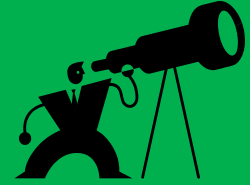


# The NAAFA Report

Summer 2014



## Is the Eagle eye on You?



**FEATURES:**

Who We Are.....3  
 Is the Eagle Eye on You? .....4  
 President’s Report/NAAFA Benefits.....5  
 Term Benes: What your Spouse really Gets/I’m MAD.10  
 The Top Ten 2013 AmFam Corporate Salaries.....11  
 People Across America are Forming Opinions of Us....12  
 Membership App/Credit or Debit Card?/To My Dear Friends at AmFam.....13  
 Evolution or Revolution/SECA Kit Info.....16  
 A Company’s Responsibilities to its Policyholders.....17  
 Is a Good Reputation Important to You?.....18  
 Control Your Destiny.....19  
 The NAAFA Mail Box.....20  
 You and the AmFam VOIP Phone Systems.....24

**Advertiser Ads & Contributions:**

Global Green Ad.....2  
 Never Underestimate Power of Leadership (BGI) & Ad.....6-7  
 The GIANT Leap & InsureZone Ad.....8-9  
 Couri Ad.....14  
 Freedom Insurance Ad.....15  
 Premier Ad.....21  
 The Price we Pay & American Casualty Ad.....22-23  
 Transitioning to Independence & TWFG Ad.....25-27  
 ASNOA Ad.....28

### NAAFA INC.

NAAFA, Inc. is a professional organization established over 25 years ago 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. The acronym ‘NAAFA’ stands for National Association of American’s Finest Agents. Proudly we stand!

#### The Eagle is a Magnificent Bird

When a storm is imminent, other birds hide, but the eagle will fly to some high spot and wait for the winds to come. When the storm hits, the eagle picks it up and lifts it escape the storm, but *higher.*



sets its wings so the wind above the storm. It doesn’t *uses the storm to lift itself*

NAAFA is like the eagle in that we brace for the storm by climbing together to heights that enable us to escape the storms that surround us. **We have hope and faith that together we will succeed and soar on wings like the eagle. We will rise above adversity by setting our minds and hearts on helping one another and looking upward toward our goal.**

NAAFA, Inc. Because we Care!!

PRESORT STD  
 U.S. POSTAGE  
 PAID  
 Twin Cities, MN  
 Permit #8314

NAAFA, INC.  
 P.O. Box 578  
 Circle Pines, MN 55014

# Announcing an Agency Program with NO Fees

## BECOME THE OWNER OF YOUR OWN INDEPENDENT INSURANCE AGENCY

- ◆ *Are you locked with a captive and all of the mounting restrictions?*
- ◆ *Are you tired of trying to write the business "they" want you to write?*
- ◆ *Are you just tired of working for someone else?*



**IF YOU ANSWERED "YES" TO ANY OF THESE QUESTIONS,  
THEN IT'S TIME TO CONTACT EQUITY ONE!**

- ◆ *Multiple Carriers for EVERY Insurance Need*
- ◆ *State of the Art Agency Management System/Software Support*

**Call or E-mail us today for  
the Opportunity of a Lifetime!**

**636-536-5005**

or Toll Free **877-452-5476**

For a private consultation, ask for Jeff Wilson  
or email Jeff at [jwilson@ggiausa.com](mailto:jwilson@ggiausa.com)



Equity One Franchisors, LLC

Visit us online to see our growing list of carriers:

**GGIAUSA.COM**

## The NAAFA Report.....



### WHO WE ARE

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

---

### OUR MISSION STATEMENT

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

---



### SUPPORT NAAFA PAINLESSLY



The most painless way you can pay NAAFA membership dues is by the monthly EFT method. Most people do not miss the \$20 a month that NAAFA deducts from the account of your choice around the 20<sup>th</sup> of the month. Some agents add an extra \$5 or \$10 a month to be donated to the Legal Defense Fund or other contribution.

It's all so easy. Open your account now by sending your check for \$20 to:  
NAAFA, PO Box 578, Circle Pines, MN 55014.

---

**IF YOU HAVE MOVED**, please inform

Contact us at: (800)567-9668.

Or mail us at: NAAFA, Inc.



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

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

PO Box 578, Circle Pines, MN 55014

---



**The Agents Bulletin Board** at [www.naafa.com](http://www.naafa.com) is your channel for expression.

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

### **NAAFA, Inc. DISCLAIMER**

Articles, opinions, viewpoints, and advertisements contained in The NAAFA Report are not necessarily the opinions and viewpoints of NAAFA, Inc. The opinions expressed herein, are not those of American Family Insurance Company or any of its subsidiaries. The NAAFA Report's express purpose is to provide a medium whereby people can express their opinions in written form for any interested parties to view. Although NAAFA reserves the right to edit for grammar, space, clarity and suitability, The NAAFA Report does not guarantee accuracy and correctness of such articles. Therefore, NAAFA, Inc. disclaims any liability for any harm that may be done as a result of the opinions being expressed herein. No part of The NAAFA Report can be reproduced or copied without prior written permission.

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

# IS THE EAGLE EYE ON YOU?

## Guest Editorial



---

**Most of us behave quite properly if we think someone is watching, right? But what happens when you think the eagle eye is *not* on you?**

---

It all depends on your own intelligent, ethical standards. If you have been raised or trained as you were growing up to understand the difference between right and wrong, then you probably would not violate your own personal ethical standards. But the problem today is we aren't being taught what right and wrong are. We're being told, "If it feels right, it must be ok." Or "right is relative."

Remember Ernest Hemingway (not my idol, by the way!)? He said, "So far, about morals, I know only that what is moral is what you feel good after, and what is immoral is what you feel bad after." This is exactly what I'm talking about....if it feels good, it must be moral. NOT!

You can only identify what wrong is if you have a guideline. America used to believe the Ten Commandments were the best basic guideline for determining what is right and what is wrong. Today, the Ten Commandments are being removed from schools, government buildings, etc. And you hardly ever see them displayed even in our churches. No wonder people don't really recognize wrong when they see it. There's no measurement guideline. Gone, zip!

Why am I bringing this up? I want to tell you about a very interesting case that occurred in northwestern Wisconsin a few years ago. It involved the fraudulent case of the Manson Insurance Agency in Wausau, Wisconsin. The case first became public when FBI agents raided the Manson Insurance Agency. The agency was accused of committing bank and mail fraud as well as insurance embezzlements. Possibly as many as 900 victims were thought to have suffered at the hands of the owners and employees of the agency. <http://www.fbi.gov/milwaukee/press-releases/2011/mw011011.htm>.

The interesting part of this case is that one of the Manson employees, a Susan Brockman, recognized for quite some time that things were being done that were illegal. She even spoke to her bosses, David Scholfield and Tim Mathwich about it, but they more or less told her to shut up and get back to work. Because MS Brockman was afraid of losing her job, she kept her mouth shut. She needed her job in order to meet her expenses. She needed the health insurance. And so, she made the decision to just do her work the best she could and keep quiet.

But when authorities finally discovered all the millions of dollars that Manson's insurance clients lost and also how the River Valley Bank lost millions through the clever and deceitful behavior of the agency partners, Ms. Brockman decided to co-operate with them because "it was the right thing to do." But her actions were a little too late. When the judge announced the punishments, poor MS Brockman was sent to Federal Prison for 5 months anyway. Of course, her bosses were locked up for a long, long time.

What's the lesson to be learned here? One needs to listen to his conscience. If you get any little twinge that something is not right, **stop and speak up**. If nothing can be accomplished immediately, perhaps you should "get out of Dodge." If the company or agency you are working for is doing anything the least bit questionable, don't get caught up in the web of deceit with them. Quit your job, if you have to. Go immediately to the authorities....as quickly as you can....the sooner the better...do not put it off. By staying, you are "aiding and abetting" and could go to jail.

Every day most of us are faced with decisions that pertain to right and wrong. Don't make the mistake of thinking that you'll do the wrong just this one time. Trust me...you won't be able to stop and each time you violate your morals and standards, it becomes easier and easier until finally you don't even look at what you're doing as being wrong.

**NAAFA has been standing for years for what is right, moral, ethical and of course, legal. We have tried to encourage our readers and members to take a stand for honesty and other standards you believe in. If you don't, the evil will just continue. If you are asked by your ASM to do something that you feel is wrong, (Yes, that has been happening!) refuse to do it. And the same goes for ASMs who are asked by the company to do something that is not quite ethical. It's funny how those doing the asking can make evil look right. It was Glen Cook (*Dreams of Steel*) who said, "More evil gets done in the name of righteousness than any other way." Ain't it the truth? But you're smarter than that, so don't get caught in their web. LL Cool J was right when he said, "Our world is at the crossroads. We have a choice, right and wrong." Here's hoping you make the right choice because the *eagle eye might be on you.* ✂**

# A MESSAGE FROM



# YOUR NAAFA PRESIDENT

Dear NAAFA Report Readers:

These are not the best of times, but I'd like to tell you about a little saying that has always been at the back of my mind and this philosophy has served me well over the years. I call it my *3-Ds of Life*. Here it is:

## **DECISIONS DETERMINE DESTINY**

The decisions that you make today will affect all your tomorrows. The decisions you made yesterday determine all your todays. No decisions put you in limbo!

If you find you are unhappy right now because of what is happening to you at American Family, then perhaps it is time to make a decision about your future. Sometimes people say NAAFA is too negative, but in the last few months, NAAFA has been praised for helping agents make the decisions that must be made. NAAFA is being praised all the time because of our assistance to troubled agents. We not only offer wise counsel, but we provide access to advertisers in our magazine and on our website whom we have interviewed and that we feel are worthy of your trust. They are there to assist you in making the decisions that will greatly affect your future. Give all of them a call and make a wise decision about which one you will go with if you happen to be one of those that AmFam has targeted.

We are here to help you, but we also need your help and support to continue our work. Membership is up greatly and we are thankful for that. With well over 25 years of history, NAAFA has proven that we are here to help agents. If agents didn't need us, we'd close our doors. Never in our history have the agents at AmFam felt such stress. Never have we seen so many agents being terminated and/or pushed out the door. But we're here to help. Give us a call at 800-567-9668 or email us at [naafawest@comcast.net](mailto:naafawest@comcast.net).

Remember, DECISIONS DETERMINE DESTINY. Make the decision to contact us today.

Your NAAFA President



---

## **THE BENEFITS OF NAAFA MEMBERSHIP**

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

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

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

Help us keep these valuable benefits going by JOINING or RENEWING your membership today. PLEASE SHARE THE FACT THAT YOU ARE A MEMBER OF NAAFA WITH OTHERS AND ENCOURAGE THEM TO JOIN.

**NAAFA needs agents but agents need NAAFA more!!** 



Bill Gough

# Never Underestimate the Power of Great ‘Leadership’ in Your Business.”

By Bill Gough

**Back in 2008, when I founded BGI Marketing Systems, my goal was simple. I wanted to help insurance agency owners across the country grow their businesses by using ‘tested and proven’ marketing strategies that get results. Fast.**

Some of our clients have been in business a while and reached a point where they can’t seem to grow. Others are just *burned out* and searching for new ways to ‘rechunk’ their focus.

The marketing techniques we teach are the same ‘real-world’ strategies I’ve used in my business over the past 27 years. The same systems that put my agency in the coveted, *Hall Of Fame...* and used by some of the top agency owners in the country.

***Not everything has always gone according to plan***

Several years ago, a business mentor told me that if I could develop better leadership skills, I could get more done and be more successful. "It will be hard at first," he told me. But, he knew from experience, that if I kept working on it -- I'd get better. ... And I did.

While I’ve always been a good insurance salesman, I’ve never

had a ‘natural’ talent for leadership.

It has never come easy for me. I’ve continued to work hard at the fundamentals. It’s paid off too. My staff (especially my executive assistant) are pleased to report that my leadership skills have vastly improved. And, you and I know the many benefits of a happy staff... *right?*

I’m constantly monitoring my progress, paying close attention to the way I deliver instructions. And, instead of ‘assuming’ my staff *understands* everything I’m thinking -- I constantly ask for more feedback from them.

***I tend to see the big picture, and not the nitty, gritty details***

Are you guilty of this? If so, I recommend you make yourself a little ‘cheat-sheet’ and keep it close by. Focus on the way you deliver information to your team until it becomes second nature.

Every good marketer knows that the ‘special sauce’ is in the details. It’s where good business plans start. Unfortunately, this is an area where many business owners drop the ball. They tell their staff something one time, and expect them to know exactly what to do. That’s a recipe for disaster.

These days, when I meet with my staff or one of my team members, I always ask two simple questions. (1) Have I been clear with my directions? (2) Do you have *any* questions about what I’m expecting of you?

***Today business zips along at warp speed.***

In the good old days, we could sit down with our staff and kick around our long-term plans. That doesn’t work anymore. Today there are more short-term issues on our plate than ever before. Heck, we’re working on stuff we need to get out the door this week.

If you’re like most business owners, you’re probably spinning a lot of plates in the air. It requires you to be organized and keep everybody on the same page. Good organizational skills start with your ability to deliver clear, concise instructions.

***Good leadership skills make for better employees***

***What’s the big payoff for better leadership skills?*** ... Well, if you’re like most business owners I coach, becoming a better leader will make you more profitable. It will also lift the spirits of your employees and the entire vision of your company.

*Bill Gough is founder of BGI Marketing Systems. Bill can be reached at 256-217-7138.*



# “I’ll Give My Most Fantastic FREE Gift Ever To Any American Family Agency Owner Who Sincerely Wants To Make An Extra \$50,000”

Over 1,521 Agency Owners Have Discovered Why Bill Gough’s Systems Produce Results... Here Are Just A Few Of Those Success Stories...

BGI Marketing Systems has helped me move my agency from sinking to swimming with grace. The coastal strategy took a lot of me. BGI armed me with the tools and mindset that I needed to survive the most challenging event of my 20 year career.



Kenneth Morgan  
Agency Owner  
Saraland, AL

I have been involved with BGI Marketing Systems for about 4 years now. I have also been tracking the improvement of my overall production since implementing BGI procedures and marketing techniques.

All it took was putting in place everything I had learned from Bill Gough and BGI Marketing Systems just as it was taught to me. I went from writing 30 autos a month to almost 300!



Keefe Duterte  
Agency Owner  
Laredo, TX

Coincidence? I think not. After coming back from your Super Conference in Dallas last Monday, I was only able to start a few processes (like the goal setting one)... and ended the week with an agency record \$22,594 in P&C premium! Thank you!

Joe Webster  
Agency Owner  
Las Vegas, NV



## FREE GIFT BOX REVEALS:

- How To Hire True Sales Superstars That Pay For Themselves Immediately
- How To Write More Life Insurance Apps In 3 Months Than You Did ALL Last Year
- How To Keep Your Customers Coming Back- They’ll Never Look For Another Agent Again!
- How To Motivate Your Staff To Turn Every Customer Contact Into A Sales Call
- 5 Brain-Dead-Easy “Million Dollar Scripts - Finally Your Staff Can Increase New Quotes, Cross-Sells, Life Appointments, And Retention With These One-Line Scripts!

Our auto production has tripled, life and financial doubled, and property production almost doubled also. The staff is really responding to your suggestions, their production is better than ever, and their morale is sky-high.



I always enjoy your material. Not only for the business guidance and oversight but for the spiritual context of your messaging. When you've lived life long enough you get the privilege of experience provided you can appreciate the good from the bad.

I look forward to more of you in 2014 as we continue to grow our business here in Los Angeles. We should finish the year at a 4.0 if our loss ratios hold. I thank you for helping shape our message, improve our processes, and reinforce what I think I know, like anything else in life.....you don't know what you don't know. You and your BGI Team help to clear up the gray.

Morris Bekas, Agency Owner, Los Angeles, CA



Steven Marcus  
Agency Owner  
Miami, FL

**You Could Be The Next Success Story... To Get Your Most Fantastic Free Gift Ever And Find out How, Call 256-217-7138 or Visit the website [www.BGIFreeGift.com/NAAFA](http://www.BGIFreeGift.com/NAAFA)**

# INDEPENDENCE IS A CHOICE

Put Your Experience to Work

## Helping Agents Own An Independent Insurance Agency

InsureZone Direct is a partnership of independent agencies that allows each agency to leverage the benefits of a large national operation while being able to maintain their agency identity. InsureZone Direct provides the industry's best and most complete suite of agency sales, service and reporting tools, with direct access to major carriers for personal and commercial lines. If you want to be part of the best team in the insurance industry, then InsureZone Direct is your agency's solution.

*Get Your Agency  
in the Zone!*

**817.704.2289**

[sales@insurezonedirect.com](mailto:sales@insurezonedirect.com)

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



# The Giant Leap: Technology Enabling Newly Independent Agents

By: Jeannie Lewis, Vice President, InsureZone Direct

**As long as there have been insurance agencies, there have been agents wanting to go independent. And as long as there have been agents going independent, there have been agents struggling with practice management.**

Fortunately, you don't have to struggle anymore. By partnering with InsureZone, you have access to the most recent innovations in programming and data management. These advancements have enabled us to create a turnkey agency software system, right out of the box.

## How it works

Our concept is to convert your laptop computer into its own virtual agency. We've developed a fully-integrated software system that handles all standard operating tasks such as lead management, real-time rating for Personal and Commercial lines, on-demand reporting, policies in force and policy servicing all while allowing you access to the A-rated insurance carriers you need to place coverage for your clients.

In the past, the functions listed above required completely separate products – all installed on your computer. Too often, they weren't designed to talk to each other. Agents continuously struggled with compatibility issues, and were unable to work when their computer went down. By using InsureZone Direct, all of these functions are fully integrated and were designed to work together from the ground up. Our technology suite will work on any compute and be functional anywhere

you have internet access. To date, our software is the only solution that has combined so many different functions all in one package.

## Beyond Software: The Concept

The software/technology component is a vital part of what we do, but there is so much more. InsureZone only accepts the most promising new agents, brokers and MGAs, and we are able to provide access to a range of highly sought-after carriers. If you meet our standards, you can provide your clients with the best and most competitive quotes and coverage right out of the gate.

Additional benefits include:

- Own your own agency and grow your own brand
- Build on the most complete set of agency management tools in the industry
- Free yourself from carrier volume commitments that restrict your options and force you to make sub-optimal recommendations.
- Build your book with the support and mentorship of top insurance sales professionals
- Share in consolidated contingency payments
- Higher commission payouts
- Maintain your own life and health contracts
- Underwriting relationships. So you can write business, and not beg for assistance with each customer.

**If you're ready to take the leap to independence contact us today!**

**sales@insurezonedirect.com | 817-704-2289**

## Termination Benefits:

### The *Real Truth* about Term Benefits your Wife/Survivor will receive at your Death

Nobody wants to think about losing a mate. It's sure to be a dramatic change in the survivor's life. Many agents don't really prepare their survivors for what is to come, leaving them vulnerable and lost. One of the most important things couples can do to prepare (God forbid) for that inevitable day is to do some good estate planning.

Do you have a will and/or a trust? That should be number one on your list of to-dos. Everyone needs a will, at the very least, and it would be good to do it earlier rather than later. Having a *revocable living trust* keeps the settlement of your estate out of the probate courts. Things can be settled much quicker and the value of your estate kept out of the public's view. A trust usually cuts down drastically on legal expenses at the time of death. Do contact a reliable estate planning attorney who can create the trusts for you and your spouse. It is wise to get a quote beforehand for how much the attorney will charge to complete your trusts. Let your family know where your trusts are kept and what attorney is handling it. NAAFA always says, "BE PREPARED."

In recent months, NAAFA has heard from several spouses of recently deceased agents. There seems to be a couple of issues these survivors bring up to this office. We believe all agents should explain exactly what their survivors will receive. But what we actually find is that agents are lacking in understanding of actually how much their survivors will receive should they die before receiving all their termination benefits. Let's talk about a couple of the issues:

- 1) Your contract says that if you die before receiving all your termination benefits that your survivor will receive the *present value* of the remainder of your benefits. Now many agents think "present value" simply means what's left of your termination benefits at the time of your death. NOT SO! *Present value* refers to a formula whereby the company decides to **reduce** the remainder to be paid in a lump sum because they can no longer earn investment income on your benefits. The problem is the 5.9% interest rate the company has chosen to use in the present value formula. This office has checked with a couple of well-known and experienced accountants who are affiliated with law firms. They are suggesting that 1 or 1½% would be the fair and acceptable present value interest rate today. AmFam's present value interest rate is 5.9%. **The higher the interest rate used in the formula, the less the spouse or beneficiary receives!**

- 2) The second great hardship on survivors is the fact that AmFam pays the balance of Termination Benefits in one lump sum. Initially, this sounds good, but what a single payment does is push the widow into a much higher tax bracket for the year the lump sum was received. For example, let's suppose the termination benefit balance left at the time of death was approximately \$225,000. American Family will reduce that amount to about \$185,000 by using the present value formula. Uncle Sam comes along and takes about \$50,000 to \$60,000 more for taxes. This leaves the widow with about \$125,000 or about half what she thought she was going to get.

This office has empathized with several widows recently who had depended upon this money to live on. Many of them worked in their husband's (wife's) agencies themselves. It's sad that these faithful spouses are treated the way they are. In fact, it's shameful. But about the only one who can do anything about it is American Family. Here is what we suggest:

- a. Suggest to your ASM, your Agency Council Rep, your state director, and any contact person you might know in the Home Office that they ask AmFam's legal department to **re-evaluate their present value interest rate and get it down to a more acceptable level**. You might even consider writing a polite letter to AmFam's legal department regarding the issue and telling why it is important to you. Remember, a lower interest rate will give your survivor a larger lump sum.
- b. Suggest to the same people that a choice be given to the survivor whereby the **lump sum could be distributed over their choice of 2 or 3 yearly payments**. This would drastically reduce the amount of taxes due the IRS on the lump sum distribution by lowering the tax bracket of the survivor for the years when distributions are made.

We know AmFam can easily make these two simple changes. Only the second one would require an amendment to the contract, and a simple one at that. Since the agent population's average age is what it is today, these suggestions are more important than ever. If the company wants to honor veteran agents, this would be a good way to do it. **Please do your part to encourage the company to make these changes....and do it soon!**



---

## I'M MAD!!

**I AM A CONSUMER.** I purchase my insurance through a captive agent such as American Family, State Farm, Farmers, etc. My agent of 15 years is terminated by the captive company. My insurance policies are transferred without my permission to an agent I don't even know. When I try to find out what happened to my agent, I am told he was no longer in the business. Quite by accident, I find out this was a lie and my agent had become an agent representing many companies...an independent agent. I contact my old agent-gone-independent and asked him to give me a quote as I trust him and want to stay with him. He tells me that he cannot quote my insurance until his one year non-compete is over. And if he does, he'd probably be sued by the company. I'm MAD!! **Consumer violation #1:** I should be able to choose the agent I want, according to state law. **Consumer violation #2:** When the captive insurance company sues the agent, they are limiting my choices because the company is trying to put my agent out of business. **Consumer violation #3:** A Policyholder issue arises because the insurance company is spending millions of dollars suing agents whom they have terminated and/or agents who have chosen to go independent. This is money that should have been spent to lower my premiums. Right now, American Family has some of the highest rates in the nation. I'm MAD!!

## “THE TOP 10” 2013 AMERICAN FAMILY CORPORATE SALARIES

NAME	Year	Salary	Bonus	All Other Comp	TOTAL	\$\$ and % of Change
Jack Salzwedel	2013	956,192	3,907,666	356,908	5,220,766	
	2012	924,284	3,308,764	453,430	4,686,478	+ \$534,288 (+11.4%)
Daniel R. Schultz	2013	617,278	2,083,090	417,606	3,117,974	
	2012	556,329	1,689,566	406,367	2,652,262	+ \$465,712 (+17.6%)
Daniel J. Kelly	2013	406,684	793,948	155,152	1,355,484	
	2012	389,556	773,696	215,437	1,378,689	- \$ 23,205 (-1.68%)
Peter C. Gunder	2013	438,269	783,407	82,084	1,303,760	
	2012	424,250	816,787	100,759	1,341,796	- \$ 38,036 (-2.9%)
Mark V. Afable	2013	417,735	669,360	132,167	1,219,262	
	2012	407,250	753,115	169,546	1,329,911	- \$110,649 (-8.32%)
Mary L. Schmoeger	2013	419,731	657,221	75,171	1,152,123	
	2012	409,246	741,488	127,945	1,278,679	- \$126,556 (-9.9%)
Jerome G. Rekowski	2013	386,000	580,155	156,489	1,122,644	
	2012	386,056	661,011	289,982	1,337,049	- \$214,405 (-16.03%)
Allan E. Meyer	2013	447,000	545,732	108,962	1,101,694	
	2012	447,402	599,513	144,906	1,191,821	- \$ 90,127 (-7.56%)
Gerry W. Benusa	2013	368,615	564,267	105,634	1,038,516	
	2012	357,246	678,787	132,779	1,168,812	- \$130,296 (-11.14%)
David A. Graham	2013	264,924	724,889	7,833	997,646	New to the Top Ten

Above you can see the 2013 salaries of the *Top Ten American Family Officers*. We have indicated not only the amount of their pay from AmFam for 2013, but the percentage of increase or decrease they took for the year. The total paid to officers for 2013 is \$32,615,789.45 compared to \$33,367,128.43 in 2012. That’s a decrease of \$751,339 or -2.25%. We have been told that American Family projected a decrease in field agent expense by some \$10M in 2013. Note also that they are reported to have projected a \$25M decrease in field agent expense for 2014!! Will that affect you? Of course!

You might also notice (as you look on the [www.naafa.com](http://www.naafa.com) website where we have the complete list of salaries of all management who made over \$250,000 last year) that the AmFam Board of Directors paid themselves 5.55% **more** (+\$74,418) in 2013 than in 2012. And for how many meetings per year is that??

One would have to say it is reassuring to see that 8 of the 10 TOP AMFAM Officers took decreases as this most directly reflects what is happening to the agents’ incomes. It’s too bad our top two leaders didn’t see fit to set an example for the rest of us by taking cuts, also. ☹

---

### **Did you know?**

***That the company seems to often give “you’re fired” letters on paper that has no letterhead, no company phone number, and often these letters give wrong dates, indications of meeting or conference dates that are erroneous, and they never state the reason for the termination?***

## IT SEEMS PEOPLE ACROSS AMERICA ARE FORMING OPINIONS OF US

(And it isn't always good!!)

In the course of our business, we get many opportunities to speak with various law firms and state commerce departments. Quite often, these contacts will tell us they know of American Family Insurance and it isn't always good. One attorney said he gets many calls from agents and often policyholders who feel they have been "ripped off." Nearly every independent insurance company rep speaks of how badly they've heard the captive companies are treating their agents. Many independents are scrambling to hire the captive agents because they know these are agents who will work hard and be successful if given half a chance. Just give them competitive rates, fair underwriting, and fair treatment and you'll find loyal and successful business owners that most companies would be proud to hire.


But until recently, most state insurance commissioners have been rather neutral regarding the unfair treatment of agents. Often agents who complained to the insurance investigators were told that their problem was a contract issue between the company they worked for and themselves. They were told there was nothing the commerce department could do for them. However, recently we have noticed a change in attitude. Insurance commissioners are beginning to listen. There have been just too many justifiable complaints not to lend credibility to such complaints.

A call came in from a recently terminated agent who was concerned about the terminology ("Cancelled for cause") AmFam used when notifying the state insurance department of his "departure." The agent was concerned that the company was trying to get his license cancelled. When the NAAFA office called the state insurance department, an investigator answered where upon we explained who we were and who we represented. The question being, **what is the status of this agent's license?**

Immediately, the investigator said, "Just a moment," and asked us to hold. We thought, "Oh, oh....what's up??" In a few seconds, the investigator returned and indicated that now we could talk as the door was closed. After we explained what we wanted, the state investigator said that any question regarding American Family concerned him because they were, in this investigator's opinion, "one of the worst and meanest companies he knew." This investigator went on to say they had had several complaints from both employees and agents of American Family.

What exactly is happening to American Family's reputation? If state insurance departments are expressing concern, certainly the people who work for this company have something to worry about. Bad news always travels faster than good news. Could some of the reason retention is so bad be because the word is getting around? Policyholders have been hurt by ever increasing premiums and non-renewals; employees have been fired or laid off (some in their senior years) at very difficult times in their careers; agents have been fired or forced out after dumping thousands into businesses they thought they owned; claim victims have reportedly been shortchanged; and all the while, our leader sets a bad example by taking over a half million dollar increase in pay!!

It seems obvious the problem isn't caused by the agents, it isn't caused by the employees, and it isn't caused by the policyholders. Who does that leave? You're exactly right....Corporate AmFam and the board. They can continue to claim they "inspire, protect and rebuild our customers' dreams," but many are experiencing nightmares regarding the company's actions instead. Yes, there are some who may have been restored after a disaster, but there are millions who have been hurt. Is it right to brag that the company paid out \$3.4 billion in claims when in actuality, these people paid for the coverage and are owed this \$3.4 billion? AmFam has not "done them a favor." They owed it!!

Agents and employees should be praised and rewarded for what they do to make customers feel secure. Many customers stay with the company ONLY because of their agent. When the agent quits or is fired, customer loyalty to the company ends in many cases. It is time the company showed some real leadership by rewarding all those who have remained loyal....agents, employees, and policyholders. We'll let them figure out just how to do this! 

---

Did you know?

- The largest face amount ever written on an individual life insurance contract (\$201 million) was placed in force earlier this year in California. (source: Life-HealthPro.com)

# NAAFA, INC. MEMBERSHIP APPLICATION

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

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

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

CELL \_\_\_\_\_ OFFICE PHONE \_\_\_\_\_ FAX \_\_\_\_\_

PERSONAL EMAIL \_\_\_\_\_

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

(Signature of Applicant)

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

**DONATIONS:** Legal Defense Fund \$ \_\_\_\_\_  
General Defense Contribution \$ \_\_\_\_\_

**PAYMENT OPTIONS:** CHECK: Make your check payable to: NAAFA, Inc.  
Mail to: PO Box 578  
Circle Pines, MN 55014  
EFT: AmFam Agents send check for \$40, ACP Agents send \$20 to above address.  
CREDIT CARD: Go to [www.NAAFA.com](http://www.NAAFA.com), click JOIN NAAFA tab & pay by PayPal.

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

## CREDIT CARD OR DEBIT CARD?

Almost everyone uses either credit cards or debit cards....sometimes a person will use both. It's important to remember that debit cards do not share the same consumer protection as credit cards. Credit cards (covered by the *Truth in Lending Act*) place a maximum liability for the consumer of only \$50, should your card be stolen or your account jeopardized. But a debit card is a different story. Some banks promise zero liability, but it's not a law. Your debit card is governed by a different law called the *Electronic Funds Transfer Act*. This Act gives varying degrees of liability protection depending on how soon you report your loss. Report the loss within 2 business days and you'll probably only suffer a \$50 loss. But on the 3<sup>rd</sup> day, your liability goes up to \$500. After 60 days pass, you're responsible for all the money stolen out of your bank account. If you want to read more about this topic, go to this link: <http://www.washingtonpost.com/blogs/wonkblog/wp/2014/02/06/heres-why-you-should-keep-your-debit-card-at-home/> It might be a good idea to leave your debit card at home! ☺

To My Dear Agent Friends at American Family,

After almost 18 years as an agent for American Family Mutual Insurance Company, I decided to leave and pursue a different path for achieving personal and professional success. Since that time, I have fielded numerous calls from agents asking how I could walk away after so much time. I am writing to share my journey with you and to offer my love and support to others who are stumbling along the path that I'm blazing with those who left before me.

It matters not what a company used to be. It matters not what your past successes there have been. The only thing that matters is the future. Will the path that you are on lead you to success? Webster's dictionary defines success (in part) as follows:

1. The favorable or prosperous termination of endeavors; the accomplishment of one's goals.
2. The attainment of wealth, position, honors, or the like.

If you believe that AmFam holds all the keys to your success, then you should stay, but if you believe that only you hold the keys to your success, then you should leave. As simplistic as that sounds, I spent months agonizing, crying and praying over that decision. Ultimately, I decided that only I had the keys to unlock my happiness and my future earnings potential. It was time to move on. I hired someone to pack my files because it was difficult to walk away from my customers and put the last 18 years of my life in boxes. When my files were boxed up, what I discovered is that although the paper didn't belong to me, the relationships did! What a revelation that was. Then, something amazing happened (as it always does when you take back control over your life). I got my confidence back. I got the spring back in my step. I started smiling and laughing more. I worried less. The long tumultuous marriage was finally over and like Tina Turner, I walked away with only my good name and reputation. In time, I will prove that was all I ever needed. God Bless and much love to you, my friends... (Name Withheld) ☺

**Grow** your business... **Retain** your identity with



**COURI INSURANCE ASSOCIATES**

**Hear** what our associates are saying  
about our focus on agents  
and our great commissions!

Visit

[www.couriagents.com/raves/](http://www.couriagents.com/raves/)

or

Scan this  
with your  
Smartphone QR  
Reader App.



Search "QR Code"  
in your App store  
to download a  
mobile reader.

**Or Ask** one of these strategic partners about Couri Associates' value



*This is just a sampling of the quality carriers Couri represents.*



**COURI INSURANCE ASSOCIATES**

Interested in becoming part of the Couri family? Visit our website,  
[couriagents.com](http://couriagents.com) or give Steve Albinger a call at 800-444-1215

# **FREEDOM** **INSURANCE**

Giving agents the freedom to succeed.

**NOW** is the  
time to call!  
**1-877-249-0765**

### Are you...

- Tired of losing business to the competition?
- Sick of turning business away due to your lack of markets?
- Fed up with people telling you what and how much to sell?
- Waiting for the time when "things will change"?

### Do you...

- Want multiple companies to market and never turn business away?
- Want to grow your business the way *YOU* want?
- Want to *OWN* your book of business?
- Want competitive rates and top commissions?
- Want to earn attractive contingency money?



We've been in your shoes and know how you feel. We understand your questions.  
We've researched the competition and have an excellent plan for you.  
We offer *personalized training* to help you write business right away.  
We want *YOU* to succeed!

## **Freedom Insurance Agency, Inc.**

**Giving Agents the Freedom to Succeed**

Call today for more information & a confidential conversation.  
As we were taught as agents, you never know unless you ask!

Don Fluegge, President  
P.O. Box 996  
Willmar, MN 56201  
TF 877.249.0765  
C 320.894.6669  
don@freedominsagent.com

Brock Fluegge, Vice President  
11979 County Road 11, Ste 270  
Burnsville, MN 55337  
TF 877.249.0765  
C 651.214.2786  
brock@freedominsagent.com

Sandy Schow, Director of Operations  
P.O. Box 996  
Willmar, MN 56201  
TF 877.249.0765  
C 320.979.9757  
sandy@freedominsagent.com

**AUTO • HOME • COMMERCIAL • LIFE • HEALTH • FARM**

# EVOLUTION OR REVOLUTION

By Guest Contributor

Change has become the "mantra" of American Family management. There has been a long range decision to change the corporate culture; unfortunately, what the "Board" wants to change or what it wants to change to, is not being shared with rank and file.

Evolution can be defined as the *moving from the simple to the more complex in our business*. We have seen those changes in computers, 800 companies, internet commerce etc. The pace of that change has been slow but steady. What we are facing now is a revolution, the sudden overthrow of customs, processes and beliefs. This revolution is not being led by our clients but by our upper management and board of directors.

The driver behind this overthrow is the company's expense ratio. The company has seen a steady eroding of the expense massive layoffs of company personnel, and reduction in commissions, we have not seen any dramatic uptick in the expense ratio. What we have observed is a dramatic drop in retention. We're seeing OSAT scores which are plummeting, low satisfaction scores by employees and producers, forced removal of longtime and loyal clients.




Also, what we have seen in the past is a massive bloating of home office bureaucrats. (We now have a *director of metrics!*) As somebody with over 35 years of experience, I have often been asked what one is to do. What do I think the future holds for producers? The company has given us a great preview of what is to come. If you have not visited the company web site "Agency of the Future," you should. They have laid out what that vision is. In a nut shell, the company is going to grab the low hanging fruit, (home and auto) and let the producers go after the hard business, (commercial and life.) Somehow we are going to go after this "relationship driven business" without the benefit of those *relationship drivers*, the home and auto policy.

Tighter control of the "Brand" is also on the agenda. It will be tougher and tougher to differentiate yourself from the internal and external completion. As in all revolutions, there will be innocent victims and people who will adjust and conquer. *This writer believes the only way to prosper is too follow the company model and cut overhead.* Producers have to look at the massive amount of duplications that exist in each agency. Five agents within 5 miles of each other are duplicating multiple expenses which could just as easily be shared.

What I am proposing is to do *more* Producers need to find a dance partner, They need to band together to share it can be done.



with *less*, and then attempt to keep net income level. perhaps somebody of like mind and policy count. common expenses. Sounds easy, right? Not so, but

 I have always been a "glass half full" individual when it comes to the "corporation." I have been *less* so in the last 3 years. Purchases of companies with whom we are in direct competition, commissions cuts without documentation as to the reason, being asked to do more and more with less and less reimbursement have been reasons why I'm beginning to look at the corporation through a "glass half empty." An organizational chart where you have to search to find the field force's location, and finally the shabby way we have treated long time clients as a result of credit scoring and expert underwriting just add to the dilemma. I guess there's some truth in what our current CEO said in an article in the All American a number of years ago. He referred to our location in all these problems as the "muddy middle" of change. Unfortunately it appears we have become bogged completely down and the far side of "whatever" is still not in view. ♪

## SECA KIT GUIDELINES AVAILABILITY



The SECA Kit is just one of the benefits of being a NAAFA member. Any member who leaves American Family and qualifies for Termination Benefits should have the Kit before filing taxes the first time. Under-standing how and why you file as you do could save you thousands of dollars in IRS penalties and fines. NAAFA charges \$400 for a SECA Kit unless a person has had 3 full years of continuous (no lapse) membership. After the three full years of membership, the Kit is free. A *new member* would pay the first year's membership up front and then the kit would immediately be available at the \$400 rate. Or the new member who pays either *monthly* or *semi-annually* would have to wait until the beginning of the second year to become eligible to buy the Kit at \$400. You must have a personal Email to receive the Kit. NAAFA asks that you honor confidentiality regarding the Kit by not sharing it with non-members. Remember, the SECA Kit is a benefit of NAAFA membership!

**NAAFA, Inc.**  
"Because we Care!!"



## A COMPANY'S RESPONSIBILITIES TO ITS POLICYHOLDERS

Sometimes it's fun to look something up on Wikipedia. For instance, Wiki says that:

**"A mutual insurance company is an insurance company owned entirely by its policyholders. Any profits earned by a mutual insurance company are rebated to policyholders in the form of dividend distributions or reduced future premiums."**

Hmm! An insurance company owned by its policyholders? And they rebate profits to their policyholders??...how does that work? Ever hear of such a thing? Many ancient philosophers have debated what ownership means. For instance, **Plato felt that private property created divisive inequalities. Aristotle, on the other hand, felt that private property enabled people to receive the full benefit of their labor.**



So again, what does it mean to be a policyholder in a mutual company? Doesn't it mean that I, a policy holder, actually own a teeny-tiny part of the whole company? What am I getting for my investment? It would seem that because retention is so bad at AmFam that many policyholders are saying, "We've had it!" and are looking elsewhere for insurance where profits truly are shared in the form of reduced premiums. And from what we hear, there are many companies who actually are listening to their customers. Evidently, not so here.

As American Family policyholders, we have basically given our rights of ownership over to a Board of Directors who, in turn, appears to have given their rights of authority over to a CEO. When a company chooses to pass the buck like this, they better be darned sure that the person appointed to make their decisions (CEO) knows what he's doing and that they understand and accept responsibility for what he's doing. Sooner or later, the buck has to stop somewhere and it's always better to be safe than sorry. When retention drops like it has, there's a message being sent. Are you listening?

As a policyholder at AmFam, I am not seeing any kind of a 'return on my investment.' Yes, I suppose I have coverage should I have a disaster, but even that is questionable today with the current attitude of deny, delay, confuse and refuse, all in an effort to boost the bottom line.

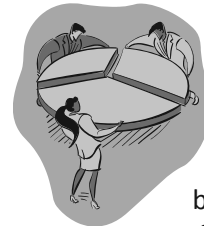
(<http://www.justice.org/cps/rde/xbcr/justice/InsuranceTactics.pdf>) And as a policyholder, I have seen my rates skyrocket while at the same time seeing this fine company say they are concerned about protecting my dream. What dream? An agent called the other day

saying he'd heard a pretty good saying. It was by Pearl S. Buck and went something like this:

*"There are many ways of breaking a heart. Stories are full of 'hearts broken by love,' but **what really broke a heart was taking away its dream**—whatever that dream might be."*

It is so ironic that this company can advertise about saving its policyholders' dreams and at the same time charge them so much they have nothing left but an empty piece of paper called a policy! It was a South Carolina Supreme Court that said,

***"Insurers generally are attempting to convince the customer when selling the policy that everything is covered and convince the court when a claim is made that nothing is covered."***



Back to the original thought....what is this company's responsibility to its policyholders? Something seems askew when the top ten company officials feel it's all right to take huge bonuses year after year. They must feel justified in NOT sharing company profits with the people who brought in the profits....namely the policyholders, the agents, and the employees. Oh we know, these top ten people feel the profits came *because* of something they did. Funny, isn't it? Without us, the little guys, AmFam wouldn't even have a company. Some companies do share their profits with their policyholders. But not here. Did you know that CEOs in the insurance industry pay themselves more than CEOs in any other industry?

<http://www.justice.org/cps/rde/xbcr/justice/InsuranceTactics.pdf>

Once again, the disease of corporate greed is influencing our lives. Does this seem right? Of course not. About all we can do at this point is maintain our own truthfulness and integrity. Don't let the corporate world influence your own values. **Take a stand** and let us know that you support TRUTH.

Email: [NAAFawest@comcast.net](mailto:NAAFawest@comcast.net)



## IS A GOOD REPUTATION IMPORTANT TO YOU?

By Guest Contributor

In my opinion, only the foolish would say they don't care what people think about them. Actually, your reputation affects many aspects of your life. If you have a bad reputation, you will find that friends are few, that sales are few, that your family is faithful but hesitant, that your boss is watching you closely, and really, you're probably not real happy with your state either.

Are you totally responsible for your reputation? The answer to that may surprise you. No, you're not. Your reputation is dependent upon *how others see you*. You might be able to influence their thinking, but you can't control it. Someone once said that your self-esteem is a reflection of how you think others see you. Doors can slam shut in your face if you have a bad reputation. And if you're the average person, such a response can destroy your confidence, big time!

So why is American Family becoming so concerned about their reputation? A recent Consumer Report article evidently has the Home Office a bit concerned. In fact, so concerned that they've notified the agency force on "how they should respond to it." Let's look at some interesting thoughts on what has happened to AmFam's reputation.

First of all, it's important to recognize that it's a lot easier to destroy a reputation than it was to build it in the first place. Both the company and agents have worked for years to build American Family's reputation as a fair, strong, ethical, and concerned company. Claims were readily paid, fairly, and on time, rates were at least competitive, agents (who were the direct line contact to the policyholders,) worked hard to protect the reputation of this company. The agents went the last mile to service their clients. Customers loved them. Business was successful and good. Note, that I say "was." Something has changed. Why?

Management styles have changed in the last few years. The focus is now on profitability for the company, not responsibility to the policyholders. To increase profitability, orders have been to deny claims, raise premiums, cut commissions, fire agents and employees, sacrifice service, non-renew long time faithful customers, and basically, do what it takes to cut expenses. The almighty dollar has replaced compassion and concern for everyone except the top echelons of this company. Word about these negative actions has definitely reached the public. It has taken only a short time to destroy the reputation that took years and years to build. And we are all suffering as a result.

Perhaps American Family doesn't deserve a good reputation after behavior like this. When this company has no loyalty to its agents, employees, and its policyholders, how can they expect to enjoy the benefits of a good reputation? We are at the turning point. Faithful agents and customers who for so many years enjoyed our previous performance are now turning away from AmFam. Reputation does matter. Until Madison realizes the damage they've done, things will not get better. Some of us just cannot afford to wait until you open your eyes. And so we will continue to see business drop off the books, agents leave for greener pastures, and yes, American Family's reputation continue to tank!

YOUR REPUTATION IS  
DEPENDENT UPON HOW OTHERS  
SEE YOU. YOU MIGHT BE ABLE  
TO INFLUENCE THEIR  
THINKING, BUT YOU CAN'T  
CONTROL IT.

### Did you know?

That recently an AmFam insurance agent, when applying on line for Obama Care, was asked by the government, "By the way, do you know you qualify for food stamps?"

# CONTROL YOUR DESTINY

By living the dream and earning the reward

The Bob Korvas Column



I love what I do for a living for so many reasons. Do you?

The insurance industry afforded me the best in both financial and personal rewards of life. It offers anyone limitless success should you look for it. If you happen to be reading this and read my past articles, you know I started as an American Family agent in 1980.

For me the insurance industry is thriving, growing and filled with endless opportunities personally and financially. But, you just have to act on your 'dreams', adapt and change. I did in 1997. I became independent. I've never looked back. I acted on the challenge of growing my career because of my 'dreams', my belief and vision for the future. I believed in what I did with passion. Helping to protect families from financial risk and devastation due to unforeseen perils with the best possible insurance products. ***If you are not feeling this way about what you do, then perhaps it's not what you do but what you don't try to do?*** Or it could just be *where* you are doing it?

If you are a passionate person that believes in yourself and about this business profession, you understand what I did and why. No matter what the economy is like, my independent agency income and

'free time' grow. I take time off to engage in family, leisure or volunteer activities without worry about my income growth. Where else could you control your own lifestyle and destiny? Where else could you reap so many rewards both personally and financially, but here in the insurance industry? Not too many places.

Look for the opportunities in front of you. I've been able to successfully invest and develop real estate by learning from clients' successes as well as mistakes. I've helped my community and worked on civic committees including heading up a three year project to create an SSA bringing a water main into the community. This profession has afforded me with many rewarding philanthropic opportunities by being a committee member of the Marklund Children's Charities since 1988. I've donated time and money to a variety of other causes thus allowing me to meet people across so many plains in life.

It's never too late or too soon to challenge yourself to do more inside and outside your career. What gave me the confidence, knowledge, and positive attitude? Long ago while I was with American Family, I chose to take the challenge, study and earn CLU, CFP, ChFC designations. Do you know any agent among your peers today who

has even one class designation? In fact, do any of the officers and managers in your company have them? You should become the person who does. Your reward will be beyond your expectations. As you meet so many successful professionals outside of American Family, they will impart knowledge and open your eyes to opportunity that you would not learn in any other way.



I hope what I've written here has opened your eyes and given you a way to look at what you do as well as a perspective that you never thought of. Perhaps my words have given you a way to see the glass as being half full and not half empty for your future. Don't overlook the opportunities in front of you by always looking over your own shoulder.

**Bob Korvas**

**Phone: 817-470-8830**

**Email: [BobKorvas@earthlink.net](mailto:BobKorvas@earthlink.net)**



**Don't be pushed by your problems.  
Be led by your dreams.**





BACK BY POPULAR DEMAND.....

## THE NAAFA MAILBOX

### #1 Former AmFam agent gives warning letter advice.

Dear NAAFA,

Once the agent gets the dreaded (warning) letter from AmFam, you have no choice but to look for ways to meet quotas. Selling umbrellas and renters insurance are two products that are easy to get the numbers with. Perhaps there has to be a new plan of focus to meet those quotas where you don't wait for them to terminate the contract. It has to be "immediate and ongoing." The evil empire is targeting them and they have to face the fact that the evil empire doesn't want that agent's operation anymore. I say this based on my own experience. I would be working on a contingent plan **now** (perhaps going independent) or finding a different career! There are so many business and personal factors the agent needs to sit down and analyze, but one thing is for sure: **The empire will strike** so I would be proactive and not wait for the empire to conquer you, too!!! Hmm.....maybe I should be an agency termination advisor!!!

From a former (terminated) AmFam agent who knows and is doing well independently!!

---

### #2 Praise to NAAFA

Dear NAAFA,

Renew my membership and put the rest to your operating fund.

Thanks for all the good work you do.

[Name Withheld]

PS. Glad I am retired!!!!!!!

---

### #3 Agent Expresses Opinion about AmFam Phone System

Dear NAAFA,

I have been a successful agent with AmFam for over 20 years, but have lost over \$70,000 in business, especially in commercial lines. As I see rates soaring out of site, I wonder how long before the company gives me a 6-month notice. Especially since I have seen two great agents get terminated recently. Both had tried very hard to meet the company quotas, but their attempts fell on deaf ears. The unexpected visit from the DM, along with two "back up men" occurred when they didn't expect it. Their computers were shut down, but they both owned their phone systems and telephone lines. Both agents have said that the stress over the last two years and their sudden terminations was very disheartening. It was a lot to go through with absolutely no empathy or regret from the company.

From what I have heard, if these two agents had signed up for the VOIP system, they would have lost their phones and phone number. I have also heard that if you have VOIP, the company has legal access to tap in on your calls and also use the system speaker in the PCs to hear conversations in your office. Similar to how they can with employees now. (I thought we were independent?)

A few years ago, I called my phone company and they said that AmFam owned my lines (which I knew they did not as I paid the bill) so I removed their name and put a password on my line. Well, recently AmFam got around it without my knowledge with the I-Pass system and another argument over phone rights ensued, but I pursued and won and I Pass had to have another back up computer line run. Different problem but shows you how easy a large company can take control just by shared name recognition. All I can say is agents better be careful using company phone systems.

[Agent's Name Withheld]

---

### #4 I'm Awesome....You can be, too!

Hello my friends.

It has been almost a year since I left. And guess what? The world didn't end. The sun is still rising and setting. The tides come in and the tides go out. The ebb and flow of my life has settled into a steady and comfortable rhythm. I can breathe. I feel so alive and so happy. I have fallen in love again with the profession of Insurance.

So, what have I been doing since I left you ask? For starters, I was featured in an electronic signature company's customer spotlight where my blog was dropped in 83,000 newsfeeds. In June, 2014 my Agency and blog will be mentioned in an announcement where the electronic signature company has formed an alliance with a major Insurance partner. Exciting stuff, right? I'm living on the edge now, my friends!

I am ahead of my production schedule with the majority of carriers that I have. I can't quote insurance and not sell it. I keep thinking that I'm going to wake up from this dream. It just keeps getting better and better! I am currently #2 in life insurance sales. I'm on schedule to win both trips because I have excellent life products at reasonable rates with jaw dropping commissions. Yay me!!

I have to wonder... Have I always been this awesome? You know, I'm the same person. I have the same skill set that I left with. My customers still love me. I don't win awards for customer service, but I win referrals. I don't quote for the sake of quoting, yet my closing ratio is about 90%. I must conclude that YES, I am awesome and I have always been awesome! But guess what? YOU are awesome too. You have always been awesome. I miss you my awesome agent friends and I thank you for reaching out to me from time to time. I am fortunate to have been in your company. I send you my love. God Bless.

[Name Withheld]



# Break the Shackles...



*Get*  
**EXCITED**  
*About*  
**Insurance**  
*Again!*

***Remember Why You  
Became an Insurance Agent!***

**To Build and Run Your Own Independent Business  
With Freedom, Autonomy and Without Limits  
Yet With Support and Experienced Guidance**

**AT PREMIER GROUP INSURANCE**

**Nearly 200 PGI Partners Have it All!**

- Direct Carrier Access to Strong National and Regional Property & Casualty Carriers
- Higher Commissions, Ownership, with Lucrative Bonus and Equity Options
- Business Tools You Need - E&O, Comparative Rater, AMS, Web-SEO Options
- Exclusive State of the Art Transition Training & Unparalleled Ongoing Support
- Innovative "My Million Dollar Agency" Quick Start Program
- Exclusive Master Agency Opportunities available across the United States

***Licensed in 45 States***

For a confidential conversation or to explore your options contact us at: [www.PGIAGENTS.com](http://www.PGIAGENTS.com)

Rex Hickling, CPCU, AIM  
President  
(303) 818-6218  
[RexH@ThinkPremierFirst.com](mailto:RexH@ThinkPremierFirst.com)

Shawn Walker  
Director of Distribution  
(720) 335-3799  
[ShawnW@ThinkPremierFirst.com](mailto:ShawnW@ThinkPremierFirst.com)



# Tired of Being Held Captive?



Consider becoming an **American Casualty** independent agent. Our branch offices can take home 2 times what captive agents do.

## Here's Why

	Captives	American Casualty agents
<b>base commission</b>	8-10%	<b>12%</b> commission (depending on carrier) <b>AND</b> <b>80%</b> of the contingency bonus you qualify for on your book
<b>closing ratio</b>	35%	<b>60%</b> 12 companies bidding will do that!
<b>retention</b>	lower	<b>higher</b> Clients can be switched internally.
<b>required hours and quotas</b>	YES	<b>NO</b> Work when you want with minimal quotas.
<b>staff requirements</b>	YES	<b>NO</b> support staff optional
<b>retirement options</b>	sell book of business	<b>Vested retirement day 1!</b> <b>Sell book of business</b> <b>OR keep your book and we can service it for you!</b> call for details



*But wait, there's more*

## With **American Casualty** Branch offices

- ✓ No franchise fees
- ✓ Low monthly operating costs.
- ✓ No need to have an office; can work from home or virtually.
- ✓ Service center options available.
- ✓ Owned by former captive agents who really understand your needs.
- ✓ Train from home. No need to travel.
- ✓ One quoting platform provides rates from a dozen auto and home companies.
- ✓ Lead sources provided free or at cost.
- ✓ On vacation, sick or have an emergency? Forward your phone to us and we will cover for you AND write the policy in your name!

Below is just some of the many companies we represent.



American Casualty Insurance Agency is an independent full service insurance brokerage that offers access to a wide variety of markets. Call for details.

Contact Mike at **800-766-2478, ext. 411** or at [mike.stein@acitx.com](mailto:mike.stein@acitx.com)

**ALL CONTACT WITH US IS STRICTLY CONFIDENTIAL.**  
Available in most states.

# The Price We Pay to Build Our Agencies

by Mike Stein, American Casualty

As a former 18 year captive agent and 6 years combined as an independent agent, I can tell you that there are a lot of things to consider when deciding whether to stay as a captive or to move on. At 49 and having first gotten my insurance license back in college when I was 20, there have been a lot of changes in the world of the captive insurance agent. If I can share some of my experiences with you and help make your decision easier, then it is a job well done, from my perspective. It is also a pleasure to give you a hand! Having bought into the sales pitch from my captive that “I was in business for myself” and that they wanted “entrepreneurs” who were going to show those “lazy older agents” a thing or two by running circles around them in production, these things should have told me something about the “us” vs. “them” mindset of my company at the time.

Working where I do now with former captives who have put together the independent brokerage where I am now specializing in recruiting former captives, I can tell you that most captive companies may have outdone each other in broken promises to their agents. We wonder if there is some island where the CEOs of all the top captive insurance companies go each year to figure out what the latest way is to put the screws to their respective agency forces!



During my first two years as a captive, I spent my nights delivering pizzas until 2 AM in order to have enough money to hire telemarketers for my agency. Many times, I would finish my insurance responsibilities and head straight to Domino's where I hoped that I would not run into someone I had just sold an auto policy to as I might have to explain why I was delivering them a pizza!

In retrospect, was it worth it? I don't know. At my peak I made a modest income after expenses and that was after leading the state in sales back in the mid 90's. The agents who came on board before me under the old contract averaged a take home that was far higher. I am glad for the experience I had because I learned quite a bit. At times it was fairly easy and at times very difficult, but in retrospect it was the logical choice at the time.

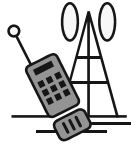
I built a \$2M agency in a period of about ten years. I was getting most of my business through the yellow pages. Times were good. But alas, I failed to adjust my selling to the changes occurring on the horizon. Customers were no longer using the yellow pages. Computers, cell phones and other electronic devices enabled customers to buy over the Internet. I didn't move with the need. My agency dropped to \$1M. It was then I knew that how I managed my agency needed to change.

What I learned (and learned well, by the way) I want to share with you. I believe I can *help* you to grow your agency. We all want to be successful, but sometimes we need some help. Please look soon for an announcement regarding some helpful webinars that American Casualty will be presenting to agents who are interested.

**Now that I have told you a little about the price I paid to become an insurance agent, PLEASE SEND ME YOUR STORY. I WANT TO KNOW WHAT YOU ARE EXPERIENCING NOW, WHAT PROBLEMS YOU ARE PRESENTLY FACING AND WHAT YOU WENT THROUGH IN THE PAST TO BUILD THE INSURANCE AGENCY YOU HAVE. LET'S DISCUSS ALTERNATIVES. I WILL TRY TO RESPOND TO EACH AND EVERY PERSON WHO CONTACTS ME. My email is [mike.stein@acitx.com](mailto:mike.stein@acitx.com). I can be reached by phone as well (800) 766-2478 ext. 411.**

*American Casualty was founded by former captives to help them make the switch to becoming successful independent agents. Higher closing ratios with multiple companies, 13% commission on P&C and minimal monthly expenses give you a real advantage over the competition.*

## YOU AND THE AMFAM VOIP PHONE SYSTEMS



By now, American Family has rolled out its VOIP telephone system to all agents. We've all been given the sales pitch about why this is going to be such a great improvement. Why wouldn't an agent avail himself (herself) of what is obviously an improved system? Perhaps it would be good to look at the *Agency Telephony Agreement*.

- 1) **American Family controls this contract**, in the same way that they control your agent contract. It was unilaterally written to favor one side...the company's. It gives the company the right to monitor all your local and long distance domestic calls, your voice mail, your call transfers, conference calling and guess what, your Music on hold.
- 2) The system does **not offer fax service**. That's on your own dime. Now granted, faxes aren't used much anymore, but sometimes it is a handy little option to have.
- 3) The company claims the right to **modify the terms** and conditions of the Agent Telephone agreement any time they want to and they don't need your ok to do it.
- 4) You have to agree to **their** fee structure. And you have to use their phone equipment through the Company's Agency Cafeteria program at their established fees.
- 5) The company controls **when your system will be set up**.
- 6) You don't own your lines and phone numbers...remember, everything goes through the Internet on company computers.
- 7) If you decide to terminate this agreement, you must make this request at least 45 days in advance by giving written notice.
- 8) If you are fired or decide to leave the company, the phone agreement will automatically terminate with the termination of your agent agreement with the company. If, by some slim chance, you can get your number back to the phone company of your choice, all incoming calls will be routed to a destination of the company's choice *until* your number is up and running with a new carrier.
- 9) Although Item 4.c.1. of the phone contract says your "telephone conversations will not be recorded by the Company" it is hard to believe this because the next item (4.c.2) says the company will have access to information regarding how you use the services....but for "purposes of financial analysis." And, information related to your use of services will be provided to respond to judicial process, government regulatory authorities, law enforcement and **Company internal investigations**.
- 10) Lastly, the contract has the usual liability waivers.

After reading the terms of this contract, it seems impossible that the Company would actually offer such a 'controlled' system to independent contractors. And it seems even more unbelievable that any agent would sign it. Agents are so closely monitored already that we didn't think it could get much worse, but it will, we believe, if this contract is signed by the agent.

Some agents have reported to us that when the computers go down (which they do from time to time) they automatically lose their VOIP phone service. Business is on again, off again. Can you live with this? Can computer shut downs be controlled by the company? Of course they can. Could it verge on harassment? Of course it could.

Imagine for a moment the scenario in your office if you are fired unexpectedly (as so many agents are experiencing these days....remember, compliance issues are instant termination (no 9-month notice.) When your computers are shut down, you automatically lose your phone service. All phone equipment in your office will be removed with your computers. No longer will your clients be able to reach you....a great disadvantage if they want to speak with you. Boom...you are cut off from the rest of the world. You couldn't reach the police, the fire department, or any other needed contact you might have. Suddenly, your cell phone becomes extremely important, not only to you but to your customers.

Of course, we are not saying that you should violate your non-compete in this scenario, by any means, but being able to tell your "former" clients that you have a non-compete and to reassure them that they will be taken care of by AmFam until your non-compete is over is extremely important.

Think before you leap. Don't be forced into signing anything that will hurt your independent contractor status or betray any of your customers by suddenly becoming unavailable.

[Board member submission]





# TRANSITIONING TO REAL INDEPENDENCE AS AN INSURANCE AGENT:

What to Consider **Before** You Make the Move

By Michael A. Crafts, CLF, LUTCF

Many years ago, I was given a copy of a book called "Who Moved My Cheese," by Spencer Johnson. It was written in 1998 and is about change, and how to deal with it. If you can take a few minutes to read and consider this information, it may provide you with some thoughts, tools and ideas to help you in your current situation.

We have  been advertising in your publication, on your web site and sending out information through your organization for a couple of years now. I have had the opportunity to read about concerns that you have with your company's contract and complaints associated with it. Like many of you, I have spent a considerable amount of time in the insurance industry as a captive agent. For the first 15 years of my career, I was associated with two different captive companies in various roles. I have been an Agent, District Manager, Corporate Executive, Associate Regional Director and Managing General Agent. I have lived and worked in several major markets: Portland, OR, Chicago, IL, Los Angeles, CA, Denver, CO, San Francisco, CA, and now I live and work in Houston, TX. I have built two different scratch agencies, recruited, trained and developed thousands of agents and many managers while I have been in the insurance business.

Why is this important for you to know? After the first 15 years in our business, now almost five years ago, I made the switch to the independent world by starting my own independent hybrid model. My purpose was to offer agents and clients a much larger choice in how they did business and who they purchased insurance from. Admittedly, I made a couple of mistakes when I decided to leap into that world. I underestimated the difficulty of making the transition from being a captive agent to becoming an independent agent *without the support required*. I also was not prepared for the amount of capital it required to execute the business model and provide all of the resources that agents need to have in order to be successful.

Fortunately, I was able to learn a lot from this process and discover another organization that had already been through my learning curve and successfully navigated the pit falls that exist. Now I am the Vice President of Sales and Marketing for that company. We have over 3500 agents in 38 states, over \$350,000,000 in annual sales and growing. We are the fifth largest personal lines agency in the country and we are also one of the largest independent agencies in the

country. We are one of the only agencies committed to providing the same type of model for agents that I was trying to build on my own. That is why I came to work here.

Make no mistake about it; I fully understand that the transition from working with one company where you have been so used to offering one suite of products and using one organization for all of your business transactions, to becoming independent. This can be a huge learning curve, and a daunting consideration for most captive agents. But I want to clarify that this is not an advertisement for our company. I just wanted to establish my credibility and let you know that I truly understand your situation.

My purpose here is to give you some things to think about if you feel like you want to make a career change, or if you feel like you **have** to make a career change that you did not want to make. I offered to your organization that I would be willing to provide an article to address some questions or concerns that agents may have about going independent because I still believe in the value of an agent.

We could spend a lot of time talking about how bad things are in your current situation, or how negative you feel about your current contract, and how you want the company to change, but I am not going to give that any more energy. Neither should you. It really is like



**crying over spilled milk** and we will not solve anything by giving it more attention or focus. It's time to move forward. *All we ever have is today and the promise of tomorrow.* Yesterday is gone. So please allow yourself to set the bags down and free up your hands and your mind for what your next opportunity is.

The reality of our business is that companies change contracts for a variety of reasons. This can impact you positively or negatively on many levels. I have seen companies down size, shut down books of business, spike rates, close markets, open markets, buy markets, cut commissions, increase commissions, and on and on. The business we are in is constantly changing and as agents we do not manufacture the paper, so we do not control the margins, underwriting rules, or supply. We are in a dynamic market to say the least, which has experienced a lot of upheaval due to the weather changes, changes in the economy and the buying habits of the public based upon the marketing and advertising tactics of direct writing companies such as Progressive and GEICO. You do not control any of those areas ▶

either. What you do control is one thing and that is **how you choose to respond to the situation.**

There are you to make are unhappy in your with the



two decisions for at this point if you or unable to stay current contract company you

represent. The first one you need to make is **whether you want to stay in the insurance business as an agent and are you willing to make a move in order to do so?**

That decision is followed up by the most important question you can ask yourself right now which is **why?** With anything in life, you must first consider why you want to do something in order to figure out what you are going to do about it. If you are going to consider becoming an independent insurance agent at this point in your career, then I will give you a list of things and a list of questions you should consider when determining how to best accomplish that.



- **Are you going to go out on your own or are you going to join an existing organization?** Based upon my experience, it is virtually impossible to

start an independent agency today without becoming part of some type of organization to gain access to markets and some back end support. The insurance companies are not interested in working directly with captive agents who have no experience and cannot provide enough volume to satisfy their contracts. Having said that, there are a few different options out there in the market today. I suggest you spend the time to look at your options and put together a plus and minus checklist to determine who will give you the best overall opportunity for success that you can afford to be part of.

- **Do you want to try and build a business from scratch or purchase an existing agency?** Do you know how to go about valuing the business and do you have any resources for help with this? Many agents do not have any idea how to approach this subject.
- **Do you have a business plan and the ability to make the transition?** Once you are past the emotions associated with moving forward, you need to put your business hat on and look at the resources and tools you have available to make a transition. You will need to have a solid plan for building another agency, or it will not happen. Some organizations can offer you support in this area. Most will not.
- **Where are you going to get your market access and how are you going to meet all of the production quotas required?** It is sort of a Catch-22 situation. You cannot get markets without experience and production. If you don't have enough markets, you cannot compete and be successful. The reality is that you don't need all of the markets, but you do need the right markets for your client base and the community

you are doing business in. Often joining an organization can get you scaled quickly and provide you with what you need.

- **How will you manage your business?** Does the organization offer technical support, resources and tools for you to use to run your agency? You are going to need a comparative rating software program, agency management system, accounting support, errors and omissions insurance coverage and ongoing support.
- **Where will you go for training and ongoing support?** Does the organization offer field support, a help desk, meetings, training, etc.? The insurance carriers on the independent side of the business cannot and will not fill this role. They may offer some occasional training for products or sales visits from a marketing rep if you are doing the sales volume, but they are not going to take care of you. It's not their business model.
- **How do you gain equity, access to capital and succession planning?** These are some of the financial components that you should be concerned about if you are going to start over. Will the organization you are considering working with offer you equity in your business and how does it work? Will you have access to capital if you need to purchase equipment, hire additional staff or find another book of business to purchase? What happens if you want to leave? Will the organization buy your business and what is the valuation based upon?

Granted, there are many things to consider and many more questions you may need to find the answers to in order to make a decision about your future. Most people do not take the time they should to work on solving their problems and setting goals for the future because it takes a lot of work. One thing is certain, if you remain in a situation which you are unhappy with, where you are losing income and constantly worried about your future, you will either have to accept it or remain unhappy.

**Only you can take steps to change your situation. You may want to go out and pick up a copy of the book I mentioned. One of the things about change with human beings is that we are so resistant to change, that until the pain of our current situation outweighs the perceived pain of making a change we will not do it. But to quote Spencer Johnson, "you have to leave point A in order to get to point B."**

I hope this was helpful and I wish you the best.  
Michael Crafts Phone: 281-466-1128  
THE WOODLANDS FINANCIAL GROUP





## *What's Your Current Value Proposition?*

Great brands create a sense of value, status and achievement, but only great people can deliver it. Join the fastest growing independent agency in the country-a company that understands what you need in order to be successful and offer value for your clients.

*At **TWFG** we provide you with the markets, systems, tools, back office support and training to grow an independent agency or branch operation.*

We have several options available with a competitive commission structure for all lines of business. TWFG provides access to capital and can assist with book purchases and transfers. Our leadership and field support team is experienced and well trained. If you are looking for a way to transition from your current situation, captive or independent, we may be the perfect fit for you.



To find out:

[www.twfg.com/professional-agents](http://www.twfg.com/professional-agents)  
1-866-466-8934 | [agentinfo@twfg.com](mailto:agentinfo@twfg.com)





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



Scan with smartphone to  
learn how ASNOA can help  
your business grow.

[http://asnoa.com/video/  
mobile/index.html](http://asnoa.com/video/mobile/index.html)

- More control over your future with Increased Independence
- 56% total premium growth in 2012
- Increase your revenue faster than you ever thought possible
- A Proven Network of Success
- Secure Carrier Markets
- A stellar support system for Independent Agents

"If you have a solid foundation in the insurance industry, and a strong desire to be truly self-employed, this opportunity is for you. ASNOA provides all the tools, along with multiple well recognized Regional and National Carriers. If you dream about selling insurance to just about every person you talk to, then start realizing your potential with the ASNOA Advantage!"

Sharon Robles, Sharon Robles Agency, LLC — Chicago, IL

We are Insurance Professionals helping other Insurance Professionals realize their full business potential. See how the ASNOA Advantage can help your agency grow. Watch the video at: [www.asnoa.com/video](http://www.asnoa.com/video)

**ASNOA**<sup>®</sup>  
Agent Support Network of America

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