

ARE JD POWER/OSAT REQUIREMENTS A VIOLATION OF INDEPENDENT CONTRACTOR STATUS?

American Family's use of J.D. Powers/OSAT score requirements is a direct attempt to control agent activities. As independent contractors, agents can not be told by the company how they are to run their agencies. Agents are in full control of all their daily activities. Although the steps an agent must go through to meet the requirements in order to receive a J.D. Power designation *might* prove useful in improving the quality of service the agent provides, scoring an agent based on his *compliance* to these requirements is very disturbing. So why is becoming a J.D. Powers agent disturbing and why are these requirements possibly threatening the agent's independent contractor status? Please hear us out. We readily admit that:

- **Personal insurance reviews** (PIR's) are a very good way of keeping in touch with clients. They help make sure the client is properly insured. If their circumstances have changed requiring different or additional insurance coverage, the PIR will catch this change. The PIR demonstrates the agent's professionalism to the client. If an agent fails to do timely insurance reviews both the client and agent lose. The agent loses out on sales and the client could be lacking sufficient coverage.
- **Timely customer response** is something everyone wants and expects. If you had a question, concern or claim, wouldn't you want a prompt answer and have the problem handled as soon as possible? Although it is always nice to make a sale and earn a commission, it also feels good to have a satisfied customer. It is easier making people happy with a quick response than to have to make excuses and possibly have people upset when you do get back to them. Again, promptly responding to your customers is just part of being a professional insurance agent.
- **Positive customer contact** is also important. However, the company would prefer that you use one of *their* methods for keeping in touch with your clients rather than using your own. To receive a high score during the J.D. Powers office visit, you can clearly demonstrate positive agent contact if you are using one of the company's programs. If you are *not* using one of their programs, you will need documentation for the positive programs you are using. The company programs are perhaps cost effective, but many clients complain about the company's mailings as being 'junk mail' or "poor use of their premium dollars." Birthday cards and holiday greetings cards sent directly by the agent seem more personal and appreciated. The personal touch the birthday and holiday cards provide definitely seems to have a more positive affect on the clients than mail coming to them from the company on the agent's behalf.
- **A clean, neat office** environment is also one of the criteria in order to receive the J.D. Power award. Common sense and HIPPA law require that agents keep client information safe and secure. If things are properly filed away and

the office is clean, it makes for a much more conducive working environment plus your clients will find doing business in such an environment an added plus.

- Last, but not least is the **claims contact procedure**. The reason people buy insurance is so that in the event of a claim, they are properly covered. In the customer's eyes, the protection they have purchased for personal injury, liability and death (in the case of a life policy) is only good if you, the agent, are there at claim time. Clients want *you* to know when something has happened. They also expect you to 'earn' your paycheck by helping them deal with any loss. It is not only a matter of being a professional, but it is a matter of being personally concerned about your client.

Yes, all these things are important, but it is unlikely that there is an American Family agent any place who hasn't already been practicing these basic criteria. Some are more proficient at it than others, but agents have already been doing their jobs or they wouldn't have already been rated as high as they have by JD Power. (See JD Power Press Release 30 August 2007) The *drawback* comes when you have to be scored. Hear us out.

If American Family is going to use these criteria to score your "success," and possibly tie your income to your OSAT score, or even worse, use the score to justify your termination, it then becomes another way of **telling you what needs to be done to operate your office**. This is a control issue that is forbidden under an independent contractor status.

While we strongly suggest that all agents strive to be the *most professional agents they can be*, we also caution you about what American Family may do in the process of directing the daily operations of your agencies. American Family **cannot** tell you to do personal insurance reviews. They **cannot** require a timely response in contacting a client. They **cannot** require you to mail out company correspondence or personal correspondence to meet a company J.D. Power criteria. They **cannot** require you to contact an insured after a claim. They **cannot** require you to always have a neat and clean office. Again, we do not know why *any* agent wouldn't want to do all of these things in order to create a friendly, pleasant work environment and establish better client rapport and loyalty. But what we are doing is **making you aware** that American Family CANNOT require or demand that you do these things. If American Family ties commissions to OSAT scores, threatens agents, uses low OSAT scores to "justify" terminating agents, or uses the scoring in any way other than to track how agents are doing, they are violating the agent contract and the agent's independent contractor status.