

**The National Association of American Family Agents**  
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# **The NAAFA Report**

**(Summer 2011)**

*The*

# **NAAFA Report**

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**Summer 2011**

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

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# The NAAFA Report.....

## Who We Are

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

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

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## Our Mission Statement

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

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**CHANGE OF ADDRESS:** Call: 1-800-567-9668 Email: [NAAFAwest@comcast.net](mailto:NAAFAwest@comcast.net)  
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**The Agents Bulletin Board at [www.naafa.com](http://www.naafa.com) is your channel for expression. Tell us your thoughts and opinions. Our website gets an extreme amount of hits from Madison so if you want your message heard, send it anonymously to [www.naafawest@comcast.net](mailto:www.naafawest@comcast.net).**

What other people think of you,  
is none of your business.

JOIN  
NAAFA

FROM THE NAAFA PRESIDENT.....



**A SEA OF MURKY, MUDDY MISCONCEPTION**  
**DOES THIS APPLY TO YOU?**

*"Your story is our story. American Family Insurance exists for a sole purpose - to serve you. In developing a new corporate mission, we chose our words carefully. American Family's mission is "TO BE THE MOST TRUSTED AND VALUED SERVICE-DRIVEN INSURANCE COMPANY". A tiny word like "the" can speak volumes....we didn't settle for "one of the most trusted and valued" or "among the most trusted and valued". That wouldn't be good enough. And we only want the best for our customers. "(David R. Anderson and Jack C. Salzwedel, American Family Insurance 2008 Annual Report.)*

That statement in and of itself sounds encouraging! Great news!! Unfortunately, with the passing of time, the meaning of that corporate mission statement appears to have drifted into a sea of murky, muddy, misconception. It's been over three years since that statement was made. How do you think American Family Insurance is succeeding with their mission statement? Well, one would have to look at it from different viewpoints. With respect to NAAFA's viewpoint, it is the agent's viewpoint that is key. After all, we are "the" National Association of American Family Agents! From the agent's viewpoint, it appears the company is failing miserably.

In some states, American Family Insurance has terminated so many agents that some insureds have had four or five different agents within the term of their experience with American Family Insurance. This insured usually leaves American Family Insurance because their level of "trust" has been shattered. I, for one, have difficulty in trusting an insurance company with service-driven values of such disdain toward agents. One may have to ask, "If you want to be the most trusted and valued service-driven insurance company, wouldn't the company start with the agents who represent and sell American Family Insurance products to the customer/insured?" How about it agents? What do you feel when you read that mission statement of the company we represent? What does your gut tell you?

Don't be fooled, "newer" American Family Insurance agents, love isn't the only thing that is blind. Usually, after a couple years of building an agency, an agent begins to "see" and the blindness begins to fade away. We at NAAFA believe that our organization helps an agent to "see" both sides; the side of American Family Insurance corporate and the side of you, the agent. By being fully informed, hopefully, the murky, muddy, misconceptions become clearer and one might even come closer to believing the mission statement, at least in part. NAAFA does believe that

[Continued on Page 4]

the agents are "the most trusted and valued service-driven" part of that statement.

Sadly, when American Family Insurance authorizes the inappropriate termination of agencies whose agent(s) has been loyal and trusting to the life-long successful dream of building independent insurance agencies under the American Family Insurance logo.... then the corporate mission statement of " TO BE THE MOST TRUSTED AND VALUED SERVICE-DRIVEN INSURANCE COMPANY" appears to have drifted in that sea of murky, muddy, misconception leading to the sea of exhaustive court battles or even just a sea of sleepless confusion.

Does this apply to YOU? Call us, we can help!

**NAAFA President**



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**PERHAPS, JUST PERHAPS, 'HELP IS ON THE WAY'**

Submitted anonymously

[The hot topic these days seems to be the Allstate agent association's (NAAPA) joining of a guild. NAAFA has received several letters/emails on the topic. Here is one we think you might enjoy.]

So often the self-employed, independent contractor finds his (her) hands tied when it comes time to negotiate with a corporation which controls the product the self-employed is trying to sell. Often, in the business world, we hear about a distributorship being pulled or we hear of merchandise costing the independent contractor more because he doesn't have the volume in sales he needs to qualify for the lower price. Independent contractors are often the first ones terminated when companies have to cut expenses even though they may possess more than the usual amount of talent. Some have estimated that a company saves 30% when hiring independent contractors rather than employees. When a company terminates its independent contractors, it becomes quickly evident that the company's quality of work and production begin to suffer.

So how does it feel to be an independent contractor? Great if you happen to get a contract with an ethical corporation which realizes the value of those they have hired. But if you're not so lucky, working as an independent contractor can be hazardous, to say the least. You can seek help from any number of sources for issues that plague you, but alas, you find there is absolutely no entity that cares about your situation. You are on your own. James Madison cautioned that under a democratic government, "There is nothing to check the inducement to sacrifice the weaker party or the obnoxious individual." In our situation, the agents are the "weaker party." What should one do when one finds he's being controlled, cheated, taken advantage of, and downright mistreated?

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Until just recently, American Family agents who found themselves in this situation really had no hope. It was either put up with the (pardon my grammar) crap or try to quit and go independent. Neither choice was always the best solution. You suffered if you stayed with the company and you suffered if you left because if American Family decided you were their choice to make an example of, you got sued....big time headache!!

**But perhaps, just perhaps,  
help is on the way!**

Recently, NAPAA (the captive Allstate agents' association) members voted to form a guild with OPEIU, the Office & Professional Employees International Union, one of the larger unions of the AFL-CIO. OPEIU represents employees and *independent contractors* in credit unions, hospitals and medical clinics, insurance, higher education, transportation, shipping, utilities, hotels, administrative offices and more. Professional organizations and guilds affiliated with OPEIU are a diverse group that includes physicians, registered nurses, pharmacists, chiropractors, appraisers, podiatrists, clinical social workers, hypnotists, teachers and helicopter pilots. In other words, guilds are made up of white collar workers while unions deal with blue collar issues, most generally. One of the most famous guilds and one you have probably all heard of is Hollywood's "Screen Actors Guild" and whose President at one time was Ronald Reagan. Need we say more?

Well, yes perhaps we should say more. Perhaps we need to ask some questions because we believe one should look at both sides of the issue. We've all lived long enough to know that everything comes at a price. Nothing is ever truly free. What may look initially like a free entitlement will usually come at a cost. Often it is the loss of some freedom. Freedom is the absence of corporate coercion. Our founding fathers tried to create the least coercive government possible. And remember, freedom is what we NAAFA members have fought for all these years!

At least for the more senior American Family agent and probably for all agents, there has always been a desire for owning one's own business. This is the American dream. To be in charge of one's own time, to make one's own business decisions, to be able to decide what one's own fate in the business would be because one made certain choices...that's been our dream. That's what we worked for all these years. We need, however, to ask, "What will we be giving up when we join a Guild? What will it *really* cost us? Will what we get give us more freedom?" Or is there a possibility we'll not only have to pay premium dollars for the privilege of using "guild" after our NAAFA name, but we'll lose the ability and freedom to make governing decisions on our own? Many employers have discovered that having employees who are members of unions puts serious requirements on them as employers.

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**Are we going to think like employees or are we going to think like employers? We have resisted being controlled since the first day we opened our agencies. Employees are controlled. That's why we decided to be employers ourselves. That's why we started our own businesses, right? We wanted to have the freedom to work as hard as we wanted to, to make as much money as we wanted to, and yes, to play as hard and as often as we wanted. These are freedoms that are at the very heart of our desires....they're what we think when we think "self-employed."**

**Yes, times are bad for agents at American Family, just as they are at Allstate. There's rumbling of lower commissions, agents are being unjustly terminated, agents close to retirement are being discriminated against when it comes to policy transfers, quotas are being put on agents, mandatory meetings occur regularly, some agents are being told what hours to have their offices open, the company often claims to own the agents' phone lines.....the controls go on and on. Often, however, when "unionizing," you trade some of the company's 'management controls' for the 'union controls.' One needs to look closely at what is required to be a member of a guild. Will you be fighting your own battles or will they fight them for you? If they fight them for you, will they choose to fight for what you really want? What will it cost you to have them fight your battles? Will you lose the ability to make the decision to fight in the first place?**

**From what I have been able to discover, the Screen Actors Guild (SAG) was able to negotiate a contract agreement with the movie studios, getting them to agree NOT to hire any actor who was NOT a guild member. Screen Actor Guild members are charged an initial fee of some \$2000+ and then they are charged additional annual dues according to what they earn. Minimum annual dues can run \$116 plus an additional 1.85% of annual income. Maximum dues can run as high as \$6566. According to Wikipedia, SAG members who become delinquent in their dues without formally requesting a leave of absence from the Guild are assessed late penalties, and risk being ejected from the Guild and can be forced to pay the initiation fee again to regain their membership. [http://en.wikipedia.org/wiki/Screen\\_Actors\\_Guild\\_rules](http://en.wikipedia.org/wiki/Screen_Actors_Guild_rules)**

**Is this what we want? Could guild development and control progress this far with insurance agents? Perhaps the guild will not be placing such stringent rules and dues on us, but we certainly need to ask the questions. Remember again the old saying that nothing is ever totally free. How will we be controlled? And how much will it cost us?**

**It is recognized that captive agent association membership numbers industry wide only represent a small percentage of the captive agent**

**[Continued on Page 7]**

workforce. But still, we know that most great movements are accomplished by a minority.....not a majority. A minority of smart people can accomplish the impossible. They just need to be organized and work smart. If you feel that to be “organized” we need to join a guild, then speak out. But if you feel we are innovative enough to fight this battle for dignity and respect from the insurance companies, then seek out a position on the NAAFA Board. Where is that great leader who can take the captive agent association members to the point of getting the needed action done? Actually, one has to ask....are there any great leaders left today? We believe there are. It seems like those with the potential, however, are afraid to speak out and take a stand. They’re afraid to confront. They don’t want to rock the boat. Yet they beg for security and fairness in their jobs. Well, it ain’t going to happen, guys, till someone steps forward?

NAAFA’s at the crossroads. Are we willing to continue as we are....allowing American Family to humiliate us by keeping us captive with such high rates that our faces turn red with embarrassment when we give a competitive quote? Are we willing to continue letting the company fire even the top producers without a fight? Is it fair that new agents are promised so much but kicked in the butt and shoved out the door? Is this what we became independent contractors for? Well, if not, then let’s do something about it?

Perhaps it *is* time to “join the union” by forming a Guild. Or maybe it is time to get NAAFA’s membership up to a majority of the agents employed and then do a strike on our own. Which way do you want it? Or would you rather just sit on your duff and continue to let the company kick you around?

Do your homework? Talk to other captive agents. Yes, we recognize a ton of agents have left the captive world already, are now truly independent, and have no need for a guild. Many of them tell us they have never been happier. But why shouldn’t the captive world be just as enjoyable? It could be if the company you worked for was decent and compassionate toward the agents it hired. There’s no reason for the extreme control, extremely high rates, and humiliating treatment that’s being shown by these captive companies. Perhaps what the captive agents are saying now is: listen up, captive companies. You’ve got a chance to turn things around *before* we all decide whether or not to form a Guild. If you think Guilds are useless because they have no bargaining power, maybe you’d better read up on the Screen Actors Guild. And maybe it’d be a good idea to see who’s backing that Guild.

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Shhh....it’s NAAFA !



All we want, as captive agents, is a chance to earn a living without being harassed, prodded, and criticized. We want decent products to market with competitive rates, and we want to control the businesses that we have established. Is that asking too much? After all, it's what we were promised? We're proud to have the great American heritage of fighting our own battles....it's people like us who have made this country great and we plan to continue the fight.

[End]

TO BE SURE OF HITTING THE TARGET...

SHOOT FIRST AND CALL WHAT EVER YOU HIT, "THE TARGET."

## **\$\$ American Family's Corporate Salary Fiasco \$\$**

We always wait with eagerness the state's release of American Family's Corporate Salaries. Well, here they are. If the top 6 officers' salaries are any indication of salaries of the other corporate officers, they've done well by themselves! Let's take a peek.

	<u>2009 Salaries*</u>	<u>2010 Salaries</u>	<u>% of Increase</u>
Dave Anderson	\$2,870,759	\$5,505,596	92%
Jack Salzwedel	\$1,822,970	\$2,430,052	33%
Dan Schultz	\$1,092,993	\$1,314,571	20%
Al Meyer	\$991,465	\$1,036,152	4.5%
Jerry Rekowski	\$882,661	\$1,072,230	21%
Brad Gleason	\$913,897	\$1,120,196	23%

\*2009 and 2010 Corporate Salaries are available at [www.NAAFA.com](http://www.NAAFA.com) on the Home Page under Corporate Salaries.

**How many employees and agents saw salary increases such as this last year? From what we hear, agents are struggling to meet their monthly bills. Agents have had to go back to co-op offices to save money. Some have cut staff. Others have cut down on advertising. Others are forced to retire before they wanted to in order to protect their termination benefits. Are the days past where corporate officers refused to take salary increases when employees/workers couldn't also get increases? How great it would be to work for a company that valued ethics and fairness to the point that officers would sacrifice. Policyholders should be made aware of how this management is costing them added dollars in premium. We'd suggest rewarding those who prove their worth. How valuable to the successful operation of this company is each person who took such increases? How valuable are agents who have been forced to take pay cuts? Could this company operate without these officers?**

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Could this company operate without the agents? It takes all parts of a body to make it work smoothly. Cut off an arm and you're handicapped. Each division of this company is important....but none is more important than any other. Just as you protect each limb of your body, the company should protect each of its divisions. Do you feel protected and valued? Let us know your thoughts. Write to us at [NAAFawest@comcast.net](mailto:NAAFawest@comcast.net).

**NOTE: IF YOU CAN'T OPEN THE CORPORATE SALARY PDF, TRY THIS:**

- 1) Open your Adobe Reader icon. (Make sure you have the Adobe 10.1 version or newer. If not, download the newest version.)
- 2) Click on EDIT
- 3) Click on PREFERENCES
- 4) Scroll down till you see:  
PDF/A View Mode  
Click on NEVER
- 5) Click OK

[End]

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**FORMER AMFAM AGENT WINS AGAINST AMERICAN FAMILY  
IN BREACH OF CONTRACT, TRADE SECRET,  
COMPUTER FRAUD AND INDUCEMENT CASE**

Richard Hollander (Rick, as most of us know him) had been a very successful agent for American Family for 26 years when he decided that it was time to cut all ties with them and begin again as a true independent agent. Rick terminated his American Family agency contract on July 31, 2008 and immediately opened an independent agency. He sent a letter to his former clients, informing them that he was leaving American Family and directing them to American Family if they had additional questions about their existing policies. Some of his former customers sought him out and requested that he give them quotes from the companies he now represented. Some of these customers cancelled their AmFam policies through the use of standardized industry forms.

On November 24, 2008, American Family sued Richard Hollander, alleging that he had violated his Agent Agreement by "inducing" their customers to leave and join his independent agency. American Family sought immediate and extraordinary injunctive relief and following an expedited hearing, the magistrate judge issued a ruling that kept Hollander's hands tied as far as soliciting business from his former customers for well over the one-year non-compete. In addition, they withheld his termination benefits, some \$343,000. Because American Family resisted every move that Hollander made to defend himself, he found his legal expenses mounting to levels that nearly ruined him financially.

But on May 3, 2011, Hollander finally went to court against American Family. Wisely, his attorney, Kevin Visser of *Simmons Perrine Moyer*

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*Bergman PLC*, from Cedar Rapids, IA, had filed for a **jury** trial which was held in US District Court, Northern District of Iowa, Eastern Division. What a day in court it was! After all the evidence was presented by both sides, **the jury found that Hollander had done no wrong and awarded him his termination benefits, money, of course, to which he was always entitled.**

**Just what the implications of this trial are for other American Family agents (or even agents from other captive companies!), we aren't quite sure just yet. NAAFA has long waited for a true *trade secret case*, even establishing a Legal Defense Fund that was to be given to the first member agent to push forward with a jury trial on the issue of trade secret violations. Obviously, Rick Hollander was the recipient of those funds and we congratulate him on his perseverance in what continues to be a very important, a very trying, and a very long-lasting case.**

And equally obvious is the fact that American Family could not let such a great win against them stand. NAAFA's quite sure that if they could wipe the whole trial off all historic records, they would. **Yes, they are appealing Rick's case.** Did anyone think otherwise? But testimony in this case just might prove very important to some of you in your upcoming situations. Let's take a look at some of the more pertinent testimony by American Family witnesses:

(Mr. Visser during cross-examination of Steve Goldermann.)

Q. Now, I want to make sure I understand your position is there's no problem with Mr. Hollander terminating the agreement; right?

A. That is correct.

Q. No problem with him opening an independent agency; right?

A. He has that right, correct.

Q. And there's no problem with him notifying his customers that he's departing, is there?

A. He can notify his customers that he's departing.

G. And there's no problem with his customers approaching him and asking him to write insurance for them, is there?

A. They have that right.

Q. And that's what happened here, isn't it?

A. I'm not sure what happened here.

(Other testimony was reported but not transcribed.)

(Mr. Visser during cross-examination of Keith Ryniak.)

Q. Mr Hollander was also free to—to start an independent agency after he left your company, wasn't he?

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A. Yes.

Q. And there's nothing in the contract that you—Your company has with Mr. Hollander that forbids him from contacting his former customers, is there?

A. Contacting in what context?

Q. In any context.

A. In our contract it says you will not—you will not induce the customer to cancel directly or indirectly through anybody else to cancel or lapse their policy, switch their policy.

Q. Doesn't say that he can't contact them though, does it?

A. It does not.

Q. And if the people that put that contract together that you have to administer wanted to put that in there, they could, couldn't they?

A. I'm assuming so.

Q. And there's nothing which prohibits American Family's customers from choosing to cancel their insurance and go with any of the many other companies, is there?

A. No.

Q. And there's nothing which prohibits some of those American Family customers from finding and contacting their former American Family agent, is there?

A. For the customers to seek them out?

Q. That's right.

A. No.

[Taken from Case 2:08-cv-01039-EJM Document 151 and certified by Certified Shorthand Reporter, Kay C. Carr.]

It seems very important to us that both Steve Goldermann and Keith Ryniak testified that the agent who has ended his contract with American Family has the right to notify his former customers to tell them that he is leaving the company. Ryniak becomes a little more specific about the contact by saying the agent must not induce the customer to lapse, cancel or switch their policy and that they can't do it indirectly (through someone else). But still he says the agent can contact the customer after he leaves the company. This list of customers' names, then, according to this jury, is NOT a trade secret. Common sense must have told them that customers' names are readily available and thus not a trade secret. So contacting them can be done without being guilty of inducing, a threat and warning that AmFam has made repeatedly to newly departed agents. The important aspect of this testimony is that it becomes very obvious that American Family has failed to define "induce."

Before the jury went into deliberation, one of the items the Court chose to instruct the jury on was the definition of the term "*induce*." (Remember,

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American Family has never defined in the contract what they mean by ‘induce’ and therefore they have taken a lot of liberties in warning agents about inducing after they leave.) The court defined the term as “**to persuade or urge**.” In this trial, AmFam failed to prove that Hollander attempted to persuade or urge his former customers to switch. The letter to his customers telling them that he had left the company did not qualify as inducing.

The issue of *fees and legal expenses* is another topic of contention with American Family. Hollander’s attorney gave sufficient notice before trial that he intended to ask for these expenses under the IWPCA (Iowa Wage Payment Collection Law.) Iowa state law requires the payment of wages and benefits due under a company policy or contract.

<http://www.iowaworkforce.org/labor/wage.htm> Although AmFam’s attorneys filed a 20-page legal argument against Hollander’s use of the IWPCA law, the Court, after reviewing those arguments, rejected them and awarded Hollander his legal expenses.

AmFam also took issue with the fact that Hollander was allowed in the trial to answer questions regarding his work history...namely his very successful and respected time as a Vietnam soldier. Amfam called Hollander as its first witness but later filed a complaint because he was allowed to show in his testimony what a credible and intelligent witness (agent) he was. Isn’t it sad that AmFam failed to recognize what an outstanding and patriotic individual they lost when he quit?

The computer fraud charge [CFAA Claim (Computer Fraud & Abuse Act)] where AmFam alleged that Hollander, in the days leading up to his departure, stole information with the intent to “defraud” American Family was unsuccessful. Yes, he admitted having motives for leaving AmFam, but they didn’t include intent to defraud and the jury agreed to this. The jury recognized, apparently, why after 26 years of building his agency, that many of his customers chose to follow him. Many of his various customers testified of Hollander’s excellent service. Hollander contends that the jury’s verdict was based on evidence, not passion. The jury could have found the insurance company as the “bad guy,” but they determined instead that the insurance company did not act out of bad faith. Had the jury determined that AmFam had acted in bad faith, it would have allowed (under Iowa law) the *doubling* of Hollander’s damage award for AmFam’s failing to pay him his termination benefits.

As it stands today, Hollander has had an outstanding win, one that all captive agents should be rejoicing about. But alas! American Family is appealing the decisions. It seems like such a waste of policyholder dollars

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for the company to keep appealing these cases. (ie: Wisconsin Agent Dan Samp's win of \$1.6M and Missouri Agent Brad Teets win of \$1M [www.naafa.com](http://www.naafa.com) under Legal Cases)

And isn't it interesting that all three cases were jury trials? This writer believes one of the most important steps an attorney can take when representing agents is to **file for a jury trial!** Haven't you wondered why judges can be convinced the company is right, but turn that same information and evidence over to a jury and they see right through the company's façade?

Captive companies all seem to be ridding themselves of agents these days. But let the agent try to leave of his own volition and they don't like it, especially if the agent tries to stay in the business of selling insurance. Agents know they cannot compete for their former customers for a year under AmFam's agent contract. But now they have a better idea of what that means because of the Hollander case. If you want to read the court documents on this case, members may do so by going to the NAAFA website.

*Please be advised that the NAAFA reporter for this article has not communicated with Agent Richard Hollander regarding the outcome of his trial. All information above is taken entirely from public documents available at [www.pacer.gov](http://www.pacer.gov). Opinions expressed are those of the writer who will remain anonymous.*

[End]

"DO NOT ARGUE WITH AN IDIOT.  
HE WILL DRAG YOU DOWN TO HIS LEVEL  
AND BEAT YOU WITH EXPERIENCE!"

## **"CARRIE CLAIMS COMPUTER" AND \$9 A WEEK AUTO INSURANCE**

*Ever heard of Insurance.Comparisons.org? Recently LifestyleJournal.com did an article implying that Minnesota drivers are paying \$9 a week for auto insurance. (see website below) Wow, what a deal! And you can do it by comparing....on line, no less. Well, here's how one agent had a lot of fun with this news. And perhaps we can all agree. After all, who wants to do business with a computer, especially when trouble pops up?*  
<http://lifestylejournal.com/are-you-paying-more-than-9-a-week-for-your-auto-insurance/?t202id=53962&c1=adsakinL.SJ&t202kw=>

[Name withheld by request]

The article says that you may be contacted by as many as 8 agents.....so much for the "pushy agent" statement. This quote is only asking YOU to state the violations on *your* license. That's always foolproof, right? You know they will be quoting without CLUE information? It will look good at the beginning but wait 'til that agent calls. Besides, some of my cleanest people are already getting that rate, so it

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"I USED TO BE INDECISIVE. NOW I'M NOT SO SURE."



**"IS YOUR AGENCY  
PLANTED IN GOOD SOIL,  
SUPPORTED WITH DEEP ROOTS AND  
REALLY GROWING?"**



Scan with smartphone to  
learn how ASNOA can help  
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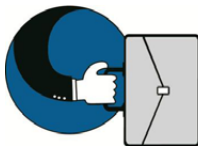
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does look good to someone who has “challenges” and thinks they can get \$9.00 a week rates. Right! Just another advertising gimmick....it might work for some but not all.

It won't be long though before the value of your local agent could be gone.....younger X generation of technological savvy geniuses with no personal social skills won't want to "face" a human body but would rather type on a computer screen to avoid visual and verbal confrontation of any sort. But.....Wait till they have a claim and don't know who to call or what to do.....”Where’s my agent?” they’ll write in caps into their computer. Silence.....WHERE’S MY AGENT?

**HUMAN VS. COMPUTER FUTURISTIC CLAIMS SCENERIO:**

The human claimant calls and asks Carrie Claims Computer what the procedure is to get the car fixed, but oh my... Carrie has been bleeped out of the system. What is your name again????... Maybe, just maybe, Carson Claims Computer can find your file.....What was your name again??? Oh my, Carson just got bleeped out of the system...let's try Camille Claims Computer....hello, are you still there? Hello, hello, did you hang up? Well, we got rid of another one, way to go computers.....what a dumb human race.....shame!

Next, human claimant calls and asks Carrie Claims Computer what the procedure is to get the car fixed but oh my..... (Screen goes blank!)

Just the silly side of insurance---or is it? HA, HA!

[End]

---

**CAPTIVE vs INDEPENDENT AGENT, PROS & CONS**

**(Sometimes it’s nice to be reminded)**

**By One Who’s Been Both**

Being a truly independent insurance agent sounds like a situation that provides an insurance agent with the best of both worlds. But, is this always the case? Is there a down side?

As an independent agent you absorb all costs; no company subsidies. Companies willing to appoint you may set production quotas if you want to keep writing for them.

If you are a former captive agent with a large agency, you may seem attractive enough to several companies willing to appoint you. However, if you are a smaller agency, it may be necessary for you to connect with a larger agency that represents many companies. In exchange, you will have to relinquish a percentage of your commissions to them.

Representing a number of companies can be confusing and there is much to learn regarding quoting, billing, underwriting procedures, etc. It’s not as simple as when you are only representing one company. Depending on how many companies you represent, you could have ten different homeowner underwriters you work with. Underwriting rules can vary from company to company.

There obviously has to be a positive to being an independent or there wouldn’t be so many agents leaving captive companies to become one. So what are they? Having a number of companies is a huge advantage over the captive agent with only one company. If there is a significant rate increase, the captive agent can do little about it when the insured phones complaining about the spike in his rate. As an

[Continued on Page 19]

independent with a decent number of companies, you can shop for a better situation for the insured. So, it may be fair to say that the independent has a better potential to maintain a higher retention rate than the captive agent.

As an independent, companies cater to you for your business. Captive companies just expect it; some even demand it. As a captive agent, the company owns your business files, your phone number (in some cases), and are trying to maintain they even own all your policyholders' information. As an independent YOU own your business, files, phone number, and your policyholders' information.

Independents have no one pressuring them to write life insurance. However, it is worth writing life since most life companies pay commission on term or whole life policies as much as 80% to 100% on the first year's premium.

Because underwriting rules vary so much with companies, as an independent you are able to place or write more people than you otherwise might have had to turn away as a captive agent.

Property and casualty commissions are higher with independent companies in most cases.

Some captive companies have decided to eliminate certain risks making it harder for the agent to survive in an already competitive market. As an independent, if a company eliminates a certain risk, you still have other companies to fall back on.

Having been a captive agent for over 30 years with American Family and now an independent agent, I feel the change was worth making. The pros of independency far outweigh the advantages of exclusive captivity.

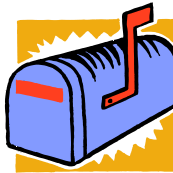
I liked American Family, but because of higher rates and the loss of insureds, my income was reducing each year. Yet, my expenses continued to increase. It became a matter of survival. I didn't feel I had any choice but to leave and seek out independent agency. [End]

[Name withheld by request]

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## **NAAFA**

### **MAILBOX**



### **LETTER #1    Financed Agent's Termination is AmFam's Loss**

*Although perhaps quite long, we're presenting this letter in its entirety. We challenge you to read this letter from a 3-year agent and not recognize that AmFam has lost an agent with great potential. This agent (name withheld) perhaps caused his district manager a bit of grief by challenging him too much, but great teachers (DMs) know that sometimes the most trouble- some student (agent), with proper encouragement, often turns out to be the most outstanding leader and one the teacher really needs on his side. Management might need more training. Think?*

[Continued on Page 20]

Dear colleagues and friends:

As I'm sure you know by now, I am no longer representing American Family Insurance. I wanted to say thank you to everyone that has given me hints, tips, and support throughout these last 3 years at American Family Insurance - in particular those that have been there these last 2 years listening to the **issues** that needlessly have caused grief for my Agency and for many of the newer agents as well. I really do appreciate the words of wisdom that kept me going to serve the customers that make up our agencies as business owners.

I wanted to take the opportunity to relate to you what I believe is the reason I was let go. I apologize in advance if I get side tracked at certain points during this email (*although to this day I have not received notification from my coward district manager that I was terminated. Getting an email 20 minutes before dropping by my office "because I'll be in the neighborhood" June 30th does not constitute notification. I was out of town on a family emergency as, sadly, my aunt passed away from cancer. I did have a cell phone that worked just fine.*) Once an agent is terminated, we all have heard rumblings of what *may* have happened but never hear both sides because that agent no longer has a voice within the company. [Editor's Note: **NAAFA would like to remind you that your voice can be heard in the NAAFA Report or on [www.NAAFA.com](http://www.NAAFA.com)** ] Like I said, I have still not been told that I am no longer representing AmFam. I received from corporate a letter of termination procedure a week after I was officially ousted. The only reason I knew I was terminated was because I was receiving angry calls from clients asking why I "resigned" and because I no longer had access to the network after July 1st as I tried to access it out of town to respond to the district manager's email saying he was looking to drop by the day before. Apparently, the company had started calling my ex clients and disbursing the policies *even before notifying me* of what was going on. I recall a certain district manager using a story when I first started of an agent friend of mine who was let go on the spot at her previous insurance company when she gave her 2 week notice that she was leaving to become an agent with AmFam. He proudly gloated that "we don't do that here because it is a family-oriented company." I was glad to hear that. Unfortunately, hypocrisy is not a good value to have in my book.

As you may have picked up on by now, I believe I was forced out because of a major ego issue by a certain district manager. In the last 2 years, the argument I had on and off again with him and which finally erupted this past February when we basically stopped talking, was that I'm an entrepreneur who owns a business and should be able to run it as best I can under guidelines for writing business and servicing customers. Those of you that know me well know that I will speak what most everyone else is thinking because I do not have that fear of having to raise a family on one income and I believe what's fair is fair. I understand those of you who can't speak out loud but have expressed this as being the case. As independent contractors whether we're new or not, we ought to have the ability to run our businesses in a positive setting and not have our office held in front of us as a threat every time the company needs production.

I came from an insurance company where being in management you supported your agents not by "we need production, we need production, we need production"

[Continued on Page 21]

but by saying, "this is how to sell this product and let me role play as your customer or I'll help you cold call in your office to improve quoting and the opportunity to write business" (Agents didn't get paid for quotes there either so although it was encouraged since quoting leads to business, it was not pushed because establishing "Centers of Influence" is the key to building your insurance agency). Our district at the last company I worked for did very well in such a positive environment because it wasn't about the company, but it was about the agents and making sure they survived and thrived since the rest would take of itself. As new agents, realistic goals were set with them and a time line to achieve those goals in their 1st year or 4 years depending on whether taking over an existing agency or starting scratch. If you achieved, you signed your permanent contract and never would you have to worry about losing your livelihood unless you were doing something illegal or threatening to the company (I remember an agent that literally flicked off a Manager once he signed his permanent contract because they had different agency-running philosophies, and to this day, he's still with that company. He produced and let his numbers talk for him). If you weren't doing well, you knew where you stood. (Here, I knew for 6 months where I had to be in production and never heard much after that except "you're doing fine." What does that mean on paper?).

I had the misfortune of having to let a new agent go once who was contracted by my previous company, and it was difficult because I thought he was a good person. Unfortunately, the numbers weren't there. He knew 2 months before that he would not make it and we *respectfully* let him know it was highly likely that his termination would be the case. He left under amicable terms and continued to work at the company in a different capacity as we helped transition him back into the company. Letting agents go was a rarity, not common as at this company. Case in point, out of a 16 agent training class there, one was let go during his probationary period. At AmFam, out of the 32 in my training class 3 years ago, there are about 4 or 5 left now.

So, this certain district manager would not have it that we were independent agents and he apparently felt that the company "owned" us new agents because we were receiving money as financed agents. ("Financed" being the key word I would say because we have to pay it back. It's a loan and I wasn't receiving renewals so the company had no choice if they wanted to recruit talent). This was the ongoing struggle that I believe led to this when it finally peaked in late February at which point I was placed on expectations because I told this district manager he was not a good manager. I had tried giving him tips when I started (as he was new to management and rough around the edges but he would not hear it. Well, his loss so I stopped trying). I had missed a few Life webinars early this year because I had to take my dad to doctor's appointments and apparently that was not good enough for him and I let him know family always comes first. I don't believe an independent agent should have to explain himself/herself if they can't attend a meeting. We're not employees of the company. AmFam has more meetings for agents than even a corporate entity should have for its employees, demoralizing meetings most of the time. Even my customers felt that I should be in the office for them and not in a meeting every other week for 4 hours. My customers were kept well informed while I was an agent so we were able to relate to each other as individuals.

[Continued on Page 22]

This led to our argument and after "speaking to Legal," the DM determined he wanted 6 Life apps in 3 months as his rationale behind the expectations letter and he was "holding me strictly to the contract." I wrote the 6 apps and I did not receive a counter expectations letter for meeting his 'reason to be on expectations.' And yes, I do have the emails to prove everything I am saying in this email and people outside AmFam had read them at the time, commenting on how unprofessional and "ghetto" this certain district manager was in his writings as I was trying to figure out if it was me doing something wrong as a business owner.

I'm more than glad to share so you can be knowledgeable about what happens in the background while the company wipes its hands and says "well, he was let go because he did this wrong" when we know people have done much worse and still remain in the company and even become district managers... like a certain district manager who allegedly wrote a lot of CIs, wasn't open Saturdays (both of which he now preaches against and for), and falsified documents while an agent. Like I said, *allegedly* amongst other things. How can someone who "didn't know what he was doing" (quote from an outside source that knew him back then) become a superstar agent overnight?

I'm just telling you this because the message to the agents is to **stay united**. Don't let the company keep you under their thumb because although it is a good company in many respects, you are business owners. Don't let them treat you as business owners when it's only convenient to them and demand mutual respect as I have seen in my former company. It is a much better scenario for everyone involved and longer lasting relationships are formed.

Don't allow the favoritism to continue as in the case of transfers as although new guidelines were instituted in order to be fair to everyone; this resulted as not being the case. Quick example: an agent 0.6 miles from me left early this year and I did not receive one transfer even though geography should have determined 1st who received them. At customer requests and contacting the new agent of record, we transferred a few people back to my area. Once again, stay united and don't undermine another agent particularly when a customer requests to be transferred. Communicate and be fair to each other because you're both in the same boat. It is true that there is enough business out there for everyone. Except that needed changes for you to succeed are more competitive rates and instead of paying Millennium for re-inspections of property, that money should be invested into the agencies so agents don't have to write borderline properties because they're trying to feed their kids.

**So stay united and if need be, join the National Association of American Family Agents [www.naafa.com](http://www.naafa.com). Although they are a bit extreme at times, their main focus is keeping things fair for the agents because remember, YOU are the company. YOU are the face of American Family. YOU are why we were the number 1 agents in the industry. YOU are why my clients are calling me angry that I am "abandoning" them and "resigning" from American Family. Although at the end of the day, they are officially AmFam's customers (as a certain district manager non-eloquently pointed out to me recently) in their eyes, we are the company and we are *their* agents.**

[Continued on Page 23]

Quick message to the company: Trust your agents because the great majority is doing what's best for them, the customer, and the company. I dreaded the mistrust I had during my time as an agent because even though I was working almost 24/7 it seemed I was treated as though I didn't work enough and was not responsible for running an agency. If that were the case, I wouldn't have lasted a year and my clients would have let me know. There needs to be a partnership built up and mutual respect for each other in order for AmFam to achieve the company status I believe it can. Although I may no longer be with the company, I would love to see my fellow agents grow with the company and do well because they deserve it. If the agents do well and look out for the company's interests as well as their own and their customers,' the company will excel and achieve the "Top Dog" insurance company status I believe it can.

So in closing of this novel, thank you once again to all my friends and colleagues whom I may know over 3 years or just started getting to know in the recent realignment. Thank you to the company for having given me this opportunity which at a different place or different time I would have been, as I told a certain district manager when I first started, "your biggest and fastest growing Agent in the district in time." Too bad he wasn't able to harness that positive attitude with even filling a simple request by sending out weekly production reports so I could see where I stood and where I needed to be on top. He knew exactly what motivated me because having been a manager, I know that's key in running a district or agency and that's how you achieve results from independent agencies (not by calling a district a team - like an employer/employee relationship - because even though just about all of us get along and have respect for each other, our team is at the agency level).

I do wish the best for all of you (even a certain district manager because I believe there may be a good person inside as a person - just not as a manager) because as many of you know, if I don't like you, I have a reason for not liking you and you know if I don't. Every time I shook your hands, asked how you were doing, or wished you a Happy Birthday, it was genuine. Finally, to those that received my customers, most of them are good customers. Please take care of them because they were like family to me.

I do hope you keep in touch. I am only an email away and I completely understand how many of you feel. As far as my next steps, other than working my side businesses, I do not know where my career will take me but I welcome the challenge with open arms. As my mom has said, "No hay mal que por bien no venga" - there is no bad that something good does not come out of. Look me up on Facebook - I'm the good-looking one in the suit. :) I wish you all the best and cheers to your success! I'm sure I will talk to you soon! [End]

## **LETTER #2 Anonymous Writer Summarizes Things at AmFam**

Allstate is claiming high agent morale while it finalizes purchasing Esurance. Esurance is an online, direct auto insurance market. The hope of Allstate is to increase its market share of auto insurance which will allow their agents more opportunities to cross sell. While Allstate hopes to increase sales of homeowners' policies, they will be reducing the agent compensation on those sales from 10 to 8 percent.

[Continued on Page 24]



To offset the reduction in commissions paid on the auto and homeowners' products it emphasizes, it will be increasing the commissions paid on their variable products from 10 to 25%. However, to qualify for the higher variable commission an agency is required to improve individual performance.

The interest in these developments with Allstate is simple. American Family is a follower and not a leader in the insurance industry. American Family's innovative strategy is to sit back and wait while the other major carriers develop new markets, develop products and have two or three years of experience before American Family figures out that perhaps they should do something similar. Examples of this can be seen in American Family's entry into the long term care market, disability income, health insurance and the variable market, to name a few and everyone knows how those ventures turned out!. The only innovative thing American Family has done was to develop the L100 life product which turned out to be 'too good to be true' resulting in American Family's stopping the sale of the product and becoming the plaintiff in a large class action law suite which they lost, of course.

American Family has been attempting to develop a direct sales market for years. Agents were used as test goats for the direct marketing program. Agents fund the program which has allowed American Family to see what works and what doesn't with direct marketing. Today American Family is in direct competition with agents in direct selling. If American Family follows in the same foot steps Allstate has entered they, too, will be looking at purchasing or merging with a direct writing company. They will be boasting of how enthusiastic agents are in supporting "their" corporate strategy, while eliminating the smaller agencies to create fewer, yet larger agencies only to cut commissions paid to those agents.

It is imperative to watch closely what the other major insurance companies do because eventually American Family will follow suit. Much of Allstate' strategy is already part of American Family's future plans, ie. eliminate smaller agencies, increase the remaining agency size, direct writing of auto insurance and eventually another commission cut.

**Now is the time for agents to let American Family know they are not supportive of any strategy that is detrimental to agents. Agents, you need to speak out, talk with your managers, and join NAAFA to voice your concerns.** [End]

### **LETTER #3 Financed Agent Sees the Light**

Dear NAAFA,

**My AmFam anniversary is one year today!**

**I did go independent, but I didn't go with a broker. We have direct contracts with our carriers, which is a much better situation for the long-term. I was amazed at how willing carriers are to give direct contracts. I love the independent world.**

**Actually, I was lucky. I was still on the finance plan, so I was able to just walk**

[Continued on Page 25]

away from my agency. I knew that AmFam would never let me (or any other agent hired since 2005) stay there long enough to earn termination benefits. That is Madison's true business plan--- bring on a bunch of new agents, work them to death, then force them to quit because they aren't making enough money. (But keep all the life policies they wrote just to stay in the game.....) Then the company can transfer their policies to another agent for reduced commission for 10 years, or eventually, do what Allstate is doing--- just service the policies through corporate call centers and cut out local agents altogether. Once the homeowner's product is revised and bindable through a call center, AmFam agents will be a thing of the past.

Amfam is a dry well for anybody except the top guys in Madison. I could see that there was no future in agency, so I didn't throw good money after bad. I just cut my losses, took my training and moved on. Now that my non-solicit is done, there is nothing they can hold over my head. [Name Withheld]

### LETTER #4 Here's My Opinion on Organizing

Dear NAAFA,

In the current relationship most agents for American family cannot afford to put their career @ risk. Most do not have the money saved to consider an alternative to being captive. Most agents will continue to be employees with an independent contractor status unless an outside influence forces AFMIC to take a different stance on that relationship. The relationship is not one that has two sides to it. The relationship has gravitated to a one way relationship & that is what is. It is what it is!

The corporate culture @ AFMIC has changed & it is all about the good old boys. They follow & protect. There have been lawsuits that are settled just before they go to the court. AFMIC pays & pays to keep the status quo & cover up 'mangement's' decisions.

In looking back the company has gravitated to what it is now & there is no going back. The agent used to be the backbone of the company. Input was valued, but is no longer important.

As to becoming a union? Those that can afford to put their careers at risk are better off leaving the company and making a change in their own careers rather than devoting the time & effort to something they cannot control or change. AFMIC will find a way to make the ones that try to unionize toxic to AFMIC & find a way to get rid of them in an adverse relationship.

As to asking around? Most of my peer group that were in Afmic are gone or don't want to get involved with trying to change something they cannot change. There is a comfort level in going on a few trips, being recognized etc. etc. It is easier to keep quiet and keep your head down. Those that are new don't know what a different company AFMIC used to be. They are working on 6% transfer business & most cannot afford to market or hire staff. I noticed the latest advertising does not even have an agent spotlighted. It is all about AFMIC & "see your local agent." AFMIC doesn't care who the local agent is because they think a client can get acceptable service by bypassing the agent or just by plugging anyone in to the agent's chair. They want to control hours, phone numbers, yellow pages, production requirements, hours of operation, who the agent hires. Etc. etc.

It is easy to figure it out if one just steps back and observes what is going on.

So if the agent wants to be an employee (nothing wrong with that) they could have a pretty good gig as a captive. And if an agent wants to be an independent contractor?

[Continued on Page 26]

There are better options available in growing the agent's career. As to corporate change? I would not hold my breath or spend time or money on it.

The Allstate article\* just shows very similar problems that captive agents have in working with the big Captive employers. It is the nature of that employment status arrangement that creates the misuse of the Independent contractor status. It seems to work for the corporation and that is why many companies have adopted a similar way to use that arrangement, to use that agent that everyone loves to hate! Allstate, AFMIC, State Farm, Farmers, & others really love this situation!

So there you have it! My Humble Opinion. (Anonymously Submitted)

\*<http://www.insurancejournal.com/news/national/2011/07/26/208006.htm#.TjBLV7WiGA4.email>

[End of NAAFA Mailbox]

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## What Changes will

### “Changing of the Guard” Cause?

[Board Member Contribution]

Now that several other captive companies have announced plans to cut their agency force and then coerce the survivors into signing a new contract, we survivor agents at American Family need to realize that it will probably happen here, too. The captives seem to follow one another, don't they?

We have heard rumors from various district managers that a commission change is imminent. Even Jack admits that it's inevitable that auto commissions will go down. But just how are they going to do it? One wonders.

Agents at Nationwide have been hit with a great amount of contract changes lately. So much so that their agents' association (NIICA) has filed a Declaratory Relief Complaint with the US District Court in the Eastern District of Pennsylvania. Among other things, agents who sign the addendum would get better commissions, but would have to forfeit their "retirement" benefits. Agents who refuse to sign will not receive the better commissions and other benefits, but they'll get to keep their "retirement benefits." (DCIC benefits...similar, probably, to AmFam agents' termination benefits.) It sounds like the agents are damned if they do and damned if they don't.

(You may read the document filed by NIICA by visiting [www.NAAFA.com](http://www.NAAFA.com) and go to "In the Courts" on the member side.) [End]

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*The following article appeared in the Fall '11 issue of The VOICE, a publication of UFAA, the United Farmers Agents Association and written by their Media Director, Larry Restalrig.*

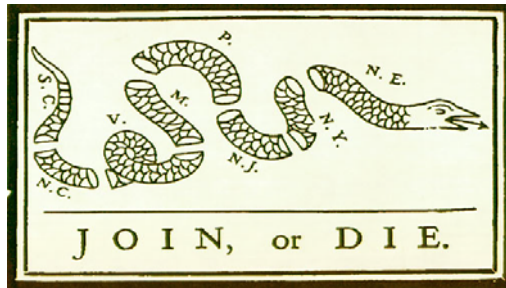
## **EDITORIAL -**

Those who don't learn from history are doomed to repeat it.

A simple, but powerful comment.

[Continued on Page 27]

In the mid-eighteenth century the American colonies were inhabited by satisfied British citizens, loyal to king and country. These loyal citizens stood shoulder to shoulder with the British soldiers during the continuing conflicts between Britain and France . . . helping to win the French and Indian War. George Washington served as an officer for the Empire. Benjamin Franklin published his famous JOIN, or DIE political cartoon to urge the colonies to support the Monarchy in the conflict.



Unrest among the loyal citizens grew as the Monarchy began to demand higher and higher return from their colonists through greater taxation and restrictions in trade to pay the constantly increasing costs of European conflicts.

NO TAXATION WITHOUT REPRESENTATION became a rallying cry among the colonists. The Empire, separated from the colonists' world by an ocean of water and an ocean of attitude, responded by tightening down their rule, sending mercenary troops into the colonies then quartering the soldiers in individual homes to enforce the new laws.

The tighter the Empirical screws were tightened, the more reactionary the colonists became until the fire of rebellion spread across the continent. Most colonists just asked to be treated fairly, merely to be considered as the true citizens they believed they were.

In time, enough of the colonists had reached the point that they were willing to pledge their sacred honor, their fortunes, and their lives to the cause of freedom. Franklin's flag supporting the Empire became the DON'T TREAD ON ME flag of open revolt and Franklin, in a variation of today's "send a tea bag to congress," recommended that citizens send rattle snakes to parliament.



America came into being, joined by France and Spain, and earned the right to be free.

Today, we see "interesting" similarities in our business world as we see distant empirical rulers squeeze down on individuals. Individuals whose real desire is to be loyal, respected, citizens. There are rumors of Allstate agents forming a guild and independent insurance operations are picking the low hanging fruit of dissatisfied agents daily. What is to become of us?

[Continued on Page 28]

Each of us is thinking: Will I be forced from my hard won businesses by unfeeling bean counters? How many of my compatriots will fall around me before I am roused to take action? Will I be one that succumbs to heart attack or suicide? What will happen to my family?

Is there a day, or way, coming where mutual respect can lead to new growth for all? Or, is the day coming where the monarchical system falls apart completely to no one's advantage? [End]

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## A LOOK AT THE “PROMISES” MADE TO CAREER AGENTS

[Name withheld by request]

[As quoted from the AmFam.com website under “careers” and found at:<http://www.amfam.com/careers/agent/agent-careers/owning-your-own-business.asp>]

*“As owner and manager of your own agency, you are responsible for achieving your agency’s sales and growth targets. But you won't have to do it alone. You'll have the ability to hire your own staff, and you'll work in partnership with your agency sales manager to meet strategic business goals you set. You'll also have the support of almost 8,000 corporate employees and the backing of a company with more than \$16 billion in assets.”*

First of all, let's talk about what you will *own*. If you buy office furniture, you'll probably own it. I say “probably” because ACP agents make payments on furniture, but if they are terminated while they are still on ACP, the furniture is NOT theirs. You may own your lease or obligation to the owner of the building where you have your agency. Or you may have made the commitment to purchase your office building. That's about it as far as what you “really” own. Oh I know you argue that you will always be “paid for your agency” when you retire....if you have enough years in. Yes, termination benefits are a possibility if you don't try to escape the captive world and compete. Competing is very risky. But many agents are forced into it because they see their renewals dropping, dropping, dropping. They can't afford to stay. Some smart and some very lucky agents have made the switch quite successfully, but others have not.

As far as *managing* your agency, in reality, that's probably what you do.....you manage an American Family owned agency. The company claims to own your book of business, your customer lists, your phone line in most cases, and your time. You are told how many hours you must be open. You are told basically, how to ‘manage’ your agency. You must keep certain records, allow surveys of your customers, participate in programs you really may not want to participate in.

Ability to hire your own staff....wow, that's a biggie. First of all, many agents are told they MUST hire staff or they will be fired. Secondly, any person you want to hire must be thoroughly scrutinized and approved by

the company first. Hiring staff is an expense (probably your biggest expense) that you pay out of your pocket for a business you really don't own. Most agents find that expenses run about 50 cents on every dollar earned. In other words, the company is asking you to manage their book of business and you have to pay to do it! We've been told many times that the company has negotiated with agents' staff well before an agent is fired with the promise of a job with another agent or even with the promise of a transfer book of business (usually yours!). These negotiations are unethical and agents need to be very specific about staff loyalty at the time staff is hired. A contract with the staff employee should help in this matter.

Now let's talk about goals. The company sets those goals. Oh, an agency sales manager might sit down with you and pretend to 'help you pick goals' but in reality, if you aren't producing, the company will set your goals, give you a 6-month "cure" period, and if you don't meet *their* goals, you're gone!

So, why would anyone want to work for a company that asks you to dump thousands of dollars into a business that they don't really own? Not too bright, is it? Well, you do have some benefits....let's see....you have a certain amount of freedom to come and go as you please. However, remember that 'coming and going' is limited because there are lots of required meetings and office hours to keep. Another benefit is you might be able to make more money if you work smart. More money, that is, if the company happens to have decent products and rates that are marketable. If not, as a captive agent, you are backed into a corner because you can't sell their high priced products. Your expenses continue, of course, and you find yourself losing the customers you do have because you are not free to find them insurance elsewhere.

According to the 2/17/2011 Compass page article "*On the recruiting trail*," "Capacity and Sourcing Manager Kari Lauritsen and the Field Sourcing Department face a challenge: find and hire new agents to grow our book of business and replace agents who left in the past year." Notice whose book of business they refer to? It is not YOUR book of business; it's THEIR book of business.

We can predict that the company is going to have a hard time hiring new people to work as outside captive agents. Word is getting around regarding all captive companies' behavior toward agents. Perhaps it might be easier for them to hire agents as employees as benefits are paid and the employee does not have expenses. But to find smart and innovative people to step into the captive agency vocation is probably going to be very difficult. After reading this, would anybody with even the least bit of discretion consider a captive agent/company relationship? Hardly!!

[End]

We must all hang together or assuredly we shall all hang separately.

~Benjamin Franklin



## **How do you really feel about NETWORKING WITH OTHER NAAFA MEMBERS?**

In the past few years, NAAFA has refrained from having National Conventions and State Chapter meetings because members seemed hesitant to attend. The FEAR factor is a powerful thing. The most profound manifestations of fear are *anger* and *hate*. Both anger and hate incapacitate. **Fear keeps you from asserting yourself and persuades you to settle for what you must settle for instead of going after what you want. Agents need to feel free to talk about their NAAFA membership. Agents need to encourage others by identifying that they are *proud* members of an organization [NAAFA] that is seeking to create a better working relationship between American Family and the people who work for the company.**

A Professional association is an organization formed to *unite* and *inform* people who work in the same occupation. The encouragement you get from associating with other members is invaluable. A membership in a professional organization can keep you up-to-date on company matters.

Have you ever stopped to analyze why American Family seems to dislike NAAFA and why they appear to discourage agents from joining?

**We suspect it is because they don't want the agents informed about what is going on in the rest of the company. They don't want "bad ideas" put in your heads, we're told. After all, "what you don't know won't hurt you." Right? WRONG!**

Time and time again, agents wait until they are in trouble before joining NAAFA. Often they join when they quit or are fired by AmFam. I guess these X-agents feel there's no threat from the company to them after their contract has been severed. Some NAAFA members say these X-agents are rude and disloyal to NAAFA by joining *after* trouble hits, but a greater concern is that you're attempting to learn the dangers a little too late!! If you feel the information you glean from The NAAFA Report is worth while, then help pay for it by joining **while you're still an active agent**. Someone once said:

**"All that is necessary for the triumph of evil  
Is for good men (and women) to do nothing."**

Half of our problems stem from the lethargy of the agents. Half of the problems in America as a whole stem from people who sit back and do nothing. We all need to take a stand. Sometimes it's writing an article. Sometimes it's donating money to the Legal Defense Fund. Sometimes it's simply paying NAAFA dues.

The agent who is informed can make better decisions about his future. He can plan, prepare, and seek out better solutions to the problems facing him. Not having knowledge of risks is about as stupid as suggesting that air raid sirens are foolish indicators of impending tornados! Be intelligent about your future, JOIN NAAFA, and start telling others about it **TODAY!**

[End]

**UNITED WE STAND, DIVIDED WE FALL...Aesop**

-----CUT ALONG HERE & RETURN WITH YOUR CHECK -----  
**NAAFA MEMBERSHIP/ DONATION APPLICATION\*\***

Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_ Zip \_\_\_\_  
 Phone (    ) \_\_\_\_\_ - \_\_\_\_\_  
 Email \_\_\_\_\_

**MEMBERSHIPS**  
 (Circle one)

Annual	\$240
Semi-Annual	130
EFT (Monthly)	20
Retired Annual	80
ACP Annual	120
ACP Semi-Ann	70
ACP (EFT)	10

**DONATIONS:** Silver \_\_\_\_\_ (under \$99)  
 Gold \_\_\_\_\_ (\$100-\$199)  
 \*Platinum \_\_\_\_\_ (\$200-up )  
 [\*Membership included with Platinum annual donations;]

**LEGAL DEFENSE FUND DONATION \$ \_\_\_\_\_**

**PAYMENT OPTIONS:**

**CHECK:**  
 Please send this application along with your check (made payable to NAAFA) to:  
 NAAFA  
 PO Box 578  
 Circle Pines, MN 55014

**EFT:**  
 Please send a check for two months (\$40) with the application. ACP please send (\$20). Mail to above address.

**CREDIT CARD:**  
 Please go to    and enter your credit card information by clicking on the PayPal icon under the "Enroll Now" tab.

\*\*Membership and contribution records are kept strictly confidential. Dues and contributions are not deductible as a charitable contribution. Annual dues may be deductible as a business expense. Questions: 1-800-567-9668