

The **NAAFA** Report

**EVEN THOUGH YOU NOTICE THE CLOUDS OVERHEAD,
YOU CAN CHOOSE TO FOCUS ON THE FLOWERS**



EGS

Spring 2022

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

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MUSING FROM

THE

NAAFA

PRESIDENT



Bright Road to the Future

Dear Readers of The NAAFA Report:

We have tried to make this issue of the NAAFA Report particularly encouraging to our readers. We have all just come through some dark, rough times. Because of COVID (or so we've been led to believe) people were asked to stay home, wear masks, businesses closed, threats of the dreaded virus were everywhere, but we are now hopeful that things are turning around. We are able to see a much brighter road ahead, and now it is time to focus on that road. Or as our cover promotes, *"Even though you notice the clouds overhead, you can choose to focus on the flowers."* We know things will get better if you do just that...focus on the flowers.

American Family seems to once again be increasing the pressure on its agents to produce. There are quotas being put on many that are nearly impossible to meet. We wonder why American Family wants to get rid of more agents, but it appears it does. And then there's the newly presented "Liability Score" factor. You are rated (by the company's own standards, of course) on a scale of 1 to 5. If your score is 1.5 or less, you will receive the 6-month termination notice. We've learned of both smaller and larger agencies being pushed out with such scoring. Have these scores been made objectively or subjectively? It's always a question when one can't confirm the scoring system.

Here's a heads-up for those who might be facing a disconnect with AmFam. Be ready for the change. We talk in this issue about how "climate (culture, really) change" is changing our lives. If you're prepared, change isn't so bad. We are presenting some outstanding

independent broker groups that really have some special offerings for you in case you want to continue in the insurance selling business. We urge you to contact our advertisers, ask your questions, know what you're looking for.

So often AmFam agents say, "I just don't have the fight in me to start over." But I believe you do because the battle is not as severe in the independent world as it has been for you in the captive world. Believe me, I know. You can't really know until you start interviewing broker groups. I say "you start interviewing" because that's what you should do. You interview them...not vice versa... until you decide which one best fits your interests and requirements.

Just this week, a 40-year AmFam agent came to NAAFA and said, "I'm leaving this company. I should have done it years ago." When we asked why, the answer was, "Because the culture has changed, and I just don't like what I see." He was taking a closer look at history, and it was having an effect on his future. Wasn't it Marcus Garvey who said, *"A people without the knowledge of their past history, origin, and culture is like a tree without roots"*? This agent was able to look back to the earlier days at AmFam and realize that perhaps changes have not been good. But the beautiful thing is that because he *can* look back, he is going to make changes in his own life that, as he focuses on the flowers, will lead him down that bright road to a future of pleasure and contentment.

Speaking on behalf of NAAFA, our boards and myself, I want to wish you all a very bright future.

Your NAAFA President



WHY DO WE HAVE ADVERTISERS?

[TO HELP YOU HIT YOUR GOAL?]

I wish times were different. I wish I could truthfully tell you that AmFam is where you should be. I remember when it was. I remember when I believed we, at AmFam, were the best company *you* could insure with, and the best company *we* agents could work for. As I said, times have changed. Is it because the company has been advised to diminish or weaken the image of its captive agents? (We know that is happening. You have to be blind not to see this.)



There appears to be a concerted effort by the company to refer to agents as “agency owners.” We’ve told you over and over, as has AmFam’s legal department, that you are NOT owners. What do you own? Nothing. In fact, if you leave American Family, the company pays you an amount of money not-to-compete. Yes, that’s right. And they will take that money away from you if you try to compete during the famous one-year contract non-compete period.

Well, our goal these days is to try to provide you, our readers, with some alternatives. We have attempted to provide you with advertisers in our magazine who each have a special offer for you. Each advertiser’s contract is different, unique, and enticing. We challenge you to not give up on selling insurance. We believe the grass *is* sometimes greener on the other side of the fence. We believe it is 100 times easier to sell a policy when you have some competitive rates. But that’s not all, you have choices that help you find products to properly fit the needs of your clients. That’s big!

So first of all, we encourage you not to give up on selling insurance just because you have a bad taste in your mouth from your present situation. Please....take the time to contact our advertisers. They are here to help you “**aim at your target and hit your goal.**” We have some new ones this time. NAAFA is trying to provide an independent source that would exactly fit your goals and needs. Some have non-competes, some don’t. Some own part of your agency, some say you own it all. Some sell you a franchise, some don’t. Some have quotas, some don’t. Some have fees, some don’t. Give them a try, check them out, read and compare their contracts. But please don’t leave the field of selling insurance. You are the best agents out there. The public needs you. And might we say, you need them. Stay happy by choosing the right team this time around!



Advertisers in the Spring NAAFA Report 2022

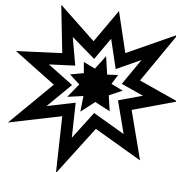
The **NAAFA** Report Issue **Extraordinaire!!**

[Where to Find it]

This is the issue “Extraordinaire”! Length is important, but what is being said tops that. Many people have contributed to this issue, and we’re certain you’re going to like it. So, find a comfortable place to rest, grab your NAAFA Report magazine, and enjoy your read.

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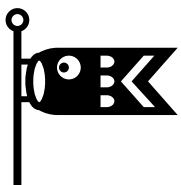
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NAAFA REPORT ADVERTISERS

COURI
SMART CHOICE
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Inside Front Cover
P. 12
P. 20 Centerfold
P. 29
Inside Back Cover
Back Outside Cover





Don't Call Me Clueless!!

[You're going to love this agent/writer. It may be the best narrative ever contributed to NAAFA by one of our valuable members. Of course, we're holding back his name. But we dare say many of you will relate. This agent had many clues or dings along the way that things were amiss at AmFam, but he simply thought that he could win. Please continue reading and you'll find out what conclusion he came to about that.]

Some background... I came to AmFam with a short history with Life and Health and was hired as a CSR in about 2000 and quickly acquired my P&C licensing. I spent several years as a CSR and was "offered" the opportunity get into agency when my agent decided he could no longer afford me. I was ok with this chance and had a handshake agreement that if my prior agent could not fully stand behind me in this transition, that he would at least, not stand in front of me. Which, on the dark side of things, didn't really happen as expected.

So, I moved to the next town over. As explained to me, there were already three agents in my town and four were too many. So off I went and started scratch... and I mean really scratch! No policies, no contacts with Chamber of Commerce, Legion, Elks, Softball or Volleyball Leagues - nothing. A new Kid in town.

I went to my first ACP "class" full of piss and vinegar. After almost an hour's drive, I got there about a half-hour early and the building was locked. (ding) I thought well hell, am I at the wrong location or maybe I had the wrong date? About then, another ACP fellow pulled up and we hung out until the 10-minute mark when someone came down and opened the doors. I liked this other guy. He was older and had a "go get-em" attitude. Didn't help. He was gone within a couple of weeks. (ding)

Twenty-five of us had started out together. Another in our group was also a past CSR and I knew at least the two of us would make it. As we were being "trained"

I knew the other CSR and myself could have taught a better program. Things that they were telling us were either outdated or flat out wrong. I discreetly mentioned to the trainers that there was a problem with some of material, but was told the official material was the only material. (ding) Wow. They spent all of about 20 minutes on how to load an auto policy into mainframe, and I thought... these newbie agencies are going to have it tough on their own. (ding).

I felt the training could have been better if we focused on the product. The good, the bad, the endorsements, the data entry. Their big concern was that the agent needed to be able to give out a 30 second elevator speech. (ding) I thought that was a poor way to judge potential. And if AmFam was hiring folks that could not speak in public, that was a flaw.

What did crack me up was when a trainer announced that anybody who was late returning from break, as a punishment, would have to sing in front of the

class. Really? I told the trainer that I was going to purposely be late so that I could sing *Bill Grogan's Goat* or maybe *I'm my Own Grampa*. Stupid. I guess they thought singing in front of the class was a fearful thing. Nobody ever actually had to do it, but they were using it as a threat. They told me I was excluded and could be late. (ding) Ha! I never was. I'm the guy that shows to class 30 minutes early. In case you don't have time to Google the words to *Bill Grogan's Goat*, just maybe you

can remember what Bill did to the goat.

*"Bill took a stick,
gave him three whacks,
and tied him to,
the railroad tracks!!"*

.....get my point?

And if you can graph out "I'm my own Grandpaw," you are way smarter than I!

As time went on, there developed a nagging little voice in the back of my head saying, "Look to your left



and then to your right, and three years from now, only one of you will still be here."

We had several weeks of "training" - then a trip to Madison - then several years of hazing. We've all been through this indoctrination. You know what I'm talking about. Nowadays, I've heard that the company specifically tries to hire the employees of agents because these people are already trained....and probably trained much better than the company could do it. And it's called, "Passing the expense on to the agents." (ding)

I thought it so strange and a little surprised that when in Madison we were told not to wear anything that identified us as AmFam. (ding) So much for corporate pride. I recall they called it ACP. I should look that up. Actually, it was a little over three years of

hazing. (ding) (A little secret - in Officers Training or in College Greek organizations, they will put you through "Hell Week" and at the end, will tell/yell you, 'you did the worst ever and will not make it and most likely will have to do it all over again!!' And then they wait for you to quit, will taunt you to quit. Just stand at attention and wait it out. After they get done with their head game, they'll toss you your tee shirt and tell you, you're in!!) Been there, done that, so AmFam hazing was just a game for me. I just kept my head down and kept marching out policies.

Only Two Left!!

By the end of ACP there were only two of us. The other CSR in our group had quit a year or so

before. When I tried to persuade her not to quit, she told me she was tired of having management constantly telling her she was not going to make it. (ding) Two years of that was too much for her. And the other agent that made it through ACP, went independent after two years.(ding)

On one hand it was a sad day. I alone had made it. On the other hand, it was a good day. I alone had made it.

What a colossal waste of resources! 25 agents 2 survive past ACP, that's a 92% failure rate. I suspect that the thousands of would-be agents that have been through this process were just considered to be disposable tools, a tax deduction. And then after about six or so years in to only have one left standing, that's a 96% failure rate!!

When I graduated out of ACP, there was nothing! No congratulations, goodbye, hello, kiss my a ___, you made it, welcome to the group... nothing!! I thought about making my own award - Shellack a cricket to a 7x9 award plaque and call it my Cricket award. (ding). From then on, I always made it a habit to call new agents and say welcome.

Even when I keep my head down and march, I don't like bullies, and I really don't like being bullied. I suppose I got the reputation of a "smart ass" as I learned AmFam doesn't want an independent thinking guy. They don't want leaders...they want followers. They didn't want people who would step outside the box. I was learning fast that I didn't fit their description of a "trainable insurance agent." (ding) But I'll have to tell you, I was mighty proud when I hit the 5-year mark. The SBA had stats that gave a 5-year business a 50% failure rate. And a 70% failure rate by year 10. I had both of those beat!

This was about the time Corporate quit calling managers District Managers. They wanted to call them ASM. (Agent Sales Managers, I guess.) I thought, really?? The ASM is still a DM. And it was all a fancy way to step away for a court case where the agent was really not an independent contractor.

They tried to make us believe the company was getting away from micro-managing, especially when they were going through the Jammal lawsuit. They started telling us we were *agency owners*. You know, the "Dear Agency Owner" emails. When I first saw that opening salutation, I barked out a laugh so loud that I startled my CSR. Whoever believed that line was beyond naive.

The company said agents could not have the AmFam's name on the lease....it had to be the agent's name. As if that meant we owned something. Well, it did mean we owned the responsibility of paying the monthly lease amount, even if they fired us unexpectedly or with the contract required notice. The only thing I ever owned as an AmFam Agent was the debt. (ding)

Through all this I would listen to the advice of the trainers and ATMs. Having been told in the basic training course (ACP??) that we'd be given transfer policies and that we should be ready to handle

them. I had staffed up my office with the anticipation of getting a chunk of business referred to me. As it turned out, I got nothing. "Why?" I often asked myself. After all this expense, once again I was learning not to trust the company. Wish I'd kept that money until it actually happened. (In all fairness, I did receive a few policies later, but nothing compared to what a few company favorites received. I probably got about 300 transfers in all my years at AmFam. And I've seen company favorites get handed thousands of policies. (ding)

About 10 years ago, I got called into the DM's office and I was forced to sign a paper saying if I fell below a certain app count or premium amount, there would be consequences. I should have



written in "under duress" when I signed the thing. Later, I learned that some agents would not sign it. I shouldn't have either, but guess I didn't think I had a choice to NOT sign it. (ding). I didn't like this form, but I was selling between 30 and 40 policies a month and really hoped it would never be an issue.

Several years later I became worried about my debt. What would happen if I got fired? I was leveraging the idea that I was going to get additional policies as old agents retired. Remember, I said I had hired additional staff and had extra desks and added phone lines. And then I, at about year 17, was told I'd never be getting any new policies. Ouch!! As a businessperson I realized, I was not in control of my business and that really bothered me. I knew the risks I was taking were not

Cont'd on P 36

AMFAM'S CORPORATE SALARIES.... WE'RE PERPLEXED

Corporate salaries, the how, why, and the wherefore of such are always a mystery...or so it seems. To imagine any one person to be worth what CEOs are making these days is astounding. Any CEO who makes \$12M a year makes, of course, \$1M per month. Can you imagine at the end of each day saying, "Well, I made (notice I didn't say 'earned') \$33,333 today?" I have to question whether any one individual is worth that much. Certainly, there must be some days where such a person sort of coasted through the day, didn't really accomplish much. But in such a high position, it just doesn't matter, evidently.

This year we've found it has become quite a task to present our readers with the American Family Enterprise officers' salaries. For some reason (more about this in a minute) we are told by the Insurance Commissioner's office that insurance companies had the choice of submitting a total of each officer's salary for the year. Or they could choose, if they were an enterprise like AmFam, to submit salaries each officer earned in each company under the enterprise umbrella. OK, now you're getting the picture. The true salaries of the officers become quite hidden. If you really want to know how much Jack Salzwedel made in 2021, you must look at the document from American Family Mutual, American Family Life, and American Family Insurance Company. Then you must add these numbers together to, hopefully, find what Jack made.

What would make the insurance commissioner's office do this? And why did they do this? And exactly who did it? Well, we have a suspicion. Remember who the commissioner was a couple of years ago? None other than one of AmFam's own. Mark Afable, an attorney who had been on staff at AmFam since 1994. Do you imagine he might have seen a need to camouflage corporate salaries?

Many employees, policyholders, and the agency force people take an interest in the salaries of management. It is especially disheartening when the grunts see their salaries stagnating or even dropping off, but the CEOs salaries continue to rise. Believe it or not, there have been CEOs who in stressful times, take no salary at all for a year or so as a way of saying to their employees that they are willing to suffer in the downturn also. Dan Price, CEO of Gravity Payments cut his own salary in order to increase the salaries of his employees;



Washington, Hoover, Kennedy, and Trump are said to have waived their presidential salaries.

The average CEO salary in the United States as of March 29, 2022, was \$788,400. Did you ever wonder why AmFam's CEO and upper management make so much *more* than the average? It's so interesting that over the years, the agents have brought in the money, but we see the CEOs getting paid millions more just to handle the money we brought in. It just seems to us that it takes more hard work, skill, knowledge of the insurance products, and ability to convince policyholders to buy the product than it does to sit in the high office and ponder how to spend it!

Well, we spent quite a lot of time to combine the salaries of the top ten officers in the AmFam Enterprise and present them to you. We can't guarantee we're exactly right, but we're probably close. Please note that for 2021 officer salaries totals \$80,608,133 and the AmFam Board (now showing 14 members) showed \$2,873,353. That's over \$200,000 per board member per year. Can you believe that? We will try to post on our www.NAAFA.com website, some of these 10+ pages of AmFam corporate salaries we received from the Wisconsin Insurance Department in the near future. Meanwhile, it good to get to know the company you're working for.

[The NAAFA board has talked this over. We don't take salaries. We volunteer our time. We believe our cause is just as righteous as the job of AmFam's Board. We do pay the contractors who work for us, but their salaries are extremely meager. They're loyal, truthful, and dedicated. Let me ask you, who do you trust more?] ✍

Read on.....

AMERICAN FAMILY 2021 TOP TEN CORPORATE SALARIES

NAME	POSITION	SALARIES		TOTAL
Jack Salzwedel	Chairman & CEO	Life	\$729,467	\$11,549,896
		AmFam	\$4,012,069	
		Mutual	\$6,808,360	
William Westrate	Enterprise President	Life	\$441,601	\$6,992,012
		AmFam	\$2,428,804	
		Mutual	\$4,121,607	
Telisa Yancy	AmFam Direct President	Life	\$227,704	\$3,605,311
		AmFam	\$1,252,371	
		Mutual	\$2,125,236	
Daniel Kelly	Chief Financial Officer/Treasurer	Life	\$211,479	\$3,348,411
		AmFam	\$1,163,132	
		Mutual	\$1,973,800	
Jessica Stauffacher	Exclusive & Independent Agency President	Life	\$186,538	\$2,953,518
		AmFam	\$1,025,959	
		Mutual	\$1,741,021	
Peter Settel	Enterprise Chief Strategy & Technology Officer	Life	\$165,656	\$2,788,546
		AmFam	\$911,109	
		Mutual	\$1,546,125	
David Holman	Chief Administration Officer/Secretary	Life	\$143,407	\$2,270,615
		AmFam	\$788,740	
		Mutual	\$1,338,468	
David Graham	Chief Investment Officer	Life	\$135,964	\$2,152,760
		AmFam	\$747,801	
		Mutual	\$1,268,995	
William Francher	Life President	Life	\$111,766	\$1,769,622
		AmFam	\$614,711	
		Mutual	\$1,043,145	
Terry Schweitzer	Enterprise Chief People Officer	Life	\$103,465	\$1,638,194
		AmFam	\$569,057	
		Mutual	\$965,672	
Total 2021 Officer Salaries=\$80,608,133				
Total 2021 Board (14 people) Salaries=\$2,873,353				

Disclaimer: Because the information above is being tabulated from 3 different documents obtained from the Wisconsin OCI, we did our best to achieve accuracy when compiling these numbers. We do wish to inform you, however, of potential accuracy issues. Feel free to confirm with the OCI yourselves.

Look for more information on AmFam 2021 Corporate and Board Salaries as received
from the Wisconsin Office of the Commissioner
at www.NAAFA.com

“One may outwit another, but not all the others.”

~~Francois de La Rochefoucauld

**IT FINALLY COMES OUT.....
THEY'VE BEEN STEALING FROM THE AGENTS FOR YEARS!**

NAAFA has heard things like this many times. It's sad, really. The major source of the company's revenue is most likely from the policyholders. Oh yah, the company makes money on their investments, I suppose, but if it weren't for the policyholders buying AmFam products, there'd not be much of a company. Agents work hard to bring in money via the policyholders. Do they think we're too stupid to figure out what they're doing to us? Well, here's one agent's take on it.

From: Mailbox, CORPCOMM
Sent: Monday, March 21, 2022 2:30 PM
To: Mailbox, CORPCOMM
Subject: Starting March 22, agencies will be credited for sales routed from agency IVRs

March 21, 2022

Starting March 22, agencies will be credited for sales routed from agency IVRs

Agency owners,

Starting tomorrow, March 22, the Agency and Customer Operations (ACO) team will be prompted when a customer call is routed from an agency's IVR. This additional information will allow reps who assist customers who call in from your IVRs to credit your agencies for any policies sold and provide you with any follow-up information.


Based on agency feedback, we identified this gap and improved our system, allowing us to see when calls are coming in from agency IVRs.

We appreciate our partnership with you. Please let me know if you have questions.

Chuck Manganelli, Agency and customer operations sales director

This was on Compass today. For years, agents have had their leads stolen by AMFAM corporate. When a prospective call was routed to Sales and Service Operations instead of giving it to the agent of origin who generated the inquiry, the leads were kept by AmFam and then given to their Sales & Service folks or routed to their "favored agencies." We knew all along they could track where the call came from, but they denied it. We were lied to for years and we've known for years it was happening. Yes, AMFAM lied

and said they couldn't track the origin. It appears that finally AmFam is acknowledging that these prospects and the business generated should go to the rightful agency which generated the business in the first place. This article still doesn't verify if the agent of origin will get the full commission or still be screwed over with transfer (half) commissions. I suppose it's a big step to acknowledge it was wrong all along. That still doesn't make up for the millions of rightful commissions never paid to the original agent of origin.

Name Withheld by Request 



IMAGINE OUR SURPRISE WHEN TWO ARTICLES WERE SUBMITTED, BOTH DECLARING THE PRESENCE OF THIEVES IN OUR MIDST!

WOW, A COINCIDENCE? WELL, READ ON AND THEN YOU DECIDE FOR YOURSELF.

MEANWHILE, BETTER LEARN TO PROTECT YOUR ASSETS!!!

CANNIBALS & ACOD

2/10/2022

AmFam has told their corporate employees (today / 2-10-22) that beginning in July 2022, they are raising their minimum starting wage from \$20 to \$23/ hour.

They were already competing with their local agents while paying a large head hunting/referral bonus of up to \$1000 to their employees who would refer licensed and trained staff taken (stolen) from agents' offices. Since they also leverage the corporate ability to provide group benefits and offer work from home opportunities, (against the agents who can't provide group benefits), AmFam's main source of new hires targets their own (captive) AmFam agents' current/trained employees.



AMFAM has long been stealing the agents' leads using their phone system to feed S&SO (which has actually just changed to ACOD, Agent & Customer Operations Division, because they merged S&SO & personal lines.) Now they are having to hire so many Sales & Service Operations (S&SO) people (now ACOD!), because they are forcing metrics quotas on those employees to *up-sell* when they service any agent's customer who happens to call the 1-800# or gets diverted to ACOD in the phone

system prompts. The S&SO people up-sell even though the agent had intentionally not offered these extra up-sell coverages because customers either couldn't afford it or had abused things like ERS. Such abuse now raises the customer's rate when used, and customers can actually get mad and leave the agent.

AMFAM recently said in a Compass article when referencing the end to the Agent Class Action, that agents should be happy as it proved agents are not employees and have the right to 'manage their own customers'; well, so this clearly is another violation of the independent contractor role.

Now, (and for the last few years) many staff that were stolen from an agent, (after the agent spent thousands of dollars training them) get frustrated with being micromanaged and leave AmFam entirely always with a bad taste in their mouth. And worse yet, they take with them the friends they originally placed with the agent.


If AmFam can force the local agents out of business with these corrupt business practices, then AmFam benefits *again* by saving 50% on transfer commissions. They must figure they can afford to lose 25% of the book (which is typical when an agent retires) because they already start with a 50% cut in transfer commissions anyway.

A possible solution: The agents need to stand up and consider uniting to combat the company's unfair and unethical action. It has been recommended (and certainly makes sense to this writer) that all agents should either walk and get a new career before AmFam steals

their future; **or at a minimum**, put a \$20,000 fine in the contract of the departing staff member. This would reimburse the agent for at least the 6 months of expenses the agent incurred when hiring and training a replacement; **or perhaps better yet**, the agent could place a 2 year non-compete in the contract of every current and future agency staff member which would deter their ability to be hired by AmFam. AmFam's cannibalistic practices toward their own captive agents and likely the Main Street America agents have to STOP.

Note from Editor: Again, the author of this article is withheld because over the years, there has been severe retribution to those who have tried to express their opinions. It is sad to see the direction our freedom of expression is taking in this country. All the more reason why you need to support the NAAFA Report. It's about the only mouthpiece agents have.

✍

**No matter
how long you
have traveled
in the wrong
direction,

you can always
turn around.**

~Unknown




The Agent-Friendly Contract

This agency network contract reads like it was written by an agent, for agents.

Because it was!

At Smart Choice we WANT you to read our contract. What you won't see in the agreement is language that talks about high production requirements, signup fees and monthly fees, limitations on selling your agency or an ownership position in your agency. The key words here are “*your agency*” – we are here to help you get access to carriers and support you as you grow your agency – but you retain 100% control and ownership. And, we also share contingencies and bonuses with our agents.

- 
- **NO FEES** – EVER
 - **ADD SUPPORT** – WITHOUT ADDING PAYROLL
 - **RETAIN OWNERSHIP** – NO BUY BACKS
 - **ACCESS TO 100+ CARRIERS** – AND 3,000 PRODUCTS
 - **GROW YOUR BOOK** – INCREASE YOUR REVENUE
 - **COMMERCIAL – PERSONAL – EXCESS – LIFE**

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THE REAL TRUTH ABOUT.....
HOW AMERICAN FAMILY INSURANCE IS INVESTING IN THE AGENCY CHANNEL
March 17, 2022

[A document on what you're being told vs what is true.]

AmFam says "as more consumers go online to buy goods and services—including insurance—a question emerges."

The real truth:

Even McKinsey admits their projections of "the insurance agent going the way of the travel agents" was wrong. They now admit people are *not* turning to the online insurance quoter as often as they had anticipated.

AmFam says "While some insurers focus exclusively on digital channels, American Family Insurance is taking a balanced approach..."

The real truth:

By appearing to split company loyalty between differing channels, the company is risking decreasing the reputation of both. Agents have been devalued in the past 10 years by American Family. It's a fact. Just ask the agents and their clients.

*AmFam says it "is bolstering its online capabilities for consumers who want to do business that way. But it's simultaneously investing significantly in its agents—a **respected group of business owners** who have fostered strong customer and community relationships for decades. American Family **continues to believe strongly in its agency channel** and is transforming it through technology and other innovations." (Emphasis by editor)*

The real truth:

It is agreed that AmFam is bolstering its online capabilities for consumers who want to do business that way, but much of the rest of the paragraph is a lie. AmFam has continuously attempted to downgrade their group of captive agents for the past several years. They have stolen referral business (via Sales & Service) from agents through various dubious methods, they have provided cheaper rates for Main Street and AmFam Connect customers, they have placed impossible quotas on agents, they have shown favoritism to company-favorite large agents, the list goes on and on. And they keep trying to tell the agents they are business owners or agency owners when in fact, they own nothing, a fact admitted by American Family's own legal department. No, American Family does not, it appears to us, "believe strongly in its agency channel" otherwise, the company would not keep pushing agents out the door.

AmFam (Jeff Swalve) says:

"One of the main goals of Reimagine Agency is to digitally enable our best-in-class agency force and help them become more efficient so they can do what they do best—which is to continue to be strong partners in the community and drive profitable growth."

The real truth:

Really, you say, "so they can do what they do best—which is to continue to be strong partners in the community and drive profitable growth." Oh, so agents are only good for the image they create in the community? Knowing the group of AmFam agents as we do, we agree they can and often do create a great image in the community, but that is not their piece de resistance, so to speak. Most AmFam agents, in the eyes of their customers, are truthful, helpful, knowledgeable, perceptive, ethical, supportive, good listeners, and great advisers. And in the eyes of their customers...that's where it matters. The company alone has not developed a good reputation. In fact, since their goal of devaluing the agents, the reputation of the company, in our estimation, has also slipped. Rates are high, claims aren't settled as agreeably as they were several years ago, customers are often feeling the company just doesn't care, and they readily admit they stay with the company because of the agent....not the company. One other thing, Mr. Swalve, profitable growth shouldn't depend on the agent's actions. It depends on the company's actions. Provide good products, good claims handling, competitive rates, intelligent investment decisions, good overall service and you will show profitable growth. Remember, these things don't, for the most part, depend on what the agent does! The agent brings in the business, but what you do with it is what determines profitable growth. When your expenses are high, then your rates go high. When your rates go high, agents can't sell. The ball lands back in the company's lap.

McKinsey: What are some of the challenges you've faced, and how have you worked to overcome them?

Rondale Dunn: From an agency perspective, their number one priority is taking care of their customers.

The real truth:

In their hearts, taking care of customers is the agents' number one priority, but because the company has placed such high quotas/requirements on them, their top priority has to be *selling policies or they don't survive*. If an agent is faced with having to choose between "making a sale" or "servicing a present customer," the agent would have to choose to make the sale or he won't be able to stay in the business at AmFam. It's the cold hard facts! It has been difficult to see thousands of files being given to new, inexperienced agents who are then able to just let the new business roll in off the book while experienced agents receive no transfers and are expected to still meet quotas. Fair? Hardly!!

Jeff Swalve: The initiative was born from listening to our customers and our agents and the needs that they have."

Continued on next page

The Real Truth, the Whole Truth, Nothing but the Truth:

Both Jeff Swalve and Rondale Dunn feel they have listened to the customers as well as the agents. We would like to ask the agents, “How many of you have actually been quizzed or surveyed about what your needs are?” From our own observations, it seems only a select few have been interviewed. Many agents tell us they just “don’t care anymore what the company does because I’m getting out of here.” It does seem like the company only encourages the agents they choose to encourage...the select few. So would you say then, that the company is truly able to zero in on what the real needs of both the customers and the agents are?

From our perspective (and we do represent our members!) it appears the company is spending a lot of money catering to what they think are the needs of only one segment of the US population, namely the millennials. Millennials, they feel, only want to buy insurance through an online quoting service.

Well, it’s true that Millennials make up the largest consumer population group in the US. However, the Millennials are not the consumer group with the highest amount of assets. A Millennial who owns one car and rents an apartment (as many do) is more apt to be satisfied with a quote and purchase of insurance policies via some digital channel. It’s quick and impersonal.

But the Baby Boomers who have one or two houses, 3 or 4 cars, all kinds of toys like boats, snowmobiles, motor homes, etc. are going to want some face-to-face advice on how best to insure their higher value assets. And it is this writer’s opinion that as the Millennial transitions into the Baby Boomer stage that he, too, will seek out an agent. It’s like trying to invest in the stock market by yourself. If you have a couple hundred dollars, you might feel safe in doing it yourself, but if your estate includes thousands

of dollars, you will definitely use a broker who knows what he’s doing. Same way with insurance.

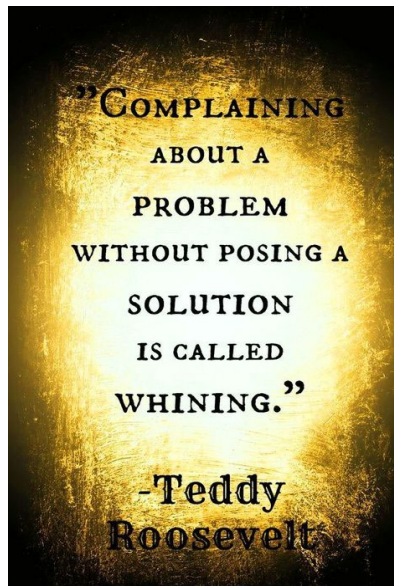
It would seem, also, that the overall concern should be, as insurance companies attempt to switch to digital platforms, can the company afford proper cybersecurity? We all know that a major breach can negatively affect a hacked company for years. Has American Family been outstanding in their development of computer technology over the years? As with many insurance companies, labor is scarce among young talent (Millennials) who are willing to work in the insurance industry. And these are the age groups most knowledgeable about the creation and development of cyber equipment. ([13 Top Insurance Industry Trends: 2021/2022 Data, Statistics & Predictions | CompareCamp.com](#)) Only 4% of Millennials want to work in the insurance industry. How safe do you feel it is to give all your personal information to an insurance company that might have less than secure technology. The agents’ opinions on this just might be crucial.

We ask the question: Does American Family really have the best interests of the agents at heart? Do you feel, dear reader, that your concerns have been listened to and acted upon? How would you have wanted agency responsibility to have been different over the past 5 or 10 years? Are you optimistic about your future here at American Family?

You have an opportunity to make your voice heard. Let us know by emailing or calling us on your personal devices and we guarantee you, your identity will be kept confidential. Help us to let the company know how the rest of the AmFam group of agents really feel. Often times silence is not golden.

Board Member Contribution ✍

“OUR LIVES BEGIN TO END THE DAY WE BECOME SILENT ABOUT THINGS THAT MATTER.” ~Martin Luther King



ASNOA and the Path to Small Commercial Lines

Having multiple streams of revenue for your agency is key to long-term growth and success. You should regularly ask yourself, "Am I maximizing my revenue potential?" **Small Business Commercial Lines is a great additional product line that can have big returns for agencies of any size.**

The Small Business Commercial Lines (SBCL) course from ASNOA is a great resource that can help you grow your business and increase your revenue.

ASNOA, the Agent Support Network of America, is a leading independent insurance network, offering services to independent insurance agencies. One such service is ongoing education opportunities through webinars, online courses, workshops, and live training.

The SBCL course, free to ASNOA affiliates, is a live virtual course composed of six chapters. Kathy Bova, Vice President of operations at ASNOA, created the course to "give participants resources to build confidence to start selling small commercial lines insurance." The course is designed with a couple of goals in mind:

- To prepare students to gather information from small business prospects by using quote sheets
- To help students understand the importance of complete submission by reviewing/completing ACORD applications
- To teach students how to review ISO policy forms
- To teach students how to identify essential coverages, optional coverages, and exclusions on ISO policy forms
- To teach students how to implement a marketing plan to start selling small business commercial lines with confidence

Essentially, the SBCL course wants to give students the chance to increase their revenue by tapping into small commercial lines, as opposed to exclusively selling only personal lines insurance. Students must complete all lessons in each chapter and achieve a score of at least 70% on all chapter tests. The final exam of the course requires students to successfully sell a small commercial policy. Says Kathy Bova, "168 course alumni have sold over \$8 million in small commercial business," speaking to the success of students following course completion.

Suzanne Bovaird, principal at Bovaird Insurance Agency, LLC, says "The course was a great introduction to commercial insurance and how to apply it to the EPIC system and to the carriers we write with." Bovaird enjoys the full range of ASNOA resources, citing that all affiliates should take advantage of the courses. "Agencies will be strengthened when they can offer commercial insurance," she says, and this is especially true when students are "exposed to real scenarios of commercial line cases and this broadened their knowledge."

Jaime Liles, owner and agent at Burch & Liles Insurance Solutions, LLC, participated in the SBCL course in 2019 spoke to the course's ability to be taken more than once. "I would like to retake the course now that I have more experience, and I am sure I could learn something new even now," she says, "No matter how long you've been in the business, you can always learn something you didn't know."

Randi Jones, Vice President of personal lines at Trophy Insurance Solutions, LLC, was new to the independent insurance agency model when she took the course. She says, "Coming from a captive agency, we were not well versed in the different kinds of commercial insurance policies and appetites, and we lacked the education we need to be confident." The SBCL course helped Randi and her agency find confidence in small commercial lines, benefiting not only from the course itself, but from special tips from ASNOA about the independent agency platform.

The SBCL course does more than just prepare participants for selling commercial lines. The course furthers their education at large and strengthens their agency. It also provides insight for agents transitioning into the independent agency model, because it is a working example of a stream of revenue that agents can utilize. From strengthening an agency's knowledge base, to being a sample of what an agency can achieve, the SBCL course is a tool that does so much more than just educate.

Are you looking to find out more about ASNOA University education offerings to open your revenue opportunities? Contact grow@asnoa.com or go to asnoa.com/naafa.



SPYING ON A LITIGANT WITH ILLEGALLY PLACED ELECTRONIC DEVICES

April 20, 2022



Guess which insurance company is involved in this? A recent article in www.abajournal.com entitled, “*Judge won’t toss \$13B suit against Baker Donelson and insurer for alleged spying on litigant*” brings the whole story to light. The article reads, “A state court judge in Georgia has refused to toss a \$13 billion lawsuit alleging that Baker Donelson and American Family Insurance conspired to spy on a litigant with illegally placed electronic devices. Read more about it here: <https://www.abajournal.com/news/article/judge-wont-toss-13b-suit-against-baker-donelson-and-insurer-for-alleged-spying-on-litigant>”

DOG-RELATED CLAIMS COST U.S. HOME INSURERS NEARLY \$900M IN 2021

April 14, 2022

Dog bites and other dog-related injuries accounted for more than one-third of all homeowners’ liability claim dollars paid out in 2021, costing \$881 million, according to an analysis by the Insurance Information Institute (Triple-I) and State Farm.



The number of dog bite claims nationwide increased to 17,989 from 17,567 in 2020—a 2.2 percent increase. The average cost per claim decreased 1.1 percent from 2020-2021, coming in at \$49,025 in 2021 compared with \$50,245 in 2020. However, there was a steep increase (39 percent) in cost per claims over the past 10 years, according to the analysis.

[Dog-Related Claims Cost U.S. Home Insurers Nearly \\$900M in 2021 \(insurancejournal.com\)](http://insurancejournal.com)

2022 HOLDS PROMISE FOR INSURANCE AGENTS AND DIGITAL CARRIERS

December 20, 2021--From Insurance Journal

“Analyzing data on its platform and research from others, Pino and his team identified four key trends for 2022:

4. The independent agent model advances. For years, many people have talked about the end of the agent model. That discussion should finally end as we see record growth among independent agents in 2022. Expect the independent agent channel to continue to become stronger as more carriers — including digital carriers that were founded on direct-to-consumer models — realize the benefit of agent distribution. In addition, more legacy carriers with captive agents in the past will follow the path of Nationwide and Liberty Mutual, enabling agents to sell coverage from additional insurers. According to Foundation Capital, **there has been a 32% decline in captive agents as captive agents and carriers are becoming more independent.** [2022 Holds Promise for Insurance Agents and Digital Carriers \(insurancejournal.com\)](http://insurancejournal.com) [highlighted for emphasis by editor]

USED CARS APPRECIATING?????



Did you think you’d ever see the day that your car appreciated as you drove it off the lot? Well, that’s happening now, they say. Just a couple of years ago, we used to be told it took about 20 years for a car to begin to appreciate. The global chip shortage has affected the supply chain. Customers are paying more than the listed sticker price! From everything we are looking at, once production is back online in the latter half of the year, we should see inventories start to build again,” said David Paris, senior manager of market insights at J.D. Power. For example, J.D. Power forecasts that the average wholesale price of used cars should fall about 9% from the fourth quarter of last year to the fourth quarter of this year, and that prices should continue to decline in 2023. But that won't get prices to where they were before the pandemic. "Prices will be going down, but they're not going to get to 2019 levels," Paris said.

<https://www.cnn.com/2022/01/20/business/car-prices-easing-2022/index.html?msclkid=6aab6200c2ac11ecb568d1007f4c289b>

Two-Thirds of Workers Want to Work-from-Home

Howard Schneider said recently in his April 26, 2022 article, *Two-Thirds of Employees Might Seek New Jobs if Forced Back to Office: Global Survey*.

<https://www.insurancejournal.com/news/international/2022/04/26/664598.htm> Many of the NAAFA readers are saying the same thing. Agents have enjoyed running their agencies from far-away-warmer-climates and it would be disastrous if the company tried to put a stop to this. People are willing to walk away from jobs that don't meet their expectations, one of them being working away from the office. Vacancies are evident in many companies, customers are noticing poor service, workers are stressed....things are not good. Surveys show only 3% of employees want to return full-time to their offices. More and more brokers are allowing agents to close their store front offices and work from home. Is it the new way of things?

INSURANCE INDUSTRY TRENDS

<https://comparecamp.com/insurance-industry-trends/#TOC1>

Hard Market Conditions

The insurance industry has continued to show resilience in the past years with the P&C sector recording the biggest profits. However, with a reported potential loss of up to \$80 billion due to the COVID-19 pandemic, insurers and insureds alike need to brace for hard market conditions—less growth, steeper rate increases, a smaller number of carriers in the market, and more limits on coverage.

In a hard market, most carriers will start raising their rates eventually. So, if you're an insurance agent, this is a good time to work with your clients in reassessing their risks before their renewal. Customers will look around once they see rates go up, so it's best to offer innovative plans or products that can differentiate your agency. This will not only help retain clients but also attract new ones.

Key takeaways:

- Insurers and insureds alike need to prepare for hard market conditions.
- For agents, this is the best time to reassess the risks of your clients and come up with innovative products before they shift insurance providers.

The 7 Key Challenges Facing the Insurance Industry in 2022

<https://mytopinsuranceblogs.com/major-challenges-facing-insurance-industry/>

These are considered to be the biggest challenges facing the insurance industry be it in the United States, the UK, and other parts of the world. (Read more about this at the link above.)

- 1) Cyber Risk**
- 2) The High Level of Insurance Technology**
- 3) Trust Issues**
- 4) Market Competition**
- 5) Poor Management**
- 6) Economic Instability**
- 7) Unskilled Worker**

THE EFFECTS OF CLIMATE CHANGE

Board Consensus

At an elementary level, climate change is a change in the usual weather found in a place. (From NASA Knows! Series) We'd like to suggest that there's a 'climate change' occurring in the marketplace, in the business world, and actually, all around us.

What?? Is the climate actually changing in the AmFam world? We won't comment on it globally, but we'd like to comment on it locally. Many agents are telling us that things have changed a lot during the years they have been American Family agents. Well, of course, things have changed. Often, things change for the good. But that's evidently only if the good changes are being orchestrated by ethically good people at the top of the management steeple. What we're hearing is that things are so bad agents can't wait to retire. Often, they say they don't want to even hear the word "insurance" again. It's really that bad.

But back to climate change: One of the big changes that occurs in the life of agents is that big change that occurs when an agent quits and another agent inherits the retiring agent's book of business. We have wondered why management doesn't inform the gifted agent that he probably will lose 25% to 50% of the transfer business. It's just going to happen, and the company has said so. Customers, it seems, stay with a company mostly because of the service that agent provided. When the agent is gone, often the customer is, too. What happens is the gifted agent complains to his manager and the manager thinks he must blame the retired agent in order to pacify the loser. Selling is replaced with complaining. BAD! Two things management should acknowledge and pass on to gifted agents: 1) you lose customers when an agent quits 2) The company encourages customers to "choose their agent" by their home page advertising. (Need to change an agent? Call [1-800-692-6326](tel:1-800-692-6326)). **Management should also inform the gifted agent that if the retiring agent's one-year non-compete is past, there is nothing he should be doing other than trying to sell more insurance if he wants to keep his job!!**

Here is another example of change causing problems: It has been reported to NAAFA that agents, from time to time, have problems with getting their brokerage commissions due them after they retire from AmFam. Here's what evidently happened in one situation: The company paid the brokerage policy commission to the agent *apparently* before it renewed. Then it did NOT renew, so the company reversed it out of the retired agent's monthly life commissions. When he called the company and challenged it, the company told him there was no other way to get the commission money back to brokerage. Ever heard of this?

It seems a little questionable that the company has the right to mess with an agent's life extended earnings because this tactic/approach is not considered at all in the agent contract. The company is messing with one's termination benefits/life extended earnings....wrong!

But the second question we have to ask is "did the company pay the brokerage commission before the renewal date?" And if they did, why? Or did the client pay the renewal and then cancel it?

Well, we asked the agent about it, and he told us his former customer went into the new agent's office (the agent who had inherited the retiring agent's files) and tried to pay the renewal. But the new agent claimed he could not access the policy because it was not transferred into the new agent's book, so therefore, he could not accept the renewal payment. Of course, the policy did not renew, but then the new agent turned around and rewrote the brokerage policy for him. And of course, guess who got the commission??

What we're asking is "did the renewal date fall within the time the old agent was still under contract?" If it did, then the retiring agent most certainly should have gotten the commission. Could it be that the company chose to help the new agent get the new business commission by not allowing the client to pay the premium when he wanted to?

NAAFA has had it reported many times that commissions on policies written during the retiring agent's last month or so were given to the new agent who inherited the retired agent's book. That's why we always recommend that retiring agents keep hard copy proof of what they have written their last few months and then make sure you get paid the commissions.

When retired agents get penalized because the new agents get the new business commissions, it is not right. Such a procedure is unethical. Conclusion: you have to be sharp and keep your eye on your books. So many clever, crooked ways have been created to profit those the company wishes to reward and to harm those the company wishes to harm. Our suspicion is that the "rewarded" one will never complain and as a result, he becomes part of the problem. If the harmed one chooses to just "let it go," then the company tends to keep getting away with such unfair practices. So many have noted how the whole climate of the company has changed over the years. Sad, isn't it??



WHY WOULDN'T IT WORK??

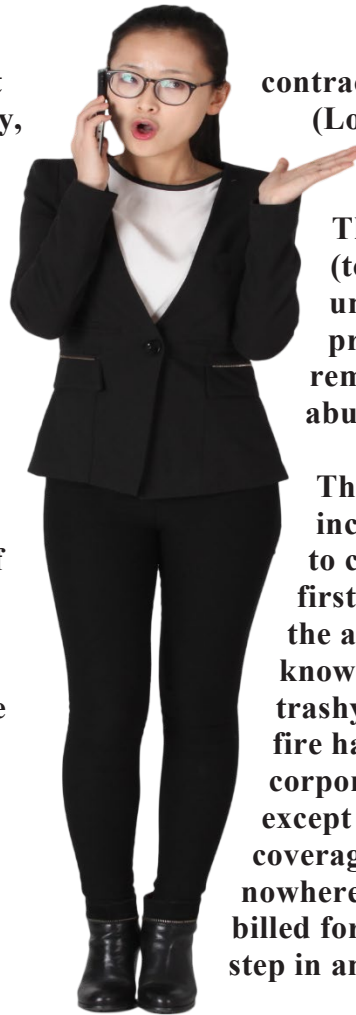
Editorial Note: We hate to keep bringing up this matter, but we keep hearing it from our members. They're getting tired of losing their employees to the company. Here is yet another letter from one of our readers who is experiencing the thievery of agency employees. Think how much money these agents have saved the company in training hours of these stolen employees. As our theme goes, you gotta focus on the flowers, not the clouds!!

So, word on the street is AMFAM can't figure out why, no matter what they pay, why they can't keep employees or why the employees they do have, can't efficiently get the job done. They keep changing the name of their service teams. They were Sales & Service operations (S&SO). In April, when they announced a minimum starting wage of \$22/ hour, they changed it again to Agency and Customer Operations division (A&CO).

They continually want to hire dozens of people (up to 100 @ a time in some instances). Clearly, they think they're going to replace agents. They are even stealing personnel from agents, (who've invested tens of thousands in training them only to lose them to a corrupt mother company) but it still doesn't work for corporate, and it damages the ability of agencies to do their jobs.

Corporate can't figure out why it isn't working. They start them at \$22/ hour with full benefits and allow them to work from home and they are still leaving corporate employment. Why would that be? Well, first off, they're hiring them to up-sell to our customers, not to service as they were expecting. So non-sales folks are being thrown into a world they didn't expect. They're frustrated!

Management then keeps raising the quotas for adding enhanced coverage options and extra coverages to our so called "independent



contractor" agents' customers, mind you. (Looks like corporate corruption running amuck!) It's not making employees or customers happy. They are encouraged to up-sell ERS (to our) customers, whom underwriting may have previously required the agent to remove ERS on because it was being abused.

They are being encouraged and incentivized to add property coverages to customers whom the agent, as the first underwriter, wouldn't because we, the agents, knew things. Things like, knowing they had unapproved pets or trashy and high liability exposure housing, fire hazards, etc. And when an A&CO corporate employee, who doesn't care except to get a paycheck, pushes add-on coverages that increase the rate (but are nowhere to be found when the customer gets billed for that extra) the agent then has to step in and fix the mess or lose the business.

The morale is evidently very low, and the answer is simple. Have your proven salesforce (the agents, of course) sell, and your service folks do the service. The way it should be. Quit stealing agents' service people to sell for you. And quit trying to disrupt the agent/client relationship. Something tells me our woke management never learned to dance at the prom with the date they chose to bring. And how's that worked out for ya in the past?

Name withheld 🦋



A good laugh overcomes more difficulties and dissipates more dark clouds than any other one thing.

~Laura Ingalls Wilder





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Michelle Pratt



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(Shh! Best Kept Secret!)

As a little girl I dreamed of being an insurance agent. Said no one ever! Well, unless you had family in the industry and know it's the best kept professional secret. My dream was to be the next Paula Abdul and choreograph dances on MTV. Who would have known that MTV would be irrelevant and creating new dance moves wouldn't be a lucrative carrier? So..... I ended up becoming a lawyer.

It wasn't until years later that this insurance secret was shared with me at a conference I was speaking at. I was giving an update to insurance agents on the ramifications new proposed laws would have on the insurance industry. It was the first time in my life I had met an insurance agent, let alone 200. Frankly, I couldn't have told you who my insurance agent was at the time. Litigating insurance and working on insurance legislation was my passion. Yes, passion and insurance can be used in the same sentence. After listening to many agents, I discovered that they made three times more money than I did and worked about half of the hours. These were of course agents that had spent countless hours and years building their agency to a point that they didn't have to put in 12-hour days anymore. These agents were helping people in their community and still able to attend their kid's soccer games. What was the secret to this amazing profession? Residual income.

It's not that I didn't know what residual income was, but once I understood residual income on *insurance premiums!* Well, let's just say I specifically remember saying, "I'm in the wrong profession." The lawyer in me got to work researching: **how does one grow this residual income and keep it?** It seemed simple at the time. Provide your clients with options, take good care of them, and they won't leave you. You and I both know if it was that simple everyone would be doing it. My research concluded that it was imperative to have a high close ratio and retention rate, which led me to the independent agency model. Independent agents had the ability to give their clients options, the importance of which gave them a 70% close ratio and 95% retention rate. To further my research, I spoke with over 100 independent agents across the country to learn **how does one build an independent agency?** After speaking with the agents, I discovered that they experienced the same struggles with opening and growing an independent agency.

Access to Carriers: Sure, they could get <i>some</i> appointments, but not enough to be competitive in the marketplace.	Production Requirements: This really kept them up at night. If they didn't meet each carriers' requirements, they risked losing the appointment. Lose one and it's not likely to get more.
No Support/Training. An independent agent was just that, independent. If they had questions, they would have to take the time to figure it out on their own, rather than having support when they needed it.	Auditing Commissions: Agents didn't have the time or resources to audit each carrier to be sure they were getting paid properly. This meant hiring an accountant or crossing their fingers it was correct.
Overhead: Truly being out on your own was expensive since you couldn't capitalize on economy of scale.	Managing Carrier Relationships: Agents felt they spent more time managing carrier relationships than growing their agency.

My husband, Larry Pratt, who spent 26 years in the insurance industry and was truly the insurance guru, concluded that we could help independent agents with these problems, and voila! Chambers Bay Insurance Group was founded. We help remove the obstacles that owning an independent agency can have. Giving agents higher close ratios, higher retention rates, and better commissions. Oh, I still have some awesome dance moves, unless you ask my kids. But my passion now resides in helping people grow their independent agency. Let us help you by going to www.joincbig.com today.



HOW DO I EXPLAIN RISING PREMIUMS TO MY INSURED?

Please, would someone tell me how to convince my insureds to stay with me when my rates are going so high?

I have always felt fortunate to have the loyalty of most of my clients, but truth be told, loyalty only goes just so far in an environment of inflation such as we're in right now.

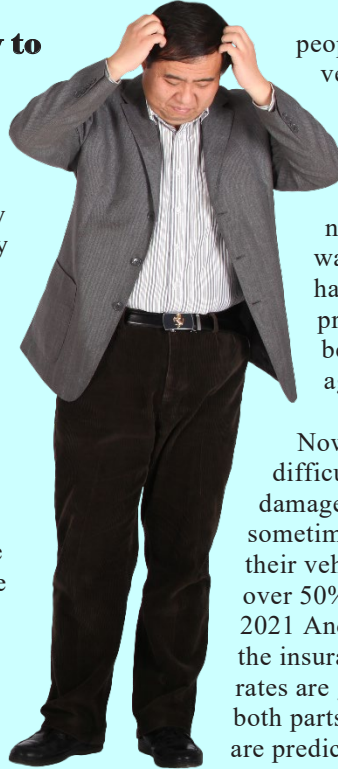
Why is this period of inflation so different from other times in the past? For one thing, life insurance companies are seeing a huge increase in death claims, particularly in those aged 18-64. Most likely, the COVID pandemic has had a lot to do with that. Some sources claim life insurance death claims have risen about 40% in 2021. * Even though some life insurers report great growth in sales, does it account for the losses being paid out in claims? The bottom line is, such a high number of death claims does affect the profitability of the company.

"But I don't even have any life insurance policies, so why are my home and auto premiums going up so much?" your client says.

In recent months, we have seen huge spikes in inflation. Inflation happens when an asset loses purchasing power or value*. In other words, inflation means the purchasing power of your dollar has weakened. Even though you'll see higher interest rates because inflation has pushed rates up and you're earning more on your savings, you'll still have to spend more to make up for the higher prices of goods. It's almost like you can't win!

The cost of building materials has risen drastically, some 40-50% in recent months. When a claim comes in on your home, and your home is insured to value (meaning it is insured to cover the cost of rebuilding) the insurance company must pay 40-50% more to rebuild or replace it. Premiums, obviously, cannot stay the same if it is costing more today to replace your home than it would have a year ago. Rates must go up to compensate.

Look at cars, for instance. Auto makers are making very few new vehicles these days because of the scarcity of computer chips. They just can't get them, probably because of the situation in Taiwan where most chips are manufactured. Have you tried buying a used car lately? Most auto sales these days are of used vehicles. The cost of used vehicles has skyrocketed because of the shortage. In fact,




people are finding they can sell their used vehicles for more than they paid for them!! Unreal! Blame it on supply and demand.

Recently, my own visit to a rather large local car dealership showed only three new cars on the premises. The showroom was filled with used cars. This has never happened before. Predictions are that used car prices will continue to skyrocket until chips become available and new cars can once again get back on the market.

Now about insurance costs....ever wonder how difficult it is for garages to find parts for your damaged vehicle? Customers are having to wait sometimes weeks and weeks before they can get their vehicles fixed. Wholesale car prices jumped up over 50% while retail rates boomed at about 35% in 2021 And of course, the parts (and labor) are costing the insurance company more, so your car insurance rates are going to keep going up till the inventory on both parts and vehicles begins to be restored. Some are predicting a slight bit of relief by fall of 2022. Let's hope.

SO, LETS SEE....you are paying more per gallon for gas, you're paying more for insurance, you're paying more for used vehicles and repairs, more for food, more for housing, more for utilities, and all the while suffering because businesses you've regularly patronized are providing worse service because they just can't find workers.

Encouraging your customers to find ways to reduce their premiums can be tricky and possibly costly for you, but knowing most of our members are interested in adequately insuring their customers, you can tell them to raise their deductible, drive fewer miles (which they are probably already doing due to the pandemic), drop comp and collision on older vehicles, drop any add-ons, maintain a clean driving history, take advantage of multiple car discounts and defensive driver discounts, improve your credit score and if you really want to be ethical, suggest your client compare. Often just making this suggestion is enough to convince your client that you are just about the most ethical agent out there and they'll remain loyal to you.

NAAFA Member Contribution 

*[Life insurance death claims shoot 41%, up 3.5x in 2021 \(fortuneindia.com\)](https://fortuneindia.com)

*[inflation and the Insurance Industry - Premier Mountain Insurance](#)

FROM MY VIEWPOINT, THE PROS AND CONS OF GOING INDEPENDENT

By Long Time NAAFA Member

As you know, I went with the _____ Group after talking to another agent who was already with them. He felt they were a good choice. In many ways he was right.



Some of the special things they do are:

- A good job of lobbying some of the major companies they use to increase commissions and contingencies.
- No pressure to write life insurance.
- If your loss ratio is higher than the threshold a certain company requires, if the entire _____ Agency is still profitable with that company, you still get a share of the contingency. I have gotten some very large bonus checks that the largest agents in AF don't probably get.
- They are quite often trying to get more companies for their agents to write with.
- They are very nice people to work with.

Those are some of the pluses.



Some of the negatives are:

- _____ owns ½ of your agency. They do this so agents don't bail on them. However, if you find a person willing to take over your agency like _____ did with his son, that's what they want to happen, and things continue on as if nothing changed. I have spoken to the son, and he said they were super with the change and were very helpful.
- Another negative is AmFam was very competitive in habitational buildings which I had a lot of with AmFam. But _____ doesn't have a competitive market for that. The few companies they do have aren't very competitive with this line. For instance, they don't have AutoOwners in my state. AutoOwners is a thorn in my side. They have good rates on habitational risks especially. I have lost a lot of business to them. If I had to go with only one company in my state, it would be AutoOwners. Apparently, AutoOwners feels they have too much business here. They aren't taking anymore. So, _____ can't get them.

The biggest advantage in going independent is, as I see it, you are working with a large number of companies. So, if one company has a large rate increase, you can often find a better price with another carrier and save the insured. Not so with captive companies like AmFam.

If I had to do it over, I would probably still go with _____, but _____ would be a close second mainly because he has AutoOwners. What I know about this broker is that he is a great person according to some of the agents he has.

I can't comment on AmFam's non-compete clauses because they seem to be different in various states. AmFam has updated their contracts so often (usually to their advantage), it depends on how the contract is written. I had my original contract from when I started with AF in 1967 and refused to sign any of their updates because it usually benefited them and took things away from the agent. At the time when I went independent, I never solicited any of my former AmFam insureds, but did write them if they contacted me. I had them sign a form that I in no way solicited them, but they contacted me.

AmFam at first withheld my extended earnings stating that I had solicited my former insureds. I hired a good attorney who wrote to the company explaining that I had not solicited, nor did I intend to for one year, that there was no proof that I had, and that I had signed statements that they had contacted me. Insureds have a right to choose their agent. Then my extended earnings started coming.



Good luck to all those leaving AmFam. I did, after about 40 years, and wish I had done so much sooner. ☘

The following are sayings by Martin Luther King, Jr.

1. "The ultimate tragedy is not the oppression and cruelty by the bad people but the silence over that by the good people."
2. "There comes a time when silence is betrayal."
3. "We may have all come on different ships, but we're in the same boat now."

How **Successful Independent Agents** Gain a Competitive Edge

Being independent doesn't have to mean working alone. With a good network in your corner, you can get the support you need to tackle the biggest obstacles standing in your way. The right type of partner meets the needs of independent agents every day, helping them grow their business quickly, increasing their revenue, and achieving true success.

Networks, Aggregators and Clusters: Not Quite the Same

There are different types of networks out there, including what is called a network, plus aggregators and clusters. And yes, the distinction can matter. Although these terms get used interchangeably sometimes, they're not really the same.

An Agent-Friendly Contract

Understanding the general differences between clusters, aggregators and networks can help you find an organization that's a good match for you, but it's also important to consider the differences between individual organizations. You're not just picking a model. You're signing a contract, and you want to make sure it benefits you.

Here's what you should look for in a contract:

- Receive access to the top regional and national carriers.
- Maintain control and ownership of your business.
- Retain ownership of every policy you already have and what you write in the future.
- Earn competitive and/or higher compensation.
- Never pay any fees.
- Have access to best practices, coaching and support.
- Close more sales by offering your clients a variety of product choices.

Gain Access Without High Production Requirements

Breaking into a new market can be challenging. This is true whether you're completely new to the insurance industry or you're an experienced captive agent who has decided to go independent. Even established independent agents can face hurdles when they expand into a new market. Some of the organizations that are supposed to help agents don't actually address this issue. Aggregators, for example, can have high production requirements, too.

Retain Ownership of Your Contracts

Some organizations claim a position of ownership as part of the price of joining. Some independent agents might feel that this is the only way to achieve improved profit sharing and access to top carriers, but there is another way. To learn more about becoming an independent agent, check out www.smartchoiceagents.com. On the top navigation bar, click on Blog + Magazine for additional information.

Paul Taylor, Executive Vice President, Sales and Distribution – Smart Choice



The Class Action is past history...or is it?

For most of us here at NAAFA, and probably for many in the field, we are still having a hard time forgetting the class action case by agents against American Family for misclassification. And apparently, we aren't the only ones who can't get it out of our minds. A recent article by Richard Reibstein Esq. | Mar 7, 2022, in Lock Lord's Independent Contractor Misclassification & Compliance Blog, brought up this class action case once again. Admittedly, they did not specifically name the case (Jammal v American Family) but the writer's description leaves no doubt of which case he was talking about.

For example, in 2017 a federal district court entered a judgment following a jury trial involving ERISA claims by insurance agents seeking damages under several types of ERISA plans. That judgment reportedly would have imposed liability upon the insurance company defendant in the hundreds of millions of dollars, but it was reversed on appeal in January 2019 by the U.S. court of Appeals for the Sixth Circuit. The defendant argued that the agents were independent contractors and not employees and the appellate court agreed. [What Companies Can Learn From an ERISA Case Alleging Independent Contract Misclassification: February 2022 IC Legal News Update - Independent Contractor Compliance](#)

Our own private conversation amongst the NAAFA board has always centered around our observation that the two opposing appellate judges put the emphases on the wrong syllable, so to speak. We didn't think the Plaintiffs were asking the court to make a determination on what the agent contract said (obviously, it said the agents were independent contractors....we knew that going in!) but on whether the contract had been violated because the company had been treating the agents like employees! (Evidence proved this.) When we read that the judges concluded that because the contract defined the agents as independent contractors, then that's what they were....well, duh! They seem to have missed the whole point of the case.

This is just our observation, and it is now 'water over the dam.' But the lifting of some of the employee-like control tactics that the company authorized during the trial years are once again being leveled upon the agents. That control is tightening up like a noose around the necks of the agents. It's not pretty. No wonder so many agents are trying to loosen the rope by leaving the company.

Just a note: The goal of the Lock Lord Blog is not to

support independent contractors, but to protect companies by trying to teach them wording they need to have in their contracts so they won't violate ERISA laws and encourage lawsuits. However, the Blog never fails to find new cases to write about on a regular basis.

Observation: Independent contractors are still being controlled by greedy employers who want to get their work done in the cheapest manner possible. They take the risk of continuing to hire ICs so they won't have to pay for benefits. Perhaps you haven't noticed, but most of the insurance companies who have captive agents are getting rid of them. It is estimated that Farmers is down some 3000+ agents. AmFam is down well over 2000. Nationwide got rid of all their captive agents.

Well, we all know the reasons. Bypassing the helpfulness of agents, they feel, isn't going to hurt their business/sales because they believe most people want to buy online. Do it quickly, no fuss, no bother, boom, done! The customer appears to have become unimportant to captive companies. Independent companies, however, appear to have a different viewpoint of their customers. They

recognize that agents are crucial in making happy customers, and happy/informed customers mean more referrals, more business, a better reputation, more profit and all around, a plus for them, the agent, and the company.

And so, the battle continues. Who's right? The courts really didn't decide, did they? Our country has changed. We all recognize this, but there are some of us who still want to fight for the right to own our own businesses. We want the freedom to make choices, to work hard, and be rewarded for our efforts. We want to stand for truth, ethics, fairness, and the right to make our customers happy by providing them with the best policies to cover their needs. Let us do our jobs as true *independent contractors*.

Submitted by Board Member ✍

"I fear the day that technology will surpass our human interaction. The world will have a generation of idiots."

~Albert Einstein

UPDATES ON CAPTIVE INSURANCE AGENT CASES

- **CALIFORNIA FARMERS AGENTS WIN CLASS ACTION CASE:**

Note: Crueger Dickinson Law Firm in Whitefish Bay, WI, a name very familiar to NAAFA readers as they handled the AmFam Class Action case, successfully represented the California Farmers agents.

STATUS UPDATE

On March 8, 2022, the Court granted preliminary approval of the proposed class action settlement with the California agent class! This is great news and a first step in a process towards a meaningful recovery in this case. **The claims process will open on March 29, 2022.** We will be in touch with more info about informational meetings and instructions on the claims process shortly.

Class Members will have **one hundred (100) days** from the date Notice is sent to submit claims. Please see the Notice for the claim's deadline.

Brief background:

The plaintiffs and Farmers in the pending L.A. state court case have reached a settlement that resolves all claims on behalf of the previously certified class of California agents. The plaintiffs alleged that Farmers misclassified the class of California agents as independent contractors under California law; thus, Farmers violated the California Labor Code, which requires employers to reimburse their employees for any expenses they incur to do their job, and California Unfair Competition Law. The court granted the plaintiffs' motion to have the case proceed as a class action in March of 2021. According to the Plaintiffs' court filing, the settlement is designed to protect the agents' classification as independent contractors and provide \$75 million in monetary benefits, with \$40 million in direct payments (net of attorney fees, service awards, and administrative costs) allocated to all participating class members without the need for any class member to make a claim, and \$35 million in claims payments of up to \$10,000 to each class member who submits a claim for certain unreimbursed expenses related to Farmers Smart Office program. The settlement also results in Farmers agreeing to specific business model and contract changes, including eliminating both the right to terminate the agent agreement without cause and the one-year post-termination non-solicitation provision. Plaintiffs' court filing states that these systemic and contract changes will deliver at least an additional \$15 million in value.

The court must approve all class action settlements. Accordingly, the plaintiffs have filed a motion asking the court to grant preliminary approval. The court has scheduled the hearing on preliminary approval for March 8, 2022. If the court grants preliminary approval, then notice will be sent to all potential class members informing them of their rights, the benefits of the settlement, how to submit a claim, and the date the court sets for the final approval hearing.

- **NAPAA, THE NATIONAL ASSOCIATION OF PROFESSIONAL ALLSTATE AGENTS, HAVE SUED THE ALLSTATE COMPANY**

JUDGE DENIES ALLSTATE'S BID TO KILL AGENTS' LAWSUIT

BY STEVE DANIELS

On January 13, 2022, a Cook County Circuit Court judge rejected most of the Allstate Company's motions to dismiss the suit, which alleges numerous breaches of Allstate's contract with agents around the country. Allstate agents can pursue most of their claims against the Northbrook-based insurer in Cook County Circuit Court after a judge rejected all but a few of the company's motions to dismiss counts in the lawsuit.

The decision, issued today by Judge Mary Colleen Roberts, is a significant victory for the National Association of Professional Allstate Agents, or NAPAA, which sued the company last year on behalf of agents across the country for what it says is heavy-handed treatment in violation of the contracts under which agents are enlisted to sell Allstate policies.

The judge rejected Allstate's bid to have the lawsuit thrown out because of what it claimed was lack of standing by the association to pursue the claims. NAPAA, which is believed to have more than 1,000 agents as members, has had rocky dealings with the company over the decades. But that relationship has reached a new low in recent years in response to Allstate actions in recent years to reduce what it pays agents and to exert more control over how they conduct their business.

CEO Tom Wilson is in the midst of what he calls a "transformative growth" plan, part of which entails reducing the company's cost—including agents' compensation—in order to make its offerings more price-competitive with faster growing rivals Geico and Progressive. He's also moved to sell more through independent agents, who represent customers and buy insurance on their behalf from any number of insurers. Part of the Allstate agents' lawsuit centers on independent agents who they allege are allowed to sell Allstate policies in territories served by an existing Allstate agent. That's a violation of the contract, they say.

Allstate long has sold through independent agencies, but it says that happens in parts of the country not served by an Allstate agent. The judge rejected Allstate's motion to dismiss that allegation.

In addition, Roberts rejected a motion to dismiss agents' complaint that a recent company requirement to use its phone system violate their contracts. She didn't impose a temporary injunction on the practice, which the agents had requested, but she did say they might be entitled to damages. In its response to the agents' lawsuit, filed in court last fall, Allstate was particularly dismissive of agents' complaints about the phone-system mandate. "It is entirely possible that some NAPAA members will choose not to adopt (the phone system)," Allstate said back then. "In doing so, they will be making a choice that they no longer wish to be affiliated with Allstate."

Roberts also rejected Allstate's motion to dismiss claims that it has interfered with agents' efforts to sell their businesses when they've decided to leave Allstate. Allstate agents technically are independent contractors and not employees of the company. They're responsible for the costs of maintaining an office, hiring employees and benefits for themselves and their workers.

For nearly two decades, Allstate has lost market share to most of its largest rivals. What once was the nation's second largest auto insurer is now the fourth largest. Insurers selling via their own army of agents—the nation's largest car insurer, Bloomington-based State Farm does just that—have steadily lost ground to those selling over the internet and those selling through independent agents. Wilson's strategy to put Allstate on a growth path has been to diversify away from the captive-agent model and sell more online, as well as through unaffiliated agents. The vast bulk of the company's revenues, however, is still generated by Allstate agents.

The agents are represented by James Bopp Jr., a nationally prominent attorney best known for representing conservative causes but in this case taking on a cause he has said was a plain case of injustice. "We are thrilled that we can continue to fight for what is right in this case," Bopp said in a release. "Contracts mean something, and powerful, large corporations do not have the right to violate their contracts. This is especially true when a company like Allstate writes the contract and requires the agents to sign the contract, as written, with no negotiation as to its terms."

An Allstate spokeswoman didn't immediately respond to a request for comment.

Note: Interesting how the issues the Allstate agents face are so similar to those the American Family agents face. Such treatment seems to be an epidemic among captive companies!

**IN A BATTLE ALL YOU NEED TO MAKE YOU FIGHT IS A LITTLE HOT BLOOD
AND THE KNOWLEDGE THAT IT'S MORE DANGEROUS TO LOSE THAN TO WIN.**

~George Bernard Shaw

The Business of Going Independent

By Jeff Holmes, COO, SIAA

One of the big economic trends to emerge in the past two or more years has been The Great Reshuffling, a process in which workers are reconsidering their career paths to best suit their needs, often leading to new business starts. The impact has been dramatic. In July of last year, [NPR](#) reported 440,000 new businesses had been started in the US, capping a 16-month period that was a record for newly minted entrepreneurs in this country.

Insurance agents have also benefited from this trend.

As carriers continue to release captive agents as part of a growing cost-savings [trend](#), captive agents have an opportunity to broaden their income and more. For many, going independent can translate to more product and service offerings for clients and the ability to establish a work-life balance that makes the most sense for them. However, the business of going independent requires two things: Defining one's network and marketing to it.

Unlike captives who are fed sales leads, independent agents must identify where they will find their potential clients. For many agents, fruitful opportunities stem from joining networking groups, getting involved in community initiatives, or from identifying local business and community leaders with whom they might do business.

The first few weeks of working as an independent agent should be spent scheduling networking opportunities and building out a marketing plan. What does the potential client base look like? How can that client base best be reached? Perhaps a direct mail campaign is the best way to go? What about email? How will the agent activate and leverage social media to reach that potential client base? Understanding the tools available and how they will be deployed to reach prospective clients is a critical process to work through in those first important weeks of operating as an independent agent.



Online tools are essential. An active website and the agent's LinkedIn, Facebook, and YouTube channels are important. Seeking and securing Google Reviews is also critical, as is promoting those positive reviews. As for content, you'll want to demonstrate your industry and product knowledge. Thinking like a client, agents should create content for their websites and social media that speaks to common issues and concerns raised by clients. About 10 to 15 hours per week should be spent on this type of lead generation online marketing work. And that work should not be discontinued as your client roster grows; these are the tools that will help to keep your lead pipeline flowing.

Whether as a captive or as an independent, insurance agents need support to identify their networks and market themselves to those networks. Captives have their carriers. Independent agents must seek out that support on their own, and often they find it in agency networks like SIAA. These organizations help support independent agents with everything from business introductions to training, support services and more. In essence, they help shorten the learning curve for new independent agents.

Being an independent agent doesn't mean going it alone. There are tools and resources available to those ambitious enough to pursue them. And there's never been a better time to become an independent agent.

[Jeff Holmes is Chief Operating Officer of SIAA. (Strategic Insurance Agency Alliance) and can be reached at jeff.holmes@siaa.com.]





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THE NAAFA MAILBOX

Readers comment on the Sixth Circuit's reversal of the decision of the District Court in the Jammal v American Family case, finally bringing the case to a close.

Hi NAAFA,

Well, how many years spent on this? 15? Should solidify control which it has been all about with AmFam since Bob Koch retired. Hope all is well with you.

Name Withheld

Dear NAAFA,

How is this possible? From winning the initial court decision. In newspapers agents win. How many billions of \$\$ siphoned from somewhere, put in special account, ready to make payment? Judicators making calculations regarding proper method in figuring how much an agent could get. So SORRY agents lose. Nothing more can be done. It is wrong. Where is the justice in any of it?

Thanks,

Name Withheld

Readers expresses disgust when AmFam employees refer agent's staff for company jobs.

NAAFA,

I'm sending you the latest on dollars an AmFam employee can earn by referring an agent's staff member for a position within the company. Here's why they steal agents' staff.....\$1500 referral bonus! Agents can't compete with the benefits the company offers to employees and we're at a huge loss because we've trained them, and the company steals them.

Name Withheld

Dear NAAFA,

It sounds too good to be true!! Meaning to those that have not been in our shoes and had the AmFam experience happen or have seen it happen to self and others. Those of us that have seen the dark side know this is another way for AmFam to take away without all the work put into an agency. I believe this is another way the company takes away from an agent to someday have all in-house agents, agents that were trained by us....trained for FREE ON OUR WORK TIME AND EFFORT. I lost the only staff person I had to the St Joe Regional Office by the contact being made from my office staff to the company with questions on policies, etc. I had to start all over again, training again, new staff. Did I mention that she was let go because of the St Joe Regional Office lay off? Sometimes the verdict, in the long evil way, comes out with us on top. Now she has no job!!

Name Withheld

Woe to AmFam

AmFam has become so woke that they are now only hiring and promoting minorities. The life company is going down the drain so fast that you can't wash the dirty ring out of the tub anymore. It's there for all to see. They put a Person of color in charge who has no clue (but she is black) and she hired a fellow of color who has no idea how anything life or annuity works (he can organize a zoom meeting) but has no idea what it takes to solve a problem in sales. (But hey, he is head of the African American blah blah blah team.

From what I hear, since they rolled out their new exclusive Protective Annuity Program, you can count the company-wide's "sales closed" on one hand (in a cast) 😞. Apparently, they're having such a hard time motivating agents to sell, that they had to make an agreement with a newly formed outside source to *make these sales for the agents*. (At a cost of \$1000/ month plus 70% of the commissions.) And that 3-man new company we're contracted with is made up entirely of last year's AMFAM life specialists who left the company. (One of which was their annuity expert). You can't make this stuff up.....Woe to AmFam wokeness.

Name Withheld

**"If freedom of speech is taken away, then dumb and silent we may be led,
like sheep to the slaughter."**

~George Washington

NAAFA MAILBOX CONTINUED:



Things just aren't what they used to be, according to this reader!

Hi NAAFA,

Just a follow up for you. To get started I want to refer back to Dale Mathwich speaking about American Family at one of the All American's I attended. Dale was focused on describing the word "Family" in the American Family corporate name. Since then, things have gone 180 degrees with American Family saying they are all about family. Bob Koch did care about agents, employees, and policyholders, too, but in AmFam's present corporate world, all values have been replaced with people with lots of ambition and willing to sell their souls for advancement.

Dale tried to express what Family was to agents. He spoke about how "we are all family."

1. Was your faith & religion.

2. Was your immediate family.

#3. Was your feelings about American Family and its corporate goals.

We were supposed to buy in to this *in that order*. And most of us did.

Well things certainly have changed. It appears the only thing that is important is the enterprise and the benefits to the corporate executives in American Family. One is either in or out. If you are in, one better continue to buy in to the corporate direction and philosophy or you find yourself out! They can afford to play the waiting game. But sooner or later they get so discouraged, they will find their way out of American Family.

The present American Family modus operandi has structured itself to find a way to exclude the agent whenever possible. Example:

- Call in a claim? Don't call the agent. Report it direct.
- Make a payment? Call it in or do it online.
- Write new business? Use the corporate number and let AmFam *assign an agent* for 50% commission.

They have found a way to put no value in the resource of the agent, the employee, or the policy holder. All of those can be replaced. AmFam just has to play the waiting game for replacement.

NAAFA, I appreciate your dedication to the agency force.

Reader implies the insurance company always wins!

Dear NAAFA,

Since the loss we all suffered as a result of the decision in Jammal v American Family, could I wager a guess as to who will win in yet another class action against American Family? As an agent, I am seeing prices on vehicles go up a lot since COVID, and I'm seeing insurance rates go up, too. Don't you suppose AmFam is raising their "selling price adjustment" of 9% to even a higher rate now that costs for repairs and replacement have escalated so much? Just watch and see who wins. My prediction is the insurance company will win cause they got the money to make it happen. Here's some info on the class action case. <https://topclassactions.com/?s=American+Family+Insurance>

New Class Action Lawsuit Claims American Family Mutual Insurance Unfairly "Adjusts" Total-Loss Payments

In 2017, Urbassik suffered a total loss to his vehicle and made a claim with American Family Mutual Insurance Co. The defendant provided a total loss valuation based on a valuation report obtained from AudaExplore, according to the lawsuit. It valued the plaintiff's total loss vehicle as having a market value of \$6,853.00 and paid that amount.

However, among other adjustments, the defendant breached their contract by applying a "selling price adjustment" of 9% (\$614.17).

"Defendant offers no factual, legal or contractual justification for this arbitrary reduction, stating nothing more than that "[i]n the case of this 2006 Chrysler 300, the difference between the asking price and selling price is generally 9%,"" according to the lawsuit.

The American Family Mutual Insurance Selling Price Adjustment Class Action Lawsuit is:
Urbassik, et al. v. American Family Mutual Insurance Co., Case No. 1:21-cv-01974-JPC, in the U.S. District Court for the Northern District of Ohio Eastern Division.

Name Withheld





HELP!

I've been hacked!!!

[Editorial]

A few months ago, the NAAFA emails were hacked. The hackers used the “**gift card**” scam. The hacker poses as you after stealing all your emails. He then sends messages to your ‘contacts’ urging them to help you out by getting a gift card for you. The email plea looks authentic. You purchase the gift card, reply back to (you don’t know it’s a hacker) who you think is your friend and give them the numbers on the back of the card. The hacker has your money!

Please be aware of the many scams out there. You can simply Google each of the following scams and learn how to identify them should you be approached. There’s the **Romance Scam**, the **Tech Support Scam**, the **Grandparent Scam**, the **Government Impersonation Scam**, the **Sweepstakes/Charity/Lottery Scam**, the **Home**

Repair Scam, the **TV/Radio Scam**, the **Family/Caregiver Scam**, the **Shopping Fraud Scam**, and many more, we’re sure, will pop up soon. If you’ve been scammed, report it to www.reportfraud.ftc.gov. After you report your scam, you will get advice about what to do next.

In fiscal year 2021, FTC enforcement actions returned more than \$403million to consumers of all ages. The FTC has learned that “if people are forewarned about a particular scam, and they’ve heard it before, they are more likely to be able to avoid it,” Katie Daffan, assistant director of FTC’s Division of Marketing Practices says. Although people of all ages get scammed, it seems there are more people over the age of 60 experiencing scams. She recommends people sign up for email updates from the agency’s Consumer Information Blog at www.consumer.ftc.gov/blog

Ways to help you avoid being scammed: Learn about call-blocking at consumer.ftc.gov/articles/how-block-unwanted-calls. Don’t trust your caller ID as scammers can fake any number or name to show up on your caller ID. You can also sign up for the Do Not Call list, www.donotcall.gov. And learn to ‘just-hang-up!!’ And remember, NEVER GIVE OUT ANY PERSONAL INFORMATION such as credit card numbers, social security numbers, never send anybody anything like money, gift cards, checks or wire information, don’t act quickly—give yourself time to check things out, and it might be a good idea to not even give your name.

Even with all this information, the latest and safest (we thought) of antivirus software and firewalls, the hacker still did us hundreds of dollars of damage. We had to hire IT people to pull us out of danger. Be cautious, be safe, and realize that evil is getting more prevalent all the time.

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TRUST EVERYTHING
YOU SEE.
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I see in the near future a crisis approaching that unnerves me and causes me to tremble for the safety of my country... corporations have been enthroned and an era of corruption in high places will follow, and the money power of the country will endeavor to prolong its reign by working upon the prejudices of the people until all wealth is aggregated in a few hands and the Republic is destroyed. ~Abraham Lincoln

GUIDELINES FOR SECA KIT AVAILABILITY

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

The SECA Kit was updated on January 15, 2021, but updated MEMOs regarding tax issues are issued regularly. 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 by your loyalty and longevity.

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

I contend that for a nation to try and tax itself into prosperity, is like a man standing in a bucket and trying to lift himself up by the handle.

Winston Churchill (1874 - 1965)



NAAFA, INC. MEMBERSHIP APPLICATION

1-888-71-NAAFA

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 _____

* Must fill in these spaces.

<u>MEMBERSHIPS*:</u>	Annual Active AmFam Agent**	\$264
(Circle one)	Semi-Annual Active Agent	142
	EFT (Monthly) Active Agent	22
	EFT (Monthly) Non-Active	10
	Non-AmFam Agent Annual	120

<u>DONATIONS:</u>	NMEF (NAAFA Member Enhancement Fund- Formerly the Legal Defense Fund)	\$ _____
	SECA Kit (\$500)	\$ _____

PAYMENT OPTIONS: **CHECK:**
 Make your check payable to NAAFA and send to:
NAAFA, Inc.
PO Box 578
Circle Pines, MN 55014

EFT:
To open an EFT account, you must enclose a check for 1 month (\$22).
 ACP agents enclose a check for 1 month (\$11). Non-active agents \$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: 1-888-716-2232

**We have had several people ask lately just where they fit in as NAAFA members. Interesting question but one we want to clear up immediately. Our membership application refers to the following:

- *Annual Active AmFam Agent* (Means you are actively working for AmFam) Dues are \$264 per year.
- *Non-AmFam Agent* (Means you are either retired or an independent agent.) Dues are \$120 per year.

The NAAFA Report.....



WHO WE ARE

NAAFA, Inc. is a professional organization established to promote education and communication for and between both active and non-active American Family agents. NAAFA is the vehicle whereby agents can express their opinions openly and without judgment. Our desire is to be a vital active group who is interested in sharing experiences, knowledge, and recommendations with other agents, always encouraging, listening, and growing in ways that not only profit the agents, but their businesses and customers as well.

OUR MISSION STATEMENT

NAAFA, Inc. shall strive to provide professional fellowship by dedicating its activities to encouraging the highest degree of ethical service both to our members and to the insuring public. NAAFA, Inc. will support the strictest adherence to the integrity of its members as professional insurance agents. We will promote professional conduct, protect confidentiality, and protect the legislative interests of our members through awareness and understanding of the issues facing the independent contractor insurance agent in the American society.



SUPPORT NAAFA PAINLESSLY

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

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

IF YOU HAVE MOVED, please inform us of your *CHANGE OF ADDRESS*!!

Contact us at: (888)716-2232.
Or mail us at: NAAFA, Inc.

Email us at: NAAFAwest@comcast.net.
PO Box 578, Circle Pines, MN 55014



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

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

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www.NAAFA.com

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balanced against the free market, but against some soulless corporate drone who at any time and without cause could not renew my contract. I had accumulated debt, hired staff, and expanded my agency in anticipation of policy transfers. That was a mistake. I knew I needed to put my financial house in better order.

So when a CSR would quit or retire, rather than rehire another, I started taking budgeted payroll monies and transferred them to debt reduction. This was a wise move! This greatly reduced my stress. I know now that AmFam wanted me to go into debt, saying that if I hired people, I could raise my sales. What this meant was that I could spend BIG X \$\$\$'s on employees, but if I was even one policy or one dollar short based upon the form I had signed years before, I could be fired. I thought this was stupid. I would rather keep the cash and do the work myself, which from a financial management aspect was a better decision. This meant more hours for me, of course. I was willing because in the back of my head I still thought I could do it. I still had pride in AmFam. All I can say is it's like having kids. Even when they are stupid, you still love them.

I believe flat-out that AmFam has some culture problems.

Let me explain. There are some of the underwriters that don't even look at the documents. They just say "no". It seems like AmFam would purposely drag their feet and then I would lose the business. I felt there were different underwriting rules (or exceptions granted) for different agents. I've seen properties that other agents got cleared and I would wonder how. How in the world did that agent get that piece of business passed? One of my large customers told me AmFam sent out a surveyor who apparently could not find the property. AmFam cancelled their policy because they couldn't find the house. I hated it when AmFam sent out "we don't like

you anymore" letters to my customers. They would make me look like the knuckle head. I complained to the underwriter stating that because the surveyor could not find the property or read a map was not grounds to cancel the policy, especially since I had sent them numerous photos during the application process. He finally agreed, but the customer still got the "we don't like you anymore" letter.

I just have to mention this one... I had a cancellation notice sent to my office. It said a surveyor had inspected the property and determined it to be vacant and I, as the agent, was notified. Really??!!

I called the underwriter and said I was concerned about this wildfire zone HO5 classic policy that was determined to be vacant. If this policy goes away it could be trouble. You see, this customer has their home, 4 autos, 1 MCYC, umbrella, commercial and several life policies with AmFam. And why exactly was this home considered vacant? Were there old newspapers and junk mail piled up on the front stoop? Was the grass in the yard overgrown and neglected? Were the windows broken out? Nope... wait for it... wait for it. The house was determined vacant because there was a vehicle parked in the driveway with an expired plate! Oh, but that's not the best part. I asked the underwriter to look at the customer's name and compare it to the agent's name. The silence was defining. I thought he had hung up. He finally said, "Is that your home?" I said it was, and that I still lived there. He said, "well never mind, I'll rescind the cancellation". I kid you not - a true story. (ding)

There is so much extra work that the agent and staff have to do. It's crazy. Don't get me wrong. There are some outstanding people that work for AmFam. The Customer Service, underwriting and billing folks of 20 years ago were stellar. And I would never have

made it without them. But as of late, I think overall, AmFam is now just too big to fail. As a corporation, they don't have to care. There are fewer and fewer good folks, and more and more diversity hires that don't give two hoots.

I always thought the better



business plan was to hire the smartest and brightest, and not even consider what they look like or what they do with their private parts. (That's why they're called private parts, by the way.) Underwriters are super stressed. You can't call them direct. You get to talk to a gatekeeper. It was very cumbersome. This was a big waste of time.

I loved it when we were the most service driven. Now we are customer driven. Yeah, we're driving them crazy with the automated phone system. I felt it was important to call in as a customer to get the feel of what the customer has to deal with. I would try to call in and go through the same hoops the customer did and it was brutal. A computerized robot. By the time you get to the billing person, you have to go over all that information again. Terrible. (ding) Jack, I know you or one of your minions read these NAAFA Reports. And I suspect it's way below your status to pay your own bills, but please, for the Love of Pete, call in and pay a bill on the AmFam system.

I suppose this kind of customer service is common nowadays in the marketplace, but it doesn't mean AmFam has to be that way. It's all about using the Internet, it all about using the telephone. WRONG! I believe the idea of still having good customer service

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is a very good deal. It's very important. Since COVID, employees are working from home. Great! Oh, and AmFam, if you have folks working from home, you should really spring for a top-of-the-line headset /phone system for them? Half of them sound like they are talking in an elevator or underground garage.

There might be some good things about being captive with AmFam. Advertising was co-op'd where the company paid for part of it. In the independent world, I pay for all of it and take care of it all myself. But AmFam would have certain rules and restrictions. Agents had to use AmFam's business card. Couldn't use outside source for cards. AmFam took off one of my phone numbers. I asked why. They said they "didn't have room for it." I thought it was important for my customers to have all my numbers...including my home #. Darn, it's hard to be positive about AmFam, but I tried!



Early last year I ended up having my contract discontinued for production. Back in the day I was writing 40-plus apps a month. Well, that number had fallen off as I was focusing on debt reduction rather than hiring new employees. My wife and I had lunch with the DM (they'll always be DMs to me) one time. I had a 10-year lease that was up for renewal. He said, "Oh no, no, don't sign another 10-yr lease because you're not going to make it." As my wife and I were walking back to our car, she looked back at me and said, "what's his problem?" I said I don't know. He's a graduate of the American Family School of Organizational Behavior and Employee Motivational Management. So, I worked it out to have a 1-year lease. My rent

went up by about \$300 per month which lasted about a year at which time I was able to, thankfully, renegotiate another 10-year lease and my rent dropped back down. BUT - I'm trainable. I recommend that agents include in any lease that if you no longer work for AmFam, you can get out from under the lease. AmFam informed me they were shutting me down. I presented this to the building owner, and he let me out of the lease. It was a good move. Saved me about a year and a half on rent. (ding)

If you are in sales, you need to listen to sales CD's and you should spend your time in the car doing so. There is always the point made that when in sales one has to deal with rejection. Not a real big surprise! Not all customers will purchase from you. But here is the AmFam twist on rejection. I know, I had customers call AmFam direct and get a better rate than what I could give them. And then the customer would call me and have me cancel their policies that were through me. When I complained to my DM, I was told that was not supposed to happen. Oh, okay, that makes it better. Or that homes were being written in wildfire areas that had not gone through critical underwriting. If you've been told that's water over the bridge, don't believe it.

Just before I was non-renewed, I was sitting at the kitchen table with a customer (yes some of us still do that sort of thing) and he handed me a pile of insurance mail. As I was sorting thought it all, I saw a letter from AmFam Connect - formally Ameriprise - soliciting this guy's business. I've had this customer's business for at least 10 years, and I was stunned. It had his stats. This was not addressed to the Current Resident kind of letter. So, it hit me that there was an additional, second level of rejection. First the customer, and then the second even more painful of the two, was when I realized I was facing rejection from my very

own company who was trying to take my customer.

I'm sorry to say, if you are an AmFam agent, you have to be able to handle this rejection as well. American Family Connect's (formerly Costco's Ameriprise) solicitation letter being sent out these days is competing against the captive agents. And it does come, AmFam Connect quotes lower rates on the same business you have on the books. You invariably lose the business to the same company you work for!! So again, what I learned was that it was not rejection by the customer, but rejection by the company, that was harmful.

One of the hardest things you will ever have to do in going independent is figuring out which independent group you want to go with. You must really go over each contract before you can truly find out how that broker would work with you. Just because a broker has 47 companies they are licensed with doesn't mean you will be able to sell for all 47. You will be lucky if you have 10-12 in your state.



Agents should always remember: In every situation, the company always wins. Advice: Be prepared to NOT be an AmFam agent. Don't move your phone number over to AmFam. Have a backup plan. Make sure you can get out of a lease. Keep a phone log where you record every call coming and going. Have money in the bank!!! Oh, and Nationwide and AmFam both use Policy Center, so if you jump it won't be totally foreign.

With all these clues, I guess you would say I'm a slow learner. Never thought I was before, but how I stood the harassment, punishment, and unfair treatment all those years I will never know. I guess it comes from my attitude of never giving up. I still believe in that. That's why I am so determined to make it in the independent world. Therefore.....

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I'd say, "Wish me luck," but out here, I don't think I need it as much as I needed it at American Family.

I LOVE THE FREEDOM!

And it's almost a year since I've had one of those AmFam

dreams where I can't get the quote to work. You know the one I'm talking about. And so.....



I just want to close with some words from *Baker Steet* that seem appropriate.



Maybe you know Gerry Rafferty??

*...This city desert makes you feel so cold
 It's got so many people, but it's got no soul
 And it's taken you so long
 To find out you were wrong
 When you thought it held everything...*

Name withheld 

As this NAAFA Report started, we must all concur with the advice on the cover:

**“EVEN THOUGH YOU NOTICE
 THE CLOUDS OVERHEAD,
 YOU CAN CHOOSE TO
 FOCUS ON THE FLOWERS.”**

ODDS & ENDS

NAAFA would like to remind all agents who are planning to end their contract with American Family to be sure to give the NAAFA office a call. (888-716-2232) We have several things we like to go over with each agent before he leaves his agency. Gathering this information is critical and needs to be done while you still have direct access to the company and your records.

As many of you are aware, NAAFA often updates our SECA Kit. The important of this kit is to help you and your accountant understand how to file your Termination Benefits/Life Extended Earnings. It is estimated that 90+ percent of accountants who see a 1099-NEC automatically believe you must pay self-employment tax on your Termination Benefits. You don't! But you need our kit to find out why.

We do not automatically send out the new updates of the SECA Kit. We do announce the updates on our website, www.NAAFA.com on the member side under the column, Directly to Members...Directly from NAAFA. You must have a password to enter. We would suggest you visit that column often. And remember, our accountant, Mary Kate, often updates her MEMOS. You also must request her updated MEMOS. You may also email our office at NAAFAwest@comcast.net.



NAAFA, Inc.

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- *Are you just tired of working for someone else?*



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