) Appreciate everything associates do for the business.
- 6) Celebrate successes
- 7) Listen to everybody in the company.
- 8) Exceed customers' expectations.
- 9) Control expenses better than the competition.
- 10) Swim upstream.

Some good practices here. Does our leader in Madison meet these goals???

<https://www.insurancejournal.com/magazines/mag-ideaexchange/2018/07/16/494794.htm>



# American Family Executive Compensation for 2018

1	2	3	4	5	6	7	8	9	10
Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards	Sign-on Payments	Severance Payments	All Other Compensation	Totals
Current:									
1. Salzwedel, Jack C Chairman and CEO	2018	1,150,000	9,416,467					473,391	11,039,858
Salzwedel, Jack C Chairman and CEO	2017	1,125,000	7,975,403					516,781	9,617,184
Salzwedel, Jack C Chairman and CEO	2016	1,095,006	6,692,876					457,143	8,245,025
Current:									
2. Kelly, Daniel J Chief Financial Officer/Treasurer	2018	599,300	1,794,908					302,707	2,696,915
Kelly, Daniel J Chief Financial Officer/Treasurer	2017	568,300	1,569,798					323,673	2,461,771
Kelly, Daniel J Chief Financial Officer/Treasurer	2016	525,000	1,371,336					329,505	2,225,841
3. Yancy, Telisa L Chief Marketing Officer	2018	440,000	1,235,190					866,162	2,541,352
Yancy, Telisa L Chief Marketing Officer	2017	384,539	957,691					74,533	1,416,763
Yancy, Telisa L Chief Marketing Officer	2016	350,000	582,767					81,690	1,014,457
4. Westrate, William B President	2018	720,000	2,377,219					242,806	3,340,025
Westrate, William B President	2017	678,769	1,967,261					259,999	2,906,029
Westrate, William B AmFam Agency Chief Operating Officer	2016	600,003	1,278,352					183,522	2,061,877
5. Gunder, Peter C Chief Business Development Officer	2018	552,500	1,633,921					2,707,469	4,893,890
Gunder, Peter C Chief Business Development Officer	2017	532,500	1,469,926					197,809	2,200,235
Gunder, Peter C Chief Business Development Officer	2016	512,003	1,123,800					154,344	1,790,147
6. Graham, David A Chief Investment Officer	2018	475,700	1,479,430					98,414	2,053,544
Graham, David A Chief Investment Officer	2017	455,700	1,344,221					77,483	1,877,404
Graham, David A Chief Investment Officer	2016	446,800	902,734					89,747	1,439,281
7. Holman, David C Chief Strategy Officer/Secretary	2018	459,000	1,306,531					205,015	1,970,546
Holman, David C Chief Strategy Officer/Secretary	2017	439,000	1,127,805					211,516	1,778,321
Holman, David C Chief Strategy Officer/Secretary	2016	425,002	921,723					185,519	1,532,244
8. Kirkconnell, Kristin R Chief Information Officer/Sr. Technology Advisor	2018	431,900	1,121,767					110,476	1,664,143
Kirkconnell, Kristin R Chief Information Officer	2017	419,400	1,034,113					112,425	1,565,938
Kirkconnell, Kristin R Chief Information Officer	2016	431,802	892,574					145,494	1,469,870
9. Benusa, Gerry W Chief Sales Officer	2018	431,900	1,044,212					177,613	1,653,725
Benusa, Gerry W Chief Sales Officer	2017	419,400	955,975					169,281	1,544,656
Benusa, Gerry W Chief Sales Officer	2016	423,002	854,154					154,248	1,431,404
10. Afable, Mark V Chief Legal Officer	2018	445,700	992,447					150,669	1,588,816
Afable, Mark V Chief Legal Officer	2017	430,700	925,112					152,593	1,508,405
Afable, Mark V Chief Legal Officer	2016	432,502	791,230					131,882	1,355,614

Here are the top 10 highest paid American Family officers' pay schedules for the past three years as presented by the WI Department of Insurance. You may wish to visit [www.NAAFA.com](http://www.NAAFA.com) to see compensation for the top 45 executives.

## THE IMPORTANCE OF RANKING

In a recent article entitled, *Report Identifies P/C Insurance Companies with Best Reputations* by Mark Hollmer (<https://www.insurancejournal.com/news/national/2018/11/20/509729.htm>), we find an interesting comparison of insurance companies' reputations. We are always interested in seeing how American Family competes in surveys like this. Some have noted that AmFam always comes out great when they do the survey. Hmmm! Agents become stressed out when rates are so non-competitive, and the security of their jobs depends on production. (We've certainly heard what happened in a certain banking institution when too much pressure to produce was applied to sales reps, haven't we? And of course, we know this same thing is happening in other industries, don't we?)

It is hard, some say, to be a successful sales person for a second-rate company. Especially if you are captive. It makes some of us sad to see Progressive, Farmers, Allstate, State Farm and Liberty Mutual all rated higher than American Family. Note the writer says for September 2018, the insurance industry **average reputation score is 71.3**, up from 65.9 back in February 2018. Although the industry seems to be showing an improvement, these numbers mean that AmFam, at 65.4 (14<sup>th</sup> place) is actually considered 'below average' in their reputation. Is the company's Dream Theme really effective? It seems to us that as the number of agents drops, so does this company's reputation. Without the relationship of agents to customers, one might consider that customers are having trouble finding someone else they can trust. Just a thought!!

P&C Rank	Company	Score
1)	USAA Insurance	75.7
2)	Hanover Insurance	69.8
3)	Progressive	69.4
4)	Farmers Insurance	69.2
5)	Allstate	68.9
6)	The Hartford	68.5
7)	State Farm	67.5
8)	Amica Mutual	67.3
9)	Geico	66.7
10)	Zurich Insurance	66.5
11)	Travelers	66.4
12)	Chubb	65.8
13)	Liberty Mutual	65.5
14)	American Family	65.4
15)	Assurant	65.0
16)	American Financial	64.9
17)	Nationwide	64.6
18)	Esurance	62.8
19)	AIG	54.2

● POOR ● WEAK ● AVERAGE ● STRONG ● EXCELLENT

The writer of the noted article says:

*“USAA Insurance has the highest and best overall reputation among insurers, according to a new report from the Reputation Institute.”*

*“The insurer landed in the top spot based on criteria including strong reputation, relevancy, expressiveness (brand strength, informativeness, relevancy), products and services, governance, citizenship and innovation.”*

*“The insurance sector has unique challenges. What drives insurance is not identical to other industries,” said Brad Hecht, executive vice president and market leader of Americas at Reputation Institute. “Innovation, workplace, and performance have higher impact on reputation for the insurance industry when compared to healthcare and financial industries. If insurance companies want to differentiate from financial services and healthcare companies, they should focus their efforts on these dimensions.”*

*“The research that informs the RepTrak report is based on more than 2,920 individual ratings from U.S. consumers, addressing 44 nominated companies. According to the Reputation Institute, the survey quantifies the emotional bond consumers have with “leading companies and how these connections drive supportive behaviors such as intent to purchase, trust, work for or invest in the company.” Source: Reputation Institute*

**We here at NAAFA like what Kristen McCormick of ThriveHive.com said:**

*“A good business reputation is important because it can help distinguish you from competitors, and even be the deciding factor in whether someone*

*chooses you over them. If you want more customers, you need more customers to want your business.” And remember, McCormick says, “Even worse, one negative review can hold as much weight as ten positive ones.”*

<https://thrivehive.com/why-is-having-a-good-reputation-important/>



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