

# The NAAFA Report.....Fall 2010

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**MEMBERSHIP IS GROWING!** NAAFA is setting its goal at 3000 members. This is very achievable, we believe, because agents are beginning to realize some of the tools NAAFA has for helping agents in need. Membership and conversations with the NAAFA office are confidential. Do not let management insult your intelligence by advising you not to join. You have every right to become the professional you were meant to be and NAAFA should be part of your growth. JOIN NAAFA TODAY. HELP US REACH 3000 MEMBERS.

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# The NAAFA Report.....

## Who We Are

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

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

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## Our Mission Statement

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

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## **THE LEGAL DEFENSE FUND—DONATE TODAY!**

NAAFA wishes to thank the many of you who have donated to the Legal Defense Fund. This fund has been established to support efforts to bring the issue of TRADE SECRETS to trial. As you may or may not know, the 2<sup>nd</sup> Circuit already has a decision that *customer information is NOT a Trade Secret*. But that decision conflicts with the Trade Secret decision made in the 7<sup>th</sup> Circuit. You may read the court decisions by looking under **Legal Cases** on the home page at [www.NAAFA.com](http://www.NAAFA.com). When two circuits have conflicting findings, it often becomes necessary to take the case to a higher court. As of this printing, several suits are pending where the Trade Secret issue will most certainly be brought up and perhaps dealt with once again in the Federal Courts.

Let us remind you once again that the non-compete in the agents' contract is not the issue at all. All agents should honor their contract by observing their non-compete. But customer lists are NOT Trade Secrets (as evidenced by the 2<sup>nd</sup> Circuit) and it appears to most that when the non-compete period is over, the agents have the right to use a list of their former customers in order to contact them. The courts need to be shown how readily available customer information is and why captive and independent companies are at odds about ownership of those lists. The monies you donate to the LEGAL DEFENSE FUND will go to the agent(s) whose case proves this point. **PLEASE DONATE TODAY**. Make your check payable to the NAAFA Legal Defense Fund and send it to:

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## **HAVE YOU HAD TO DECLARE BANKRUPTCY SINCE STARTING YOUR INSURANCE AGENCY?**

NAAFA is trying to collect some statistics on just how widespread bankruptcy is among our agents. We have heard from quite a few who are being forced into bankruptcy because they are not able to make the money in their agencies they had planned on. Please help us with this study by **CALLING OR WRITING TO NAAFA ABOUT YOUR SITUATION**. Basically, what we want to know is when you filed and what the repercussions were for you.

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## ARE YOU THE REASON MORE ARE GOING WITHOUT LIFE INSURANCE?

Anonymously

submitted

In a recent Wall Street Journal article by Leslie Scism, we learned some interesting statistics quoted from Limra about the growing number of US households going without life insurance. Limra is reporting that nearly one third (35 million) of the US households are without life insurance and this number is growing. This number is higher than it has been in the last forty years.

Recently, NAAFA received the following letter from an X-American Family agent. Here is one US family who didn't fit into this declining statistic because the agent more than fulfilled his obligation.

Dear NAAFA,

While I was an agent with American Family, I sold life insurance to John and Mary Smith. (Name changed) After I was terminated, these clients were transferred to another AmFam agent. A couple of years later, John called me, asking about life insurance. After I questioned him further, he said that he was cancelling his AmFam policy for \$150,000 face value because he **just couldn't afford the premium anymore**. Because I felt uncomfortable about "replacing" a life insurance policy, I told him I just could not help him. Anyone who has left American Family knows the paranoia I'm talking about!

After I hung up, being curious to see what he actually could buy through my independent carriers, I proceeded to run a quote for John and Mary. In fact, I doubled the face amount to \$300,000 and the monthly premium was still **\$15 per month less than the \$150,000 at American Family!** Immediately, I saw I had a moral and ethical duty and an obligation to call him back and inform him of these prices. After all, as a responsible agent, I needed to see that people receive the best possible coverage for the best possible cost. I called them back.

John and Mary were elated and begged me to write the \$300,000 policy on John's life. John cancelled his American Family policy and bought the larger one from me. I refused to feel guilty about rewriting the policy because the customer's best interests were my top priority. I provided twice the coverage, kept the premium at a level the customer could afford, and placed the policy with a very credible company. Ethically, I fulfilled my obligations to the customer. I knew that legally, consumers must be allowed to make purchases where ever they want. This consumer chose me. I felt obligated. End of story.

One and a half years later....today I received a call from Mary saying that John had suddenly passed away at age 54. Mary and I talked about John and how John had wanted to cancel all his life

[Continued on Page 6]

insurance and go without. Then Mary went on to thank me over and over

again for calling them back and encouraging them to buy better coverage. She went on to say that she would have been without anything had I not called her back and with 2 children in college, their lives would have been totally devastated. "I can't thank you enough because you doubled John's life insurance death benefit. I know John is smiling now. Thank you."

NAAFA, I just wanted to let you know that sometimes our best decisions are made when we unselfishly decide to help our customers.

The number of households going without life insurance is probably a "sign of the financial pressures on middle-income families," Scism reported, but Robert Kerzner, president of Limra, reported that while the poor economy is definitely a factor in the recent decline in coverage, "*the life insurance industry itself shares blame in the fall off in sales, according to other recent studies and consumer advocates.*"

The author then goes on to suggest several interesting factors contributing to this decline:

1) Although term life-insurance costs appear to have dropped, other types of life insurance remain expensive to middle-income consumers. These consumers are often put off by the pressure tactics of commission-paid agents.

2) There's been a big decline in the number of agents who sell to the middle class customer. [We all know why this is....many are being terminated or forced to resign!] The number of "company-affiliated life insurance agents has dropped by about 1/3" (to 174,000 agents in recent years) according to Limra.

3) Many agents try to sell only to higher-income families who can afford to buy policies that pay higher commissions.

When you stop to think that the percentage of households that have life-insurance protection [outside of a plan offered by an employer] has dropped from 50% to 44%, you realize our American society has a great need for life insurance and most certainly, the market is there if you have a decent and competitive product to sell.

Amazingly, the survey found that many people didn't know where to get help in buying life insurance! Nearly 80% didn't have an insurance agent and 60% of the baby-boomers preferred to buy life insurance face-to-face while younger generations preferred to "gather information online." It looks, however, like those who gathered info on line neglected to make the purchase. (The Wall Street Journal article can be found at the following link.)

**NAAFA feels its members are some of the most ethical salespeople in the industry. We are proud that our members have the best interests of their clients in mind at all times. And we are**

[Continued on Page

7]  
**ecstatic that John and Mary Smith's (names changed to protect identity) family was well protected because one agent was willing to take a chance and follow his conscience in order to properly provide for his clients.**

[End]

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### **AMERICAN FAMILY LOSES \$1.6M APPEAL IN DAN SAMP WRONGFUL TERMINATION CASE.**

American Family, it appears, is continuing to spend policyholder money like there's no tomorrow! Not only do we have to ask why the company continues to terminate so many agents, but we need to ask how they can justify the policyholder money they spend defending their actions when they wrongly terminate an agent. In DAN SAMP'S wrongful termination case, the jury awarded him \$1.6M, but AmFam decided to appeal. The verdict, just in for that appeal, is that **DAN SAMP won his \$1.6M case plus some \$400,000 in interest!** We are extremely happy for Dan. You deserve it, Dan, after nearly a 7-year court battle which proved your innocence. Congratulations, also, to Attorney Jim Hammes for an outstanding job of defending Dan. **[You may read the legal decision by going to the home page of [www.naafa.com](http://www.naafa.com) ]**

Needless to say, there are many more agents who deserve to be reimbursed for the wrong done to them. The reasons agents are being given for why they were terminated are shallow and frivolous, to say the least. Dan's **wrongful termination and wrongful breach of contract** case appears to show just how desperate this company apparently is to *totally* destroy agents they terminate. The fact is, Dan never did anything wrong and the jury concurred. Why then, is it morally and ethically right to terminate these fine agents who have spent their whole lives faithfully supporting American Family? Is it morally and ethically right for the company to spend policyholder money on lawsuits such as this when they know they are in the

wrong? Policyholders have no clue how much money is being wasted; money that could go to reduce their premiums but instead goes to destroy agents in court.

Let us know your thoughts and opinions.

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[End]

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## MANAGING BY FEAR AND INTIMIDATION

Name withheld by request

Look around you. How many *happy* people in American Family Land do you see? Is your district manager happy? Is your underwriter always smiling? How about the claims adjustor on that last claim that came in? Is your state director bouncing with joy and happiness? How about your assistant?

Unhappy workers can't work. At least that's what Steven Stosny, PhD expert on anger management and emotional transformation says. Stosny has been interviewed by the Wall Street Journal, The New York Times and other national newspapers. He says he's seen many people so distracted by resentment, anger or sheer terror that they misinterpret or forget data, and then they take longer to make decisions. These people seem to get sick more because it might just be that anxiety suppresses the immune system. Or perhaps they'd 'rather have the flu than see you!' At any rate, the old myth, "If you yell at them, they'll work faster" just isn't true, he says.

American Family agents seem so burdened down with reports and silly paperwork that the last thing most of them are is happy. Complaints come in that these redundant reports are nothing but a distraction, probably thought up by someone who needed to make his boss think he was 'creative and productive.' What a laugh! If these reports are worthwhile, why hasn't production increased? Why hasn't retention gone up and over the goal?

Most agents (and probably a good share of the employees at American Family) are down right *fearful* for their jobs. No one seems to know who might be the next one to go on the chopping block. Word has gotten out that management needs to eliminate an *average* of 8 more agents per state before the end of the year. Will the next one be me, you ask? This kind of an environment does nothing but promote fear and intimidation. And an environment of fear actually lowers performance, creativity and problem-solving skills.

When will management realize that improving worker happiness (by eliminating fear and intimidation) actually increases the respect workers have for management. If you treat people like trusted, respected colleagues, you'll earn their respect and loyalty. Wow, district managers, wouldn't that be ideal? Have you ever noticed that people who rule by intimidation usually promote people who "look, think, and act just like them?" Yes, they reward the "Yes-Men" we all dearly

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love to hate! And of course, by doing so, management has just put the company's survival at risk because creativity and thinking-out-of-the-box has just been successfully stifled!

Agents have told NAAFA for years that they are *afraid* to join the organization. They say they *fear* they will be terminated if anyone finds out they're members. You know, it really doesn't matter whether you're a NAAFA member or not. If it is your turn to be fired, you'll be fired. Agents who are top producers and likewise agents who never produce much are being fired. Young and old alike are being eliminated. It just doesn't matter. **SO WHY IN THE WORLD ARE YOU SCARED TO JOIN NAAFA?** By joining, you will be much better prepared for when the inevitable might happen. Smart up, guys! Quit being intimidated and join before it's too late.

A recent article in a Minneapolis paper told about Marco Inc., a Minnesota corporation, where it is reported that their employees are happy because they work in the greatest place there is to work. What makes it great? Could it be because the company that employs 350 people is wholly owned by these employees and 100% of its profits go to the employees? The company has 13 locations in North Dakota, South Dakota, Minnesota, and Iowa, is growing and is completely debt-free. One way Marco gauges employee happiness is by surveying its workforce. And guess what? They don't hire outside resources to run the surveys. They do it themselves. Wow! Think of the money saved right there. But Marco also surveys their customers. If a customer responds negatively to any of the 12 questions on the survey, the sales rep has 24 hours to get in touch and "start the recovery process." Jeff Gau, CEO, says that they recover these customers 100% of the time. They do what they have to do to "make it right" and as a result, they keep the customer for life. And they have been doing this for 22 years.

Why do I mention Marco? Because it's good for us to know there are companies in this country where workers are happy and productive. Marco has very little turn-over in employees because they are respected and happy working there. How does that compare to the people who work at American Family? Are we happy? Are we productive? Are we respected? Is there little turn-over in agents and employees? If you are going to be truthful, you'd probably have to answer "no" to all of the above. It's a sad state of affairs and one that is having a great damaging effect on what was once a fine company. When will it stop? Is there anything that can be done?

[Continued on Page 11]

Reform and overhaul must start at the top. You know the old saying, "Poo runs down hill." It seems time someone realized how to clean up the poo. Is this a sticky board issue?

**Probably. This one thing I do know is that if something isn't done soon, this company isn't going to make it. When pride and self-centeredness get in the way of good decision-making, you know you have a recipe for disaster. Board, reign in on what the problem is before it's too late. If you can't figure it out, maybe an in-house survey of employees and agents would enlighten you. Usually, they know best, we've learned. Stop this fear and intimidation. Learn how to develop a great company culture from the top down and see this company once again thrive!**

[End]

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## **The Devil and the DM**

[Anonymously submitted]

**DM:**

I made a deal with the devil.  
Such an easy game to play.  
If I'd do this, then he'd do that  
And I'd earn my bloody pay.

I watched them swing the axe that day.  
On me the blood did splatter.  
But as long as I get what I want  
It *really didn't matter.*

**DEVIL:**

"Oh, but it did!" The Devil smiled.  
"It did, it does and it will.  
You got to play your dirty game  
Now you must pay the bill."

"I own your **##**. I own your soul.  
You're mine and I shall know you.  
Now on your knees, you lying thief,  
I've got something to show you."

**DM:**

"You lied to me," I shouted  
through the tears and through the pain.

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

**DEVIL:**

The devil laughed and said,

“Twas you that lied, and you that betrayed trust.  
And you that caused the good to fall...  
You, your greed, and lust.”

“And now you want it easy  
You want me to play nice.  
**Before you played the dirty game  
You should have asked the price.”**

[End]

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## **“WE’RE IN THE MUDDY MIDDLE OF CHANGE”**

(THOUGHTS ON JACK’S COMPASS ARTICLE 7-7-2010)

[Name withheld by Request]

First, let me say to Jack, “You’ve made a good attempt at throwing out some encouragement, but it may have missed the mark because in muddy water, you can’t see where you’re throwing!”

In doing a bit more studying of the writings of Harvard Professor Rosabeth Moss Kanter (the author Jack quoted to obtain his ‘muddy middle of change’ title) one learns that Professor Kanter, in her book *The Strategic Value of Values: A New Guidance System*, [<http://hbswk.hbs.edu/item/6267.html>] says that:

“Values and principles help them (Vanguard companies) create continuity through time, from past successes and traditions to present goals to future visions and changes.”

This writer believes (and I believe many will agree with me) that American Family has *failed* to “create continuity through time, from past successes and traditions” because the company seems to have forgotten and/or ignored what made them successful in the first place. There appears to be no continuity at American Family other than the fact that we’ve been continuously in the ‘muddy middle’ for about the last eight years. We must stop tearing apart the entire social fabric of this once great company in the hope of finally remolding it into some hyper-aware corporation that is only busy chasing the “next shiny ball.” If corporate management could think back to the time when insuring and helping the customer (originally, the farmer) not only ‘rewarded the customer’ and ‘pleased the agent,’ but also greatly satisfied management, then the *first step* to accomplishing what Prof Kanter is talking about here would be accomplished. Notice, I said “*first step*.” The second step, I believe, is establishing that today’s American Family Insurance Company is the same company that was established over 60 years ago. But it’s not, is it? Many who knew AmFam in its earliest years tell me there is no similarity. This is sad.

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Jack, you use five bullet points to show the reader where AmFam’s made ‘tremendous progress.’ All of these bullets point only to *online technical*

*enhances* which really only enhance the service to a few of the customers. How have these ‘changes’ really made American Family a better company? I don’t believe they have, and I think most readers know why. It’s pretty clear that even though top management might *think* they are on the right track, you have failed to convince anyone you *are* on the right track because we’re still experiencing of a great lack of communication, we’re still seeing what appears to many to be a lack of corporate ethics. We’re still seeing a lack of success in the past, what appears to be a lack of concern for employees and agents, and actually, a lack of real concern for the customers. Do you really believe we are “on the right track?” Do you actually believe there’s a lot of trust here? Certainly you are aware that promises have been broken to both employees and agents. And certainly you must know that even though our customers have great trust in their agents, their trust for the company drops dramatically.

Professor Kanter says that “confidence and winning is a cyclical process that feeds off of itself, as does lack of confidence and losing. These cycles involve both *internal* and *external* confidence.” She goes on to point out how a “good mood and positive work environment lead to positive behaviors such as open communication, self-scrutiny to continuously improve, respect, and cooperation.” She says these lead to good problem-solving, great teamwork, better disciplines, all of which lead to a higher level of accountability and initiative. This, in my opinion, is missing at AmFam. And have we created a winning external environment? Outside of the great popularity of the agency force, where is the respect and admiration for American Family? It appears to simply not be there.

Prof Kanter also points out that “the culture of losing is one of bad organizational mood; low energy, and self-doubt; dysfunctional behaviors with blame and infighting; lack of information and less teamwork that results in poor problem-solving; and disciplines and practices that are eroded.” All of these behaviors lead to even more of a decline in both internal and external confidence in the company.

Kanter says, “The secret of winning streaks is obvious—not to lose; avoiding losing streaks is just as obvious---not to lose twice in a row.” Wow! How many times has AmFam lost? Over and over and over. (Financial Services, Health Lines, Securities, etc.) After awhile, it gets harder and harder to convince our people that they should trust that this company has the ability to succeed.

Jack, it’s going to take a lot of convincing to overcome this reputation. Putting new wrapping on an old worn out gift is going to be a disappointment to everyone who opens the package! We believe you should begin to listen to what NAAFA is telling you. Why are you so afraid to recognize us? Yes, we give you credit for attempting to learn of the ‘grass roots concerns’ of agents by way of the agents’ council and town meetings, but we all know that there are very few agents willing to risk their jobs in order to *really* tell you how things are in the field. NAAFA, I believe, is more in tune with how agents and

[Continued on Page 14]  
employees feel than American Family is. Isn’t it time to say, “Houston, we have a problem?” And then let’s work together to solve it. That means

communicating with the one organization that is a thorn in your side....NAAFA. Are you willing to really learn why the waters are muddy? Can you just imagine what it would do to the morale of both the agents and employees if suddenly the NAAFA newsletter (The NAAFA Report) could print that we were sitting down with corporate officers to try to work out some of the problems plaguing American Family? Trust me, it would be a win-win situation and isn't that what we all want? Otherwise, AmFam just may never get out of the muddy waters and people don't want to blindly tread in murky yuk forever, do they? [End]

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### OHIO MASS-ACTION SUIT

Eleven American Family agents from Ohio have finally reached the desperate point of having to take legal action in order to survive in the difficult world of the captive insurance agent. A mass-action (versus class-action which requires permission from the courts in order to file) was filed on July 30, 2010 in Cuyahoga County against American Family for breach of contract. Apparently, the position taken by these agents is that American Family has breached the agent contract by holding the agents "captive" (not allowing the agents to sell for any other company) but still not providing rates that are competitive enough to be marketable, thus preventing the agents from earning a satisfactory living. Attorney Tim Pettorini, of Critchfield, Critchfield, and Johnson, Wooster, Ohio, who represents the agents, says that under Ohio contract law, he believes American Family is guilty of breaching the American Family agent contract. American Family, on 8/19/2010, filed a motion to move the case to Federal Court. Go to [www.naafa.com](http://www.naafa.com) Home Page under Legal Cases to read the legal complaint. [End]

- Do you have a desire to serve on the NAAFA Board?
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## I KEEP WONDERING WHY.....

- Agents are afraid they'll be fired if they join NAAFA. Funny thing.....they'll probably get fired anyway!!
  - American Family feels so threatened by NAAFA.
  - So many DM's keep tolerating the pressure they receive to terminate agents.
  - And *where* all the heroes have gone?
  - Agents keep thinking they're independent contractors when they don't really own their businesses.
  - Lying seems to get easier and easier for some people.
  - Agents don't get more VOCAL.
  - Policyholders stay with American Family (Or do they?) when the rates are as high as they are!
  - Only certain agents who quit get sued.
  - Attorneys who represent American Family are so blind to the truth.
  - Agents think they'll never be fired if they just do what the company wants. (Wrong!)
  - Agents think they're innocent till proven guilty. (Wrong!)
- [Our thanks to those who submitted their "I keep wondering whys.]  
[End]



## THE GAG ORDER TECHNIQUE

Submitted by anonymous member

A "gag order" is used to shut people up! Sometimes threats are used as a means of shutting people up, but coupled with a gag order, the whole procedure has the effect of **keeping secrets hidden**. Sometimes bribes of money are tied in to gag orders. Other times gag orders are put into place to protect the questionable behavior of certain individuals. There are times, however, when gag orders are put into place to protect innocent people. Let's take a look at how gag orders tie in with ethics.

In the case of a London pediatrician who was offered thousands of dollars to keep quiet about the unsafe practices she believed were occurring in the children's services department at St. Ann's Hospital in northern London, the gag order just didn't work. After a baby died, she felt she could not keep quiet about it and refused to accept the gag money. This is a case where the individual's moral ethics led her to do what was right and as a result, many lives may have been saved.

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Sometimes gag orders can violate a person's right to free speech and cannot be enforced, a U.S. appeals court in Pennsylvania ruled in August, 2010. Gene Stilp, a Dauphin County activist, said he was threatened with criminal penalties and jail by the state attorney general's office after he told the press he was going to file an ethics complaint against a legislator for allegedly utilizing state funds for political purposes. The federal appeals court struck down the gag rule that prohibited him from talking about the complaints he filed with the Pennsylvania State Ethics Commission. Justice was served when the gag order was repealed.

[http://www.pennlive.com/midstate/index.ssf/2010/08/federal\\_appeals\\_court\\_says\\_gag.html](http://www.pennlive.com/midstate/index.ssf/2010/08/federal_appeals_court_says_gag.html)

Over the years, captive insurance companies have often used the gag-order technique. Sometimes settlements are offered to agents when the company knows they're "backed into the corner" with evidence the agents apparently have against the company. These settlements, the amount and circumstances of which the company wants to keep quiet, are secured by the issue of a gag order. Employees are sometimes restrained under gag orders when they "know too much" or when, in opposition to the company, they take a stand for what is ethically right and it becomes a huge threat to the company. Employees like this often "disappear" but not without the proverbial pay-off and gag order. Quite often, agents who appear to be winning in lawsuits against the company are sometimes asked to "settle out of court." Most generally, these agents receive large sums of money but they are sworn to secrecy with a gag order.

Gag orders appear to be a detriment to the advancement of ethics and morality. One needs to ask several questions when faced with the possibility of a gag order:

**1) First and foremost, what is being covered up, and why?** Is it behavior that is morally and ethically wrong? Who is being protected and who is being hurt by covering up this wrong behavior?

**2) Can justice be served by exposing the cover?** By exposing the wrong, can you help protect the lives of others? Lying and cheating need to stop and we all need to join the fight to stop it. Unfair treatment of individuals needs to be exposed. Usually what is being covered up is wrong, but one needs to look at the circumstances very closely.

**3) What will your conscience allow you to do?** Can you live with yourself if you accept the gag order and allow the evil behavior to continue? Will you look back later and say, "I wish I'd had the guts to expose them....maybe no one else would have gotten hurt."

Millions of people appear to be shaking their heads at all the corporate corruption present today, but very few seem intent on stopping it. Some

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have just resigned themselves to the state of corruption. Others seem to actually want to promote it because that's what it seems everyone else is doing. Why not go with the crowd? It's easier than going "against the flow." Well, **no one promised that life was going to be a bed of roses.** Sometimes to pick the rose one must suffer the prick of the thorn. But the painful prick of the thorn is worth it when one finally gets to appreciate the beauty of the rose. One must decide whether he's strong enough to take a stand for what is morally and ethically right. Are you willing to feel the pain in order to stand for what is **truth and correctness**? If so, I congratulate you. If not, I pray your decision doesn't cause pain to others and that you can live with a clear conscience.

[End]

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## **DO YOUR FEELINGS FOR THE COMPANY HAVE AN EFFECT ON YOUR SALES?**

[Guest

writer]

**Agents are expressing frustration at the company these days. They're unhappy about the terminations, the Tier System, rates, claims handling, mandatory reports and meetings, attitudes of management, to name a few complaints recently being expressed. How do these frustrations affect the agents' sales? Does it really matter whether a district manager treats an agent with respect and an encouraging manner? Will an agent unconsciously refrain from serious marketing when treated with disrespect? Evidently, JD Powers thinks so.**

**In a recent article on money.cnn.com, we read that a JD Power study showed that highly satisfied agents tend to increase their business with an insurer they are happy with. Agent satisfaction was measured across six factors listed here in the order of importance: carrier contacts (28%); policy offering (20%); technology (17%); claims (14%); price (14%); and compensation (6%).**

**<http://money.cnn.com/news/newsfeeds/articles/prnewswire/LA53590.htm>**

**You can readily see that in this study evidence arose confirming that company contact with the agent is probably the most important factor affecting agent satisfaction. One has to wonder whether this is true in just the independent world (agents who sell for many companies) or is it also true in the captive world. Many times we hear captive**

agents say they would prefer if company officials just left them alone so they could do their jobs. If this attitude is indicative of most captive agents, (and we believe it might be!) one has to ask what the captive companies are doing differently from the independent companies to cause this "leave me alone" attitude.

Agents need to ask themselves, "How would you rate the contact you have with American Family? Do you look forward to visits from your district manager and/or your state director? District managers and State Directors, you need to ask yourselves, "What kind of a reception do I receive when I visit or call on agents? Do I get a warm, sincere welcome? Do I *leave* the agent's office knowing I have made him feel better about himself and the company than when I *entered* his office?" The suspicion is that all of these questions can be answered by a resounding "NO!"

The moral of this story is that we see American Family buy the advice of so-called expert JD Power, but we also see that apparently American Family has a hard time knowing what to do with the results of the surveys they pay so much for. You remember the old saying, "If mama ain't happy, ain't nobody happy in this house?" Well, the same thing applies in the captive insurance world. If the agents aren't happy, ain't nobody happy. After all, it's the agents that make the world go round for insurance companies. Funny how some of them recognize it and some don't!!

The JD Power study found a strong trend toward agent satisfaction with commissions and cash rewards, compensation, and being offered marketing dollars even though compensation itself came in last in satisfaction importance. What this seems to say is that relationships, how the agent is treated, and how the agent is appreciated are more important to the agent than rewards.

This should be an important lesson to American Family. We must suggest the company take a look at what they are asking of the agents these days. Does what you are doing make the agents feel appreciated? Do they feel secure in their jobs? Are you trying to relieve them of trivial report responsibilities so they can have time to market their products? What exactly is the company goal for agents? Do you really want them to sell insurance, or do you want them to spend their time turning in all the

reports and spread-sheets that seem to satisfy certain management people? Agents' time does not allow both.

When a company has a goal of terminating huge numbers of agents, do you think this causes a good work environment for selling? Perhaps the company needs to ask itself whether selling products is actually a goal of the company. Many would argue it isn't or the company would provide rates that are at least a bit competitive. When an agent quits and goes independent, do company officials ever ask themselves why this agent quit? There are great lessons to be learned here. A satisfied agent would not leave American Family. What makes an agent satisfied? Does the company really care?

Perhaps it is time for American Family to get down to basics. This writer would love to sit down with Dave Anderson and talk about this company's reputation and goals. Perhaps Mr. Anderson has a completely different view of these two important aspects of American Family than do a lot of people. Could this be the problem? If Mr. Anderson only circulates among people who tell him what he wants to hear, then, of course, he's going to only hear good things. And yes, there are good things about this company. But please be assured, there are many, many problems that are not being faced. The effects these problems may be having on the reputation of this company seem daunting.

[End]

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## THE DREAM

### NAAFA President's Message

The dream for any American Family agent is to work at building an agency, to make a comfortable living, to be an effective insurance professional in their community, and then to retire from American Family when the time is right. When one considers that there are more agent terminations happening at American Family than there are new agents being hired, one realizes that circumstances such as this do have an influence on how we look at issues. We are concerned for agents in their careers with American Family, but we also feel an obligation to agents whose dreams have been cut short when the company terminates their contracts. Both the active agents and the terminated

[Continued on Page 21]

agents are our faithful members. We must try to honor and support both. It is for this reason that NAAFA has been accepting advertising from independent brokers in our NAAFA Report.

In a prior article I talked about some agents who, for whatever reason, were not cut out to be career insurance agents. Most of these people realized this fact and left to enter other careers. But some held on to the dream when they had no other options available to them. Often we've see agents being encouraged to sign long-term leases or borrow large sums of money to finance their agencies when in reality, the DMs, we feel, should have recognized that these agents weren't making it. Before these life-damaging commitments were made, these agents should have been counseled to perhaps look at other options. Instead, the company terminated these agents, leaving them with huge debts, an attitude of failure, and very little chance for recovery.

Terminations become even more of a concern when American Family terminates agents' contracts just before the time the agents would have qualified for termination benefits. These agents tend to be in mid life, perhaps have children heading off to college, heavily mortgaged, and over extended because they still believe in the dream of successfully fulfilling their careers as American Family agents. Terminations are tragic. But these agents need to understand there is hope and a life after American Family. That's why NAAFA is here.

There are many veteran agents over 60 who have been with American Family for 30 years or more who are also being terminated or more or less forced to leave. These agents usually have larger agencies that are profitable with excellent client/agent relationships. American Family is terminating their contracts for varies reasons, but we all know one of American Family's reasons for doing so is to *capitalize on transfer profits and to have openings for displaced district managers*. These agents have spent their lives and thousands of dollars maintaining and promoting their agencies. The dream for these mature agents was to retire when they decided to retire, not when American Family arbitrarily terminated their contracts. NAAFA is here to help members in just such a situation.

Because we are hearing from more and more agents whose contracts have been terminated, you may notice a slant toward informing agents that they have options and can continue as career agents in the independent world. Theoretically, captive agents are supposed to be independent contractors so we are only providing alternative employment information that independent agents should be aware of. In addition we have included some advertisements from brokers and agent recruiting groups. NAAFA believes that the character and professional wisdom of American Family agents are qualities greatly sought after by brokers looking to hire. It is important for agents to know that just because it appears that American Family does not value you as agents, someone else does. So yes, you should not forget that you can continue to fulfill your dream of being a successful insurance agent. And NAAFA is here to help!!

[End]

*Bumper Sticker:* No one is as deaf as the man who will not listen.

And once again we bring you a bit of humor. Laugh and enjoy.....

## Overheard At New Agents' School As New Agent Begins to 'Learn the Ropes'

By One Who Has!

**DM:** "What do you mean you can't x-date at night because you are enrolled in an acting class?"

**New Agent:** "Well, when you hired me, didn't you say I had to qualify for a flick?"

**DM:** "If I've told you once, I've told you a hundred times, this is just a numbers' game."

**New Agent:** "If it's a numbers' game, how come we always lose when our premiums always seem to have the highest number?"

**DM:** "The law of large numbers means that many people pool their money to pay for the misfortunes of a few select people."

**New Agent:** "So, that's like the policyholders paying for the bonuses of the top executives, right?"

**DM:** "Insurance scores are a result of a formula that is proprietary to American Family. In other words, it is a secret formula and cannot be divulged to the populace."

**New Agent:** "Oh, I understand. It's just like the agent tier formula, huh?"

**DM:** "You must remember that you are a member of a team. The agent, the underwriters and the claims department, all working together harmoniously, for the benefit of all."

**New Agent:** "If we are such a team, how come when underwriting or claims screws up and the policyholder leaves, I am the only one who suffers financially?"

**DM:** "Your District Manager will always be there to help you achieve the goals he has set for you, and if you should stumble along the way, be assured that you will have 6 whole months to get your act together before you are given the opportunity to find a new career path."

**New Agent:** "Six months for the agent to get his act together, how nice! I am assuming that all agents have the same "act," or do some "acts" find themselves on the director's cutting room floor?"

**DM:** "Remember that your formula for success is in direct proportion to the amount of life insurance you write. You must set aside at least two hours per day to prospect for life insurance."

**New Agent:** "Okay, now let's see, I spend 25% of my time on a product that will generate less than 5% of my total income. That's a formula for success?? Who's success would that be, Mr. DM?"

[And so the "enlightenment" of the New Agent begins.....]

[End]

*Accept that some days you're the pigeon,  
And some days you're the statue.*

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

**The National Association of American Family Agents**

PO Box 578

Circle Pines, MN 55014



# The NAAFA Report

(Fall 2010)

-----CUT ALONG HERE & RETURN WITH YOUR CHECK-----

## NAAFA MEMBERSHIP/ DONATION APPLICATION\*\*

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City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

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<b>MEMBERSHIPS</b>		
(Circle one)	Annual	\$240
	Semi-Annual	130
	EFT (Monthly)	20
	Retired Annual	80
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<b>DONATIONS:</b>	Silver _____	(under \$99)
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[\*Membership included with Gold or Platinum annual donations.]

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

### PAYMENT OPTIONS:

**CHECK:**

Please send this application along with your check (made payable to NAAFA) to:

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

**EFT:**

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

**CREDIT CARD:**

Please go to [www.NAAFA.com](http://www.NAAFA.com) and enter your credit card information by clicking on the PayPal icon under the "Enroll Now" tab.

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

