



*The*

**NAAFA**

**Report**

2014 January Winter Edition

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## **SURVIVAL DECISIONS?**

### *Featuring.....*

If You like Your Agency, You can Keep Your Agency. Period! Is Lying Becoming a Fad or What?.....Page 4

Postponing your Retirement?.....Page 27

Both Sides of the Story—McKinsey Report versus Deep Customer Connections.....Page 8

Insurance Agents & the Guards of the Unknown Soldier’s Tomb.....Page 26

If You Want Your Agency to Survive, Here are Some Things to Think About.....Page 22

The CLASS Action—Agents vs AmFam.....Page 24

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# Insurance Professionals:



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

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**Global  
Green**  <sup>®</sup>  
INSURANCE AGENCY

**Travelers Insurance Company's  
2009 Agency of the Year**

Features to help you decide.....

If you like your Agency, You can keep your Agency....PERIOD!.....Page 4

15 Largest Direct Auto Insurers and Editorial Comments.....Page 7

Both Sides of the Story [McKinsey vs Deep Customer Connections].....Page 8

Are you Bitter or Better?.....Page 10

Where will the New Year Lead You?.....Page 11

The Food Chain-----The Brick.....Page 13

NAAFA, Inc, our Acronym has changed.....Page 20

Tips on How to Protect your Privacy.....Page 21

If You want your Agency to Survive.....Page 22

Our Culture of Rapid Change.....Page 23

Insurance Agents & Guards of the Unknown Soldiers Tomb.....Page 26

Postponing your Retirement?.....Page 27

**Messages from Advertisers and Ads:**

Global Green Insurance AD.....Inside Front Cover

Couri Insurance Associates AD.....Page 15

There’s One Question I want to Ask You by Bill Gough, BGI.....Page 16

BGI Marketing AD.....Page 17

Premier Group Insurance AD.....Page 18

McKinsey’s Report on Agency Distribution by Rex Hickling, Premier.....Page 19

InsureZone Direct AD.....Page 30

The Woodlands Financial Group (TWFG) AD.....Inside Back Cover

Agent Support Network of America (ASNOA) AD.....Back Outside Cover

**Legal:**

The Class Action (Agents vs American Family).....Page 24

Plain & Simple: A Law to Protect Independent Contractors.....Page 25

**Returning Columns:**

NAAFA President’s Message.....Page 6

NAAFA Mailbox.....Page 12

    #1 from grateful donor

    #2 agent decided to leave AmFam

    #3 reader responds to ‘Control your Destiny’ column

Control your Destiny by Bob Korvas.....Page 14

**General Information:**

SECA Kit Availability.....Page 6

NAAFA Membership Application/Benefits of NAAFA Membership.....Page 28

Who We Are, Mission Statement, NAAFA Disclaimer.....Page 29



**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 sets its wings so the wind picks it up and lifts it above the storm. It doesn't escape the storm but uses the storm to lift itself higher.

**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 eagles. 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!!



# IF YOU LIKE YOUR INSURANCE AGENCY, YOU CAN KEEP YOUR INSURANCE AGENCY....PERIOD! *IS LYING BECOMING A FAD OR WHAT?*

Author Asks to Remain Anonymous

Lying is almost a fad. People seem to slip lies past others without blinking an eye. What is happening to ethics nowadays? Has the removal of the Ten Commandments in our country contributed to the decline in moral character so much so that people can break these rules without a conscience? Apparently so.

NAAFA has done articles on lying before. (NAAFA Report Summer 2013, Page 5, *When Telling the Truth Becomes an Issue*) So why, you ask, do we keep harping on the subject? Well, mostly because the continuation of this harmful habit is continuing to greatly harm us. Some authors are even going so far as to attempt to tell you how to lie to 'save you money.' For instance, Jacob Tomsky tells hotel guests how to bend the truth so they won't have to pay for in-room movies. His book, *Heads in Beds*, is full of examples. We won't describe them here because we don't want to promote such practices, but believe us when we say it is happening. Or, ever know of someone who brags that his accountant is really sharp on showing you how to "legally" cheat on your taxes?

Most lies are spoken with the intention of personally profiting from the lie. Just a little fudging of the truth can really save you some money, most liars believe. And perhaps that's true, but what happens to the psyche of the liar after a while? Liars who brag about their "successful" lies soon begin to think that only the unskilled and unsophisticated tell the truth. It's hip to tell a lie and get away with it, they think. It becomes a way of life. After a while, you begin to believe your own lies.

But there are some real unhealthy side effects of lying. Richard Gunderman, in his Feb 13, 2013 article, *"Is Lying Bad for Us"* quoted a study you might be interested in:

*"One recent study laid the groundwork of a case for honesty by suggesting that liars are less healthy. Researchers at the University of Notre Dame followed 110 people over a period of ten weeks. Half of the participants were asked to stop lying over this period of time, and the other half were not. Both groups took weekly polygraph tests to determine how many times they had lied in the previous week. Those who were able to reduce by three the number of lies they told had four fewer mental health complaints (such as feeling tense) and three fewer physical health complaints (such as headaches) than those who did not."*

So perhaps one might conclude that it is actually more stressful to lie than to tell the truth....after all, you have to remember what you lied about in order NOT to get caught in your lie. And it takes more work to lie because you have to "plan your strategy" carefully. People who lie usually get found out. And the by-product of that is the liar is no longer trusted. Now how

does that make you feel? Think about how your children look at you when they catch on that you have lied. (And kids will find out. They're pretty sharp and will soon mimic their parents. Is that what you want your kids to do.....follow in your lying footsteps?

We could give you ever so many reasons for not lying, but lying has been inherent to man since the creation. Adam and Eve lied. No wonder God decided to give us, as one of his Ten Commandments, "Thou shalt not lie!" Now is there any doubt that lying is bad, bad, bad?

So far we've covered what lying does to the liar. But the other side of the situation is the question of what happens to the one being lied to. Estimates on the *severity* of lying range from about 10 or 11 lies per week to as high as 200 times per day! Pamela Meyer says it takes two people to complete the lying act. Lying, she says, is a "co-operative act." There has to be a liar, but there also has to be someone to believe the lie. Suddenly, you realize how important it is to recognize when someone is lying so you're not caught in the liar's web. Following is a link to a video by Pamela Meyer: <http://lifehacker.com/5850632/how-science-can-teach-you-to-easily-spot-a-liar> who tells you how to spot a liar. Here are a few of the lying indicators she pointed out and in the video, she gives specific video clip examples:

- Liars like to distance themselves from the subject. Taking Bill Clinton as an example, "I did not have sexual relations with that woman," has the two giveaways of "did not" and "that woman" help point out that it's a lie.
- Liars use qualifying language, like "to tell you the truth."
- Repeating the question before answering it dishonestly is a common indicator of a lie.
- Liars look you in the eyes too much. They don't fidget, but rather freeze their upper body.
- Liars will fake smiles.
- Liars like to offer details.
- When liars are the culprits and trying to avoid punishment for what they did, they're more likely to suggest strict punishments for the "real culprit."
- Liars are terrible at telling their stories backwards.
- Liars will often point their feet towards an exit.
- Liars will often put barrier objects between themselves and the person asking them about their lie.

Now let's talk about who's apparently lying. There's the Benghazi lies by our President and Hillary; there's Obama's "If you like your health care plan, you can keep your healthcare plan. Period;" there's Nixon's lie, "I am not a crook;" there's Clinton's lie, "I did not have sexual relations with that woman;" and oh, what about the following:

*"Think of our brand. We have the best agents in the business, and we are supporting them, investing in them, helping them position their multiline businesses for a powerful future. The "Dreams Protected" campaign, B&A Insurance Solutions, agency telephony project, and—oh yeah – the beginning rollout of Advance (new products, new pricing, new systems) are all examples of the huge commitment to our field. We love our agents and will continue to invest heavily in them in the coming years."*

You guessed it. These are the words of one of AmFam's corporate leaders in a recent Tweet article entitled, *"Progress! Now it's time to formalize strategy and align structure"*. It would have been interesting to watch the writer actually speak these words in a live broadcast. Perhaps we could have applied some of Paula Meyer's lie detection techniques. At any rate, agents are shaking their heads. Try telling the hundreds of agents who've been fired or shoved out of their agencies lately that you think they are the best agents in the business, that you are supporting them, investing in them and that you love 'your' agents! Is this how you show love and support? By firing them? These agents have been hurt. They have had their multiline businesses taken away from them. They have had their dreams shattered. These agents can tell who's lying and they don't need Paula Meyers to instruct them in how to tell. There may be a few agents who swallow these apparent lies, but the majority do not. As Abraham Lincoln said:

"You can fool all the people some of the time, and some of the people all the time, but you cannot fool all the people all the time."

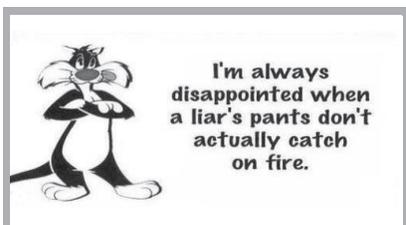
AmFam, we agents are not *all* fooled *all* the time! We believe what you are doing to this company by purchasing direct marketing companies will do nothing but hurt "your" agents. Oh yes, we realize you have followed the recommendations of your consulting firm (McKinsey) who said most insurance agents will soon be a thing of the past, but we certainly do not agree with you. And neither does the independent world which is looking better all the time. We are now understanding why you want to kick so many out the door. You feel we are dead weight and that is a drag on the company profits. We understand you perfectly so don't try to lie to us and say you love us. Just say it out loud: You don't want so many agents around because your direct market companies will use employees to sell the policies we field agents now sell. We're like an albatross around your neck.

You're cutting commissions, raising premiums, stiffening up underwriting and then trying to tell us we have to meet your quotas. Be real. We see what's going on. Stop putting us agents through so much agony by encouraging us to fail. Just be up front and say, "We no longer want you because you don't fit with our future plans!" Why don't you give agents a *decent* severance allowance in addition to our Termination Benefits which will enable us to start over? A 12 to 15 month severance allowance matching the agent's monthly income is not at all unusual these days. Even at age 50 or 55, we still have to work. A decent severance would allow us to do that. And then leave us alone. This would be the decent way to end a 25 or 30 year relationship, wouldn't it?

We see how the majority of agents you've targeted are mostly all in the 50 age bracket. These are fine agents who have established what they thought were businesses they could own and operate till they were ready to retire. What a lie! We believed you when you said to 'hit it hard for a few years and then we could coast a bit.' What a lie! We believed you when you said we were independent contractors and could market products the way we wanted. What a lie! As far as ownership of our agency is concerned; legal has said the agent doesn't own his book of business, but even yet, ASMs tell us we do. Well, then that makes us just 'agency managers,' doesn't it? Another lie! And what about hiring our own staff? Yes, we can hire our staff, but only with your approval. And many a staff person has been relieved of their company appointment (essentially, fired) without even consulting the agent. What a lie!

Originally, we were led to believe each agent quoted from the same set of rates making the selling field a fair market place, but now we learn that commercial rates vary from agent to agent, depending on longevity, distance of the agent's office to the prospect, profitability and who knows what other secretive underwriting requirements are factored in to rate an agent. More lies!

Trust us! AmFam is either totally out of control (to our disadvantage) or else totally in control of their own destiny to the detriment of ours. Either way, agents are disadvantaged. If agents haven't been able to figure out by now that their importance in the grand scheme of things is minuscule, they're missing the mark. Gradually, with lower auto commissions, lower homeowner commissions, the loss of commissions from the smaller commercial products, and ever increasing office expenses, agents will soon not be able to keep their office doors open. It's like we said, *if you like your insurance agency, you can keep your insurance agency. Period.* ☹





# NAAFA

## PRESIDENT'S

## MESSAGE

Dear NAAFA Report Readers:

NAAFA got a call recently from an agent who wanted to express his opinion on a couple of issues. We took notes and here is basically what he said, paraphrased:

- *Regarding the Class Action which is trying to prove the agents are employees instead of independent contractors as promised in our contract: I think I speak for many agents....we DO NOT WANT TO BE EMPLOYEES! We started our agencies because we were people who felt we were good business people. We wanted to call the shots. We wanted to establish our own manner of selling, our own method of doing business, and on our own schedules. But that has not happened at AmFam...as much as we had been promised it would. Little did we know when we signed our contracts that it was full of lies. And I think their control has evolved.*
- *One has to wonder what makes a district manager (guess they call them ASMs now) stick around when they realize they must become such an integral part of ruining people's lives when they are called upon to fire agents. My own opinion is that a district manager who sticks around simply has no conscience.*

Well, this is just a sample of the calls we get. Agents are leaving in droves. Some are leaving because they cannot meet the quotas put on them by the company who wants them to leave. Others are leaving because "they have just had it!" And, sorry to say, many of those who have "just had it" are really the cream of the crop....agents this company should want to keep around. One has to wonder just how many field agents AmFam really wants. It is obvious they don't want as many as they now have.

We just don't know how the Class Action is going to come out. We are praying it will benefit the agents. Up to this point, no one has been able to figure out how to stop AmFam's giant rollers that are squashing agents and ruining so many lives. Hopefully, the Class Action, if successful, will bring these rollers to a halt. Meanwhile, NAAFA is doing its best to help and protect its membership. When agents call us, we provide support in finding alternate ways of making a living in the insurance selling business. We tell you what we have learned in an effort to help you avoid the pitfalls of leaving this company and having them attack you for violation of your non-compete. There are many outstanding brokers or aggregators who are anxious to hire our quality NAAFA members. Let us help you find just the right one for you if and when that particular time comes for you.

Remember, when you feel like giving up, stop and remember why you started in this business in the first place. Insurance agents are an important and vital part of most every American family's life. You provide protection and advice not available any place else, so it's no wonder your customers want to keep you as their agent. Keep on doing the right thing, protecting lives, caring for others, and you will remain that outstanding person you've always been.

Congratulations for who you are!!

**Your NAAFA President**

### 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. Understanding 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!!"**

**15 LARGEST DIRECT AUTO INSURERS  
3<sup>RD</sup> QUARTER 2013**

	Insurance Company Name	3rd Qtr Direct Premiums Written in 2013	3rd Qtr Direct Premiums Written in 2012	% of Change
1	State Farm Mutual	\$8.7 Billion	\$8.3 Billion	5.15%
2	Geico	\$4.9 Billion	\$4.4 Billion	11.14%
3	Allstate Corp	\$4.7 Billion	\$4.5 Billion	3.94%
4	Progressive Corp	\$3.9 Billion	\$3.7 Billion	5.10%
5	Liberty Mutual	\$2.5 Billion	\$2.3 Billion	9.22%
6	Farmers Insurance Group	\$2.5 Billion	\$2.6 Billion	-5.16%
7	USAA Insurance Group	\$2.4 Billion	\$2.3 Billion	8.29%
8	Nationwide Mutual Group	\$2.0 Billion	\$1.9 Billion	2.81%
9	Travelers Cos.	\$924.8 Million	\$990.6 Million	-6.65%
<b>10</b>	<b>American Family Mutual</b>	<b>\$877.0 Million</b>	<b>\$835.6 Million</b>	4.96%
11	Hartford Financial Services	\$641.3 Million	\$623.8 Million	2.82%
12	Erie Insurance Group	\$618.0 Million	\$577.2 Million	7.06%
13	Auto Club Exchange Group	\$608.6 Million	\$583.0 Million	4.38%
14	MetLife Inc	\$572.9 Million	\$539.4 Million	6.21%
15	Mercury General Corp	\$555.1 Million	\$545.1 Million	1.83%

Although the 2013 4<sup>th</sup> Quarter numbers were not out at the time we went to press, we chose to show you the results of the 3<sup>rd</sup> Quarter 2013 numbers and how they compared to 3<sup>rd</sup> Quarter 2012. As you can see, most of the insurance companies showed gains in 2013, including American Family.

The company admits that this premium increase was due to the higher premiums they were charging, not an increase in sales. And they admit that retention is also their fault due to rate increases and negative underwriting activity. They admit that they “control” everything in their 1/10/14 Field Compass “Profit and Growth Plan” article. And yet, isn’t it ironic that they feel justified in playing with people’s lives by firing agents when they can’t meet the ‘controlled’ quotas specifically designed to cause the agents to fail? This is disgraceful and one wonders how The American Family ‘Enterprise’ management can even sleep at night. It is probably safe to say that OSAT scores will drop even further as insureds are beginning to open their eyes to this egregious methodology. And agents are at a point where many are not willing any longer to take the blame.

You might also be interested to know that Geico has replaced Allstate as the 2<sup>nd</sup> largest auto insurer in the US, according to SNL Financial. American Family comes in 10<sup>th</sup> largest in direct premiums written for 2013, 3<sup>rd</sup> Quarter.

In the grand scheme of things, the bottom 7 companies (including AmFam) are quite a bit smaller than the top 9. The top 9 write in the billions. The others are down in the millions. Note also that two companies went backwards in premiums written, Farmers with a negative 5.16% drop and Travelers with a drop of 6.65%.

<http://www.insurancenetworking.com/gallery/private-auto-insurance-written-premium-33567-1.html?ET=insurancenetworking:e4663:1329161a:&st=email>



**My neighbor was bitten by a stray rabid dog. I went to see how he was and found him writing frantically on a piece of paper. I told him rabies could be cured and he didn’t have to worry about a Will. He said, Will? What Will? I’m making a list of people I want to bite!”** [jshumor@axis.net](mailto:jshumor@axis.net)



## BOTH SIDES OF THE STORY

### (McKinsey vs Deep Customer Connections)

*“Corporate America is littered with the debris of companies that crafted lofty values on paper, but when put to the test, failed to live by them”. ~ John Stumpf, Wells Fargo CEO*

**M**ckinsey says there is occurring a shift in the value that an insurance carrier and customer place on the traditional insurance agent. McKinsey questions what role agents will actually play in the future. They say that 70% of personal lines premiums consists of auto insurance and that this line is fast becoming a commodity. It might be wise to check some definitions of commodity:

[www.answers.ask](http://www.answers.ask) says, “A commodity is a goods or service that is in high demand and that there is no difference in this product no matter who produces it or where it is produced.”  
[www.life123.com](http://www.life123.com) says “Commodities are products that can be bought and sold according to fairly universal prices across the board. The products are essentially the same in quality regardless of manufacturer.”

Does this sound like today’s auto insurance to you? Hardly, as each individual has a different driving experience, different credit score, lives in a different locality exposure, drives a different valued and theft loss experience type vehicle...on and on the differences go. An auto insurance policy must be tailored to fit the individual and that’s the agent’s area of expertise, in our opinion.

This indefinite prediction by McKinsey has apparently thrown a load of fear into insurance companies who spend millions of dollars paying agents who sell their products. McKinsey claims that over the last decade, insurance companies have been ‘taking on many of the activities that were once the responsibility of agents.’ (i.e., greater consistency, lower transaction costs, better capturing and leveraging of data) Actually, what AmFam agents have been seeing over the past decade is more and more of the company responsibilities being placed upon the shoulders of their field agents.

What is so interesting is that McKinsey says insurance carriers are opening central contact centers to handle questions and conduct transactions for policy changes, billing, claims and all other interaction....all in an effort to “replicate the feel of an agent’s office.” Only McKinsey says they will do it “with more consistency and with greater ability to test new approaches.” So there you have it, the replacement of the agent, and the company’s goal is to replicate what we do and how it feels to do business with the agent, and do it better!

McKinsey says that insurance companies are finding that the cost of installing direct channels, the heavy advertising needed, and the creation of contact centers *has caused them to rethink the level of commissions they are now paying their agents.* Wow, AmFam agents are certainly experiencing this.

Homeowner renewal commissions are dropping, homeowner transfer commissions are dropping, and auto transfer commissions are dropping. And Is it going to stop here? It is obvious that AmFam is swallowing, hook, line, and sinker, all that McKinsey is predicting and cutting commissions just helps their prediction along. It is so obvious that it is the agents who will suffer in order to keep the company profitable!

McKinsey feels insurance agents will soon go the way of travel agents. McKinsey points out that the few travel agents who did survive the dismantling of their field did so by reinventing their business models. McKinsey lists three ways agents who survive are going to make it:

- 1) They must define and change who their potential customers are. They cannot stay within the local market or within a certain radius of their office. This will have to be done digitally by using such things as video chat, Twitter, Facebook etc. in an effort to reach customers. We certainly have no problem with this idea....reaching out to customers in more distant areas, but one has to question the logic in AmFam’s commercial underwriting rule that gives a better rating (meaning cheaper premium) to an agent whose commercial customer is located closer to his office.
- 2) A greater expertise in order to be of value to customers who are now able to be educated by informational research they do themselves on the Internet. We don’t argue with this need to know your products. Haven’t we field agents already seen that the uneducated direct market agents often expose consumers to great risk because they don’t know how to properly recommend the needed coverage. They sell, apparently, totally on price. They quote low and then let the field agent deal with the damage!
- 3) McKinsey says that agents are going to need to operate their agencies more efficiently and to a broader scale. Well, we have been saying that for quite some time. And we are hearing of more and more agents who have given up their individual offices and accepted a partner or two to share the rent and office expenses. Sounds like the old “co-op office” idea is once again becoming necessary. McKinsey says basically that agents will need to find more revenue sources even if it means purchasing other agencies. This suggestion of buying another agency is not possible for AmFam agents at this point. Trying to negotiate with the company to “inherit” additional files is certainly a hit and miss

proposition. Promises are usually never kept so growing needs to be done by the only remaining avenue....selling more of the products AmFam has. In today's market, AmFam's rates are not very competitive so this makes growing very difficult.

We found that most of McKinsey's suggestions about how to grow an agency are more suitable to the independent broker....not the captive agency. AmFam keeps such tight controls over their agents that the suggestion of hiring specialized teams of agents just wouldn't work. Plus, in order to really present the customer with some outstanding choices, an agent needs many sources (various companies) and the captive just doesn't have that privilege.

If you want to understand more clearly American Family's position on the future of the agents, you might want to read the *full* McKinsey report document as AmFam's actions clearly reflect opinions in the document. You will find it on the Home Page of the [www.NAAFA.com](http://www.NAAFA.com) website under Agent/Company Issues, Article entitled, *Why McKinsey's Prediction of Demise of Independent Agents is 'Dead Wrong.'*

We have shown you some of the highlights of the McKinsey Report, a document created by the consulting company used by American Family. Now we would like to show you the "other side of the story" which is quite different.

There's another consulting firm called *Deep Customer Connections* which takes a stand quite opposite McKinsey's. Deep Customer Connections portray themselves as a consulting firm with a niche focus on the relationship between carriers and independent agents. CEO Nort Salz says this:

"If I were the president of an insurance organization, I would very pointedly not have an individual responsible for making business easier [for agents]. I would instead say to all of my people that it's everybody's job to do that—And we each have to do it every day."

<http://www.carriermanagement.com/features/2013/10/15/114393.htm>

It needs to be recognized that independent carriers have a great interest in maintaining a very good and respectful relationship with agents that sell for them because if they don't, agents most likely will not choose to sell their products. But when you're in the captive world, you have suddenly allowed the only company you *can* sell for to throw you under the bus if they want to.

Many of us agents remember the days when AmFam was concerned about the relationship of the company personnel with the agents. Salz says that effective insurance companies are interested in *removing any obstacles* for the agents doing business with them. He says the company needs to have a "making-business-easier" (MBE) attitude that actually becomes *part of the company's DNA*, part of their culture. In fact, each year Deep Customer Connections ranks insurance companies, picking out the top-ten each year. You can see a

top-ten list from 2008 at the following site. It is interesting to note that certain companies remain at the top year after year. (Acuity, Secura, Frankenmuth, Central Mutual) and interestingly, the companies near the bottom usually have lower premium volume. In other words, if you're easier to work for, I'll sell more for you. Yes, it's a proven fact! <http://www.insurancejournal.com/news/national/2008/10/20/94807.htm>

You might be interested in what 11 factors Deep Customer uses for carrier rankings because you might also be able to determine whether the company you sell for would rate high in any or all of these factors. They are as follows:

1. Acts on Agency Needs
2. Underwriting Responsiveness
3. Once & Done (quotes and issues without rework)
4. Underwriting Flexibility
5. Policy Services
6. Effective Technology
7. Handles Claims Promptly
8. Handles Claims Fairly
9. Marketing Support
10. Insurance Expertise and Support
11. Makes It Easy for the Agent to Do Business with the Policyholder

These are not unreasonable goals for a company to have. It's goals like these which, if lived out by the company, produce the greatest premium volume. Premium volume and profitability are the key features of success. One has to ask whether success is what AmFam really wants. Right now, agents are being terminated, not for being unprofitable, not for lack of premium volume, but totally for lack of meeting a revolving app quota. An agent who writes several commercial apps a month could have a very high premium volume but very low app count. In fact, we know that some high producing commercial writers have recently been given production notices. Yes, one has to ask the company, "What are your priorities?"

It seems that a lot of importance should be placed on which consultant an insurance company chooses. If one company is really unhappy with their own production (which is greatly affected almost entirely by how much its agents sell) then this company might seek out a consulting firm that agrees that agents don't sell and will probably suggest ways to get rid of the dead weight (agents). But a company with wise leaders should, one would think, choose a consultant who shows the company how to make selling their products easier, not tougher!

Take another look at the 11 factors used for rating insurance companies. Underwriting responsiveness and flexibility are extremely important. Could you rate AmFam's underwriting responsiveness and flexibility very high? What about effective technology? Agents tell us that getting a commercial quote takes forever. Does the technology provided enable the agents and their staff to complete their tasks quickly and efficiently? What about claims? Are they handled promptly and fairly?

Underwriting and claims are the two areas that directly affect the agent's relationship with the customer.

Captive companies have spent literally millions in the last decade or so on advertising to *improve the company brand*. We believe it is a goal of the company to improve their own brand *over* the brand of their agents. We also believe it has been hard for them to steal the brand away from the agents.

McKinsey feels the agent brand is fading because customers are starting to use multiple channels to connect with their carriers. One has to ask why using multiple channels means the agent relationship has to diminish. Independents say they are already using multiple methods of communication with their customers. Agents who are allowed to have their own websites can use Live Chat features. Agents are using Facebook and Twitter more often. Creative agents use e-mail marketing and online presentations. Doing webinars to attract a certain segment of the population is becoming more popular with independents.

But many of these "direct" forms of marketing are not available to captive agents because their company is afraid of "losing control." This is sad because a large majority of customers will tell you they stick with AmFam *only* because of their agent. Many say they have tolerated the higher premiums *only* because they want and trust their agent. Why would a company want to destroy their agents' brand? The obvious

reason is the company wants to increase their profitability by selling direct...no commissions to pay, no bonuses to pay, no field force expense.

The picture of what AmFam is doing is becoming much clearer since we have been privy to the McKinsey Report. If you are still wondering why agents are treated the way they are, read the report.

[http://www.iaaofil.org/Portals/0/Documents/FutureAgents\\_V\\_FINAL.pdf](http://www.iaaofil.org/Portals/0/Documents/FutureAgents_V_FINAL.pdf)

But if you are wondering what consultants hired by the independent companies are saying, read this report: <http://www.carriermanagement.com/features/2013/10/15/114393.htm>

And if you wonder what the independent agents think about the McKinsey Report, read this article:

<http://www.insurancenetworking.com/gallery/agents-future-big-i-mckinsey-33196-1.html?ET=insurancenetworking:e4452:1329161a:&st=email>

Now you have both sides of the story. As always, you must take control of your own future. We hope this article helps you face your future with your eyes wide open. Can you be happy with the future AmFam is showing you? If not, you should be doing some important planning while the window of opportunity is still open for you. [Board Member Contribution]



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## ARE YOU BITTER OR BETTER?

I was especially inspired by a talk I heard on the radio this morning by David Jeremiah where he talked about giving thanks. I used to become quite skeptical when I heard people say they were thankful for all their trials. Yikes! Guess they thought they matured or something during their hard times. I honestly have not been thankful for them. But here's a couple of things the speaker pointed out that did hit me square in the face:

- 1) You can choose to be '*bitter*' or choose to be '*better*!' You know which is better, of course.
- 2) You have to choose to have *HOPE*!! Otherwise, you're hopeless.
- 3) In deciding what you are thankful for, try to choose the *positives*; i.e. the time you've had so far with your loved ones, your church family, long life, successful job, etc. Just don't choose to be ungrateful!
- 4) Do let others know what you are thankful for. (Even this is a choice.) It gives them encouragement and makes you feel better because you encouraged them.
- 5) Write to others to tell them your feelings. Once you've zeroed in on what your feeling are and have put them into writing, you may find others feel the same way. Bingo...you begin to have something in common with friends. Friends are good.
- 6) Journaling is a great way to put your thoughts into words. Some imagine they are writing to God. Others look at journaling as a way to organize their thoughts. Others plan to leave their journals to their children. Still others plan to write a book someday and will have lots of material if they journal.

So please, you do have a choice. You can either be bitter about what you are going through right now which of course, makes you not nice to be around, or you can choose to be better, a joy to be around. I'm choosing the latter. Have a good day!

(Anonymously Submitted) 



## WHERE WILL THE NEW YEAR LEAD YOU?



Or are you going to lead in the New Year? I don't know about you, but I'd rather take the lead than "be led." If you are in your 3<sup>rd</sup> or 4<sup>th</sup> decade of insurance selling as many of us are, I would imagine you're thinking you deserve a little reprieve. But are you really satisfied and secure with taking a reprieve? Some might call it "slacking off."

If you really owned your own business (as you have been led to believe by management at AmFam who hired you) you actually could slack off a bit and not have to worry about threats. But at AmFam, you aren't really the owner of your own business; you're just managing an agency for AmFam. So really, you can't slow down without the expectation of some type of negative response from your ASM or the company. You all know what I'm talking about--threats, intimidations, and stress. Not fun!!

But your New Year doesn't have to be that way. You must decide for yourself whether you have enough spunk left in you to step up to the plate and give that ball one more home-run hit. I'm talking about hitting that ball way out in centerfield right at the end of the 9<sup>th</sup> inning. Do you know what I mean? Yes, it can be done. Success in America is not only a young person's opportunity. Success can be achieved during the 5<sup>th</sup>, 6<sup>th</sup>, and 7<sup>th</sup> decade of life, if you want it. People are living longer and healthier. Yes, the success I'm talking about is there for the taking.

Whether you decide to make your next successful move at American Family or in the independent world, it's entirely up to you. But I urge you to closely take a look at what you need to work with in both environments. Here's my list in the order of importance:

- 1) Ask yourself, "Do I have 5 good years of work left in me?" This is of utmost importance. If you would rather do the crossword puzzle while rocking in your rocking chair, that's fine. But be prepared to live on social security, the paltry sum in your Termination Benefits, and your investments if you've been extremely astute at saving over the years. Some authorities tell us we need to have saved 15 times our present annual living costs to live in retirement at the same level of living we are at before retirement. Otherwise, you may be renting a trailer in Florida!
- 2) If your answer to #1 is YES, then you need to ask yourself if you have insurance products and rates that are attractive to your customers and that will allow you to sell, sell, and sell. Companies that enact stiff underwriting, have

a bad reputation for claims paying, and which also have rates that are not competitive are very difficult to sell for. A captive agent is really incapacitated if this describes the company you work for. If you can't sell, you don't make money.

- 3) Are my expenses low enough that my net profit will allow me to support my family and meet my personal expenses? If you find yourself weighted down by an office building mortgage, high office staff expense, and all the other expenses that often go into running an agency, you may have to get rid of some of your overhead. Is this so bad? Sometimes glorified offices are, in the minds of some people, just status symbols.
- 4) Do I have college tuition expenses and responsibilities for my children? Are my personal expenses under control? If you are within 5 years of your chosen retirement age, then you should have all your debts paid off. Otherwise, you should definitely consider working a while longer.
- 5) Is your health good? If it is, you may want to consider working past the "average" retirement age of 66, up from 60 back in 1995, according to the Gallup survey.

<http://www.cnbc.com/id/100744474>

Surveys show that more and more people are working well into their 70s. And they aren't always working because they need to financially. Many people actually like what they're doing, they enjoy people, find that working keeps their minds alert, and actually the additional income isn't too hard to take either.

The key here is for you to take the lead in your own life---don't be led---take the lead. Independent people like most agents have very little pride left when they feel out of control of their working lives. If you can't be in control in your present situation, don't be afraid to change your direction. You deserve to feel safe and content in this decade of your career. AmFam talks about dreams. We need to ask ourselves if we are living our dreams. If not, it's **TIME** to wake up from the nightmare and put your dream into action. It's not too late.



[Board Member Contribution] 

# NAAFA Mail Box

#1

*In January, 2014, NAAFA received a sizable donation designated for the Legal Defense Fund. After sending out a SPECIAL THANKS, NAAFA received the following reply:*

Dear NAAFA,

**I want you to know that if it was not for you, and the integrity that I feel NAAFA is trying to bring back to the Agency Force, the donation would be mute. I appreciate all the help and dedication that is provided by NAAFA. Have a great year.**

Name Withheld

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#2

*NAAFA recently received this email from an agent who has agonizingly decided to leave AmFam.*

Dear NAAFA,

Thank you for taking my call, for your advice, and for this email.

I am thankful for your organization as it helps me to know that I have support in this difficult time.

AmFam does not care that we have made them the company that they are today, unfortunately. And they don't care what happens to us nor the family that we support... I wish I had done this a long time ago... but today I am confident that it is the right move and that with time I will be in a better place.

I will be in touch and consult with you as I get closer to moving forward.

May you have a wonderful New Year!

Name Withheld

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#3

Dear NAAFA,

I read the writer's letter responding to Bob Korvas' column in the last NAAFA Report. Wow, that person's sentiments mirrored mine to a "T"! Similarly, I left AmFam after 35-40 years with the company. I couldn't agree more that the company started sinking into the abyss after Bob Koch left. I, too, had many All-Americans, Life Diamonds, even a couple company Agent-of-the-Month awards.

The company was sinking, but took its biggest plunge when Harvey Pearce took leadership. Having been an agent and DM himself, many agents felt he would be an agent friendly leader. As it turned out, just the opposite was true. As a state director he once had been overheard stating he felt agents were overpaid for what they did. He made sure to take care of that indiscretion by cutting agent's commissions and shifting more of the company's workload on to them making it necessary for agents to hire more help that they couldn't afford. I can't think of anywhere in the workplace that your employer cuts your income and increases your expenses. While agents were struggling to survive, Pearce was greedily lining his pockets with huge salary and bonus increases. Talk about being overpaid for what someone did! Pearce crippled AmFam more than any other leader by causing dissention with employees, agents, and even some DMs.

During the Koch years, you never heard of agents suing the company. Why would you? It was a great company to work for, but not anymore.

As I said, after almost 40 years with Am Family, I could no longer continue to watch my income go down while my expenses rose. I don't know of any job that you work at for that many years and have to take a big cut in pay. I left because I couldn't afford to stay any longer. I went independent, my expenses didn't change much, might even be slightly higher, but my income sure did. It's been over 6 years since leaving AmFam and my income is more than double what it was when I was an AmFam agent. Besides higher commissions, the biggest advantage I have now is access to many companies. If I have an insured who says his rates went up, I can shop him with other carriers. I had no choice with AmFam, you just lost them. My only regret is that I didn't leave AmFam when I could see the downward trend they were taking.

These new agents don't know what it's like to work for insurance companies that appreciate their agents because AmFam is all they have ever been exposed to. If I were to make a statement to some of these new agents it would be, "As an insurance agent, even if you work hard, you may earn a survivable income, but you will never get rich working for American Family."

(Name withheld) ✍

*Agents often ask if similar things are happening at the other captive companies. As most companies do, (including AmFam) a reorganization often becomes necessary, especially when a company wants to eliminate a few people. Allen Yerxa wrote the following article when Farmers Ins. decided to do their re-org. The 'pecking order' at Farmers used to be State Director, DMM or Division Marketing Manager, and then DM or District Manager. After the re-org, all State Directors, most DMMs and a lot of DMs were gone! Now they have Territory Directors over several states and Agency Managers which are similar to the old DMMs and the DMs that are left have several districts under them. This is why Allen, UFAA's Director of Legal Activities, wrote the following article. Evidently, these captive companies are all following the same manual.*

## THE FOOD CHAIN

Most agents are having a hard time competing with other insurance companies due to price. Now they must always be looking over their shoulder because many of the State Directors, DMM's and DM's lost their jobs, or see the writing on the wall. In order to stay with Farmers, they must find a different position. State Directors can become DMM's, DM's, or agents. DMM's can move on and become a DM or agent. Of course, the DM can also be an agent.

**BUT WHAT HAPPENS TO THE AGENTS?** Agents are at the bottom of the food chain, and they have only two choices; work as a producer or accept a **TERMINATION**. Some of these managers are already looking at agencies they would like to take over and are actively trying to persuade agents to resign by saying, "If you do not resign we will terminate you and that will be on your record."

Some of these agents have a PIF (policies in force) that is acceptable to Farmers and they are profitable. What is wrong with this concept is that agents are being forced to leave the agency force so that the managers who no longer have a job can stay with Farmers. To me **THAT IS POACHING!** Several managers will receive agencies of around 4,000 PIF. In Southern California the ex-State Director will take over the agencies of *several* agents that he himself helped terminate, and that is definitely no better than poaching. Morals and ethics are disregarded with the idea that the end justifies the means.

In another situation the manager is buying an agency without the selling agent having to sign the new contract. All other agents who are trying to sell their agencies have to sign the new contract. If a manager, such as the old State Director, DMM, or DM, is terminated, the manager will have the

opportunity to replace someone below them. One has to ask the question, "What is Farmers trying to protect? Is it because the managers know too much about Farmers?"

What can an agent do to keep the predators at bay? First, keep your business private and do not trust anyone. Remember, any State Director, DMM, or DM could start looking at trying to take over your agency no matter what your PIF is. Second, only talk about the positive things you and your agency have accomplished. If anyone tries to point something negative about your agency, change the focus by explaining how you are trying to improve that area, thus turning the alleged problem into something positive. 

**"When nothing goes right...  
go left."**

---

## THE BRICK!!!

A young and successful executive was traveling down a neighborhood street, going a bit too fast in his new Jaguar. He was watching for kids darting out from between parked cars and slowed down when he thought he saw something. As his car passed, no children appeared. Instead, a brick smashed into the Jag's side door! He slammed on the brakes and backed the Jag back to the spot where the brick had been thrown.

The angry driver then jumped out of the car, grabbed the nearest kid and pushed him up against a parked car shouting, "What was that all about and who are you? Just what the heck are you doing? That's a new car and that brick you threw is going to cost a lot of money. Why did you do it?"

The young boy was apologetic. "Please, mister, please, I'm sorry but I didn't know what else to do," he pleaded. "I threw the brick because no one else would stop." With tears dripping down his face and off his chin, the youth pointed to a spot just around a parked car. "It's my brother," he said. "He rolled off the curb and fell out of his wheelchair and I can't lift him up." Now sobbing, the boy asked the stunned executive, "Would you please help me get him back into his wheelchair? He's hurt and he's too heavy for me."

Moved beyond words, the driver tried to swallow the rapidly swelling lump in his throat. He hurriedly lifted the handicapped boy back into the wheelchair, then took out a linen handkerchief and dabbed at the fresh scrapes and cuts. A quick look told him everything was going to be okay. "Thank you and may God bless you," the grateful child told the stranger.

Too shook up for words, the man simply watched the boy push his wheelchair-bound brother down the sidewalk toward their home. It was a long, slow walk back to the Jaguar. The damage was very noticeable, but the driver never bothered to repair the dented side door. He kept the dent there to remind him of this message:

**"Don't go through life so fast that someone has to throw a brick at you to get your attention!"**

Author Unknown

# CONTROL YOUR DESTINY

## The Bob Korvas Column



Dear Destiny Controllers,

Being a captive agent is a lot like being a worker bee. Worker bees (AmFam Agents) follow the queen bees (management on all levels) bidding for the benefit of that queen and that colony (American Family). Observing those worker bees outside of the hive you wouldn't realize that those worker bees lack free will or that they are not working for their own benefit. Worker bees happen to become the culture they are part of. After a while they lose sight of their own individuality because they have imprinted their behavior. You could say that the phrase "ignorance is bliss" appropriately applies to worker bee agents.

Since captives only know one way of selling or representing insurance they eventually stop believing in themselves because their queens demand that they only represent the interest of the colony. Soon all other colonies are the enemy or inferior in some way. But professional independent agents know better. They are the queens in charge of the colony and, of course, their own future. When they die their life's work does not just get taken over by the colony, it is now available to give to your family or sell. That is not the case in the bee colony world of captivity. Worker bees supply all the honey (premiums) to the colony in exchange for enough to satisfy the worker bee's needs while living. Then when the bee dies (retires) they have nothing much to leave for the next generation or to show for all that loyalty and hard work.

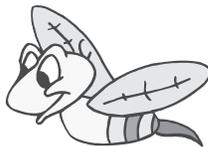


The other similarity is that the contract and hiring of agents is a lot like the relationship of Queens to Workers. They are by nature all the same sex females except the Queen is fertile and able to give birth to more workers (tie you to a contract) so colony and compete they (appoint more agents) which are infertile at birth that if those workers ever want to start their own cannot (become independent).



What does this all really mean to you? Hopefully it opens your eyes and your thinking process a bit. This little story, I hope, will focus you on doing something to leave the colony before you die (retire) without your own colony (ownership) and merely enough to scrape by should the Queen decide to evict you from the colony.

It's all about perpetuity.....keeping *your own* colony going. Why not decide to be your own Queen bee? Call me to discuss your options on how to do this. I'm here to listen to you and to help guide you toward a road of success, of happiness, and, of course, your own colony!!



Till next time.....

**Bob Korvas**  
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**Email: Bobkorvas@earthlink.net**

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## THERE'S ONE QUESTION I WANT TO ASK YOU.....

By Bill Gough

### Why?

Specifically, *why* are you doing this? *Why* did you get into the insurance business? *Why* will you work so hard to build your agency? Your “**Why**” is where your heart is. Where your treasure is. And it’s incredibly important. How do I know? Take a look at my “**Why**” story and judge for yourself.

Hint: It’s the reason I’ve been able to create financial freedom for myself and so many Insurance Agency Owners just like you since 2008.

Luckily for me in 1984, I had an *incredible* first manager – a passionate hard working marketing wizard, who was also my mentor and coach. And she got me off to a flying start. Under her guidance, I won “Rookie of the Year” and many other awards in my first two years at Allstate.

Then one day, my mentor moved up the corporate ladder, moved to Houston, TX and I had a new boss who was just ... a manager. Nice guy, but not much help. I descended into a dark time. I got divorced. I started living the “single life” and making bad choices. Somehow, I managed to keep my job. There were no awards, no accolades. I was just hanging on ... just surviving.

Through hard work and more focus, I made it to the ‘90s and greater success. That’s because I met my wife and inspiration, Vanessa, who encouraged me to really develop professionally. Right away, I started hanging out with the top 1-5% Allstate Agents and qualifying for Leaders Forums and Chairman’s Conferences. Our winning streak started in the early 90’s. The only thing I focused on every day was how to become a better agent and grow my business.



### Then, in 2000, a lightning bolt from Big Blue ...

Allstate changed the rules. I was no longer an employee – I was an independent contractor. A small business owner ... with almost no business training! (I did NOT remotely understand this independent contractor status I wrote about earlier on this page of this letter.)

I realized that I had a small business to run. And I had to change my mindset. Fast. But this big problem turned into a HUGE breakthrough for me. I now saw myself as a business owner who also owned an insurance agency. I also learned the REAL Business I was in was the Marketing Business, I just happened to own an Insurance Agency.

So I started getting coaching from the most successful people I could find in the small business and entrepreneurial world. And things took off like a rocket. Revenues soared. Profits flowed in like a mighty river ..

### ... until it all came crashing down on January 1, 2007.

That’s the day I lost my son, Bill Gough III. He drowned in a tragic accident on a family vacation. I was devastated, as you might imagine. But eventually out of the pain and the grief came something new. A new “**Why**” for me and my business.

You see, I had always enjoyed and had a long time reputation around Allstate helping agency owners and doing things to “give back” to the insurance world. So I decided to create a legacy for my son, so his name would live forever. That’s *why* I founded **BGI Marketing Systems** in 2008. My reason “*why*” I do this is to *help other agency owners enjoy the same levels of financial and personal success that I’ve had in my 30-year career.*

A portion of every dollar that comes into BGI goes to the *Bill Gough III Memorial Charitable Fund*, where it helps over 200 organizations and individuals. My goal is to donate \$1 million by November 2018, in Bill’s memory. To date, we’ve donated more than \$400,000. We now help hundreds of insurance agency owners across the U.S. and Canada by giving them proven, real-world systems and processes to deliver windfall profits ... through our Gold, Platinum, and Titanium Coaching programs ... our 1-day workshops ... 3-day annual Super Conferences ... and “done for you” services.

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This information is something that will impact your agency immediately. I have collected an arsenal of proven processes and systems that will skyrocket your agency from day one. Don’t waste anytime ... learn from my 30 years of failure and success.

Wishing you all the best!!

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page.

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 - Rob Cambias, Agency Owner; Metairie, LA

**"From 60 to 180 cars per month!"**  
 "Since implementing the processes and techniques I learned, I have seen my Auto production TRIPLE! We went from 60 to 180 cars per month!"  
 - Kent Schwab, Agency Owner; Baltimore, MD

Now, you may be thinking, "Nothing is *really* free. What's the catch?"

It's simple. I'm trying to get you hooked. That's right – this is a shameless attempt to get you addicted to my money-making advice!

And why not? I mean, rather than try to explain how my ideas can put tens of thousands of dollars or more in your pocket, I'd rather show you. That way, you can judge for yourself.

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# McKinsey's Report on Agency Distribution--- Truth or Dare?



By Rex Hickling, CPCU, AIM  
President, Premier Group Insurance

From the *Ghosts of Christmas' Past* to *It's a Wonderful Life* and *Terminator*, Hollywood has long made movies portraying a glimpse into what was or will be. The hook of such movies is then having an opportunity to go back and change things to have a different reality for the better. I propose to you that McKinsey's Hollywood epic, which some consider a shot across the bow of all agency systems, is not too far from the backdrop of such box office scripts. It is a non-fiction glimpse into a future that could be for agents – both a truth and a dare! Please allow me to explain.

As you may know, in late 2013 there was a fair amount of industry commentary about a McKinsey publication that spoke to the challenges of "agency" Property & Casualty distribution. Most of us have seen, over the years, numerous documents penning the demise of the independent agency system, which has never come true. Now it seems the scope of such authors is broader to include all agency systems. However, a careful analysis of the report does not portend the demise of agencies embracing change. In fact, quite the contrary. The forecast is that those agencies who do adapt, invest, improve, and innovate, will not only survive but they will thrive, and be exponentially more successful and enriched than today.

There are many agencies across the country which have already embraced the foundational elements needed to adapt and prosper. The agency group I work for is one of those. And yes, as President of our group, I do consider myself "working for" our more than 200 agent membership which has thrived from coast to coast. The question begs is 'how do seemingly traditional brick and mortar agencies thrive today and into the future?' I will share with you a bit of our "blueprint for success", which smaller agencies have followed, with some now making \$30,000 in monthly commissions after just 3 years. Many of our agency owners were, at some point in their insurance career, a captive agent.

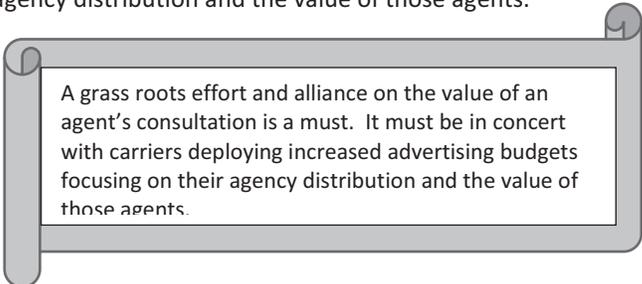
To begin with, in my 25 years' experience working in just about every discipline for two prominent Fortune 100 independent P&C carriers before entering into the agency side of the business, I have seldom seen a one-size-fits-all approach that works long term. A plan or blueprint should be flexible and adjusted and improved over time – for agents and carriers. Our focus for our agents has been in three strategic areas. Sales, Service and Agency Operations. Pretty basic I know, and some would say even tactical, yet both strategy and tactics are needed in all three areas to be successful.

## Sales – some thoughts...

How do we feel about our business? The physician, in a business practice, is generally renowned in the community; he or she helps you to protect your health. One's CPA protects one's tax liabilities; your attorney help's you with

legal matters; an investment advisor helps to protect and maximize your wealth with your long term goals and risk tolerance. All are esteemed professions. Is not a profession that protects a client's hard asset base, such as their home and income stream, including their life income flow and perpetuation of lifestyle for loved ones just as noble? We all know the answer. Out of the office how do we live, breathe, and impart that answer in our everyday interactions, socially and otherwise, when asked what do we do? How about *in* the office? Is our staff seeing us model the value and differentiation we hopefully espouse or do we sometimes fall into the "it's all the same/all about price" mode?

Respect for our profession is critical as it lays the foundation for the educational, branding, and business processes that are key points of differentiation for every agency and permeates our staff and in turn to our prospects and clients. Why should someone buy from you when they are being told through billions of dollars of advertising every year that agents don't matter, that it's all the same, that price is king? A grass roots effort and alliance on the value of an agent's consultation is a must. It must be in concert with carriers deploying increased advertising budgets focusing on their agency distribution and the value of those agents.



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The psychology of selling insurance is different. No, I'm not talking about style awareness or understanding if your prospect is expressive, amiable, analytical or driver. Knowing that is certainly important in most sales roles. But before that we must embrace the premise that our prospective P&C buyer is buying something that, chances are, they will never use. At best seldom used. BI frequency rates run about 2 per 100 drivers, losses for physical damage 4 per 100 drivers. Mother Nature has certainly thrown curve balls to actuaries in recent years, but the fact is most people, year in and year out, do not have homeowner losses. Buyer's remorse is built into our product, our insurer's promise, in a big way, and then compounded by all the advertising noise.

When consumers are confused, whom do they look to if they don't have someone they trust and that can advise them? When the playing field is level, the answer is "themselves." Even in the medical field look at all of the highly successful self-help, self-learning medical websites that prosper today and that have grown from nothing in a relatively few short years. Sure, more maladies from us boomers might have

helped, but underneath it all is a thirst to learn more so consumers can better understand the implications of their decisions from medical care to car buying to insurance. For us the question is how to use that medium and related mediums to the mutual advantage of consumers and agents and not dumb down the importance of the knowledge, but to impart the need to obtain expert guidance and value from a licensed agent, a trusted advisor.

Finally, a touch point on consumers' quest for "choice" and "access" is a must. Who doesn't like great service, a great deal? In fact, don't we all expect it today? Many of the former captive agents we speak with advise us they closed about 2 of 10 quotes on average – some a little more, some a little less. We see many independent agents, after they leave the captive world, closing 5 of 10 quotes on average, some much higher. Same agents, but not the same insurance. So it must be the insurance, right? One of the reasons for the change is greater choice for the consumer. At the risk of simplification, when all you have is bananas one sells bananas which are great. But what if one needs to have something else? Something that has a broader commercial appetite, doesn't have as many restrictions on homes and autos, that has a broader product line appealing to high, intermediate, and low risk clients, the latter which everyone is fighting for, but not all of America is like.

Being independent is not easy, granted. Having more carriers is great. But it takes a commitment to go back to school and learn the carriers—their products, features-benefits, discounts, underwriting, coverage difference, and embrace their unique value proposition. But for many agents this is an incredible path and, quite frankly, it is what data shows the consumer wants—"choice", as growth in the independent

channel has been stronger and is forecasted to continue to be stronger than in the captive channel.

With any agency there is a range of close rates and range of retention rates. One of the key drivers for this is access. Access gets into service, convenience, being there 24/7. You need to sleep right, you probably can't afford a 24/7 call center. Yet, there are ways, my friends, proven ways, to accommodate the vast majority of customers' needs with today's technology, which yes, can have a personal touch. All of this and more is in our blueprint. The sales piece of our blue print is expansive, going deeply into both traditional methods of selling and marketing and newer innovative methods – always placing the customer's needs first.



Going forward, if invited back, I will offer some thoughts on Service and Agency Operations as well. These are the other two key fundamental areas. With so much change going on, not only driven by consumer behavior but by technology, productivity enhancements and margin compression become very important as our carriers begin to examine, right or wrong, how they believe they need to manage their business.

Yes my friends, the challenges are plentiful. But we, independent and united as one, like in the movies, can change the future. At Premier we take this very seriously. We will continue to move forward in a very strong way, improving, innovating, and investing in our business to bring value to both our agency owners and our policyholders and will continue to take business away from internet based providers. Feel free to reach me to share ideas or talk further at [RexH@ThinkPremierFirst.com](mailto:RexH@ThinkPremierFirst.com). Have a great 2014!



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# NAAFA, Inc.

**The NAAFA Board of Directors, after much debate and consideration, recently decided to change the words that NAAFA's acronym stands for. The fact that many of our members are no longer American Family agents, but are now working in the independent world, and because we feel we have the most outstanding agents in the industry, we felt that NAAFA could stand for a more appropriate set of words.**

**So now NAAFA no longer stands for the National Association of American Family Agents, but NAAFA proudly stands for the National Association of America's Finest Agents. No legal action needed to be taken because NAAFA, Inc. has been the legal registered name of our corporation since its inception.** ✂

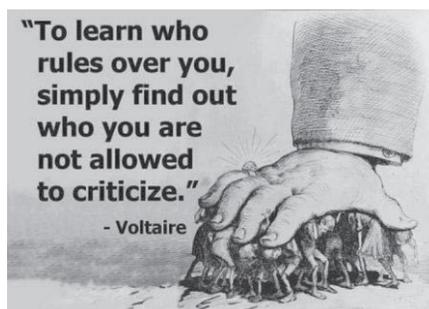


## TIPS ON HOW TO PROTECT YOUR PRIVACY

As you know, NAAFA does everything it can to protect the information you give us. Recently, we have begun overhauling our database in an effort to make it more secure and also to update it so it's better able to meet our current needs. Soon we will be working on our website, so please bear with us if it appears to be unavailable once in a while. Recently, we came across a newsletter from an agent who listed the following tips to help his customers protect their privacy. The information was taken from [www.privacyrights.org](http://www.privacyrights.org). *Data Privacy Day* is an international holiday occurring every January 28<sup>th</sup>. It is celebrated to raise awareness. Perhaps some of this info will be helpful to our readers.

- **Monitor credit reports**, looking for errors and fraud. Consumers have the right to one free credit report per year from each of the three credit bureaus: Equifax, Experian, and TransUnion. Order one report every four months — online at [annualcreditreport.com](http://annualcreditreport.com) or by calling (877)-322-8228; not from the companies themselves — to monitor personal credit on an ongoing basis. Also, for free credit scores visit [www.creditkarma.com](http://www.creditkarma.com).
- **Register with the National Do Not Call Registry** — online at [donotcall.gov](http://donotcall.gov) or by calling (888) 382-1222 —to reduce telemarketing calls.
- **Protect personal information on smartphones.** Smartphone users are 33 percent more likely to become a victim of identity theft than nonusers. Use a password to protect smartphones and use the security lockout feature so that the phone automatically locks after it's not in use for a certain amount of time.
- **Make sure computers and portable devices are secure.** Use up-to-date anti-virus and anti-malware programs and firewalls. Encrypt sensitive information before storing or sending. Make sure that all software is updated current and patched.
- **Use strong passwords** with online accounts. Do not use the same password for multiple accounts. Instead, use passwords that are unique to each account, especially for sensitive online accounts such as online banking, email and social networking. Be sure to **set up alerts** on all your checking, savings, and credit card accounts. Some are set up in real-time.
- **Be aware of online data brokers.** There are hundreds of websites that publish personal information such as address, phone number and data of birth that is usually gleaned from public records. The Privacy Rights Clearinghouse suggests people contact congressional representatives and state attorney general to regulate the online data broker industry.
- **Use the "front page" rule on social networks.** Don't post anything online that you wouldn't mind seeing on the front page of the newspaper. Use privacy settings to control who sees posts on social networking sites, but keep in mind that even the strongest privacy settings won't prevent someone from re-sharing what has been posted.
- **Don't use a debit card.** Debit cards offer less legal protection than credit cards in the event of fraudulent purchases. A lost, stolen or otherwise-compromised debit card can result in a bank account being wiped out by a thief. Use a credit card instead and ask your bank to replace your debit card with an "ATM only" card.
- **Reduce junk mail.** Remove yourself from as many national mailing lists as possible by registering for the Direct Marketing Association's Mail Preference Service. You must renew your registration after three years. Visit [dmaconsumers.org/offmailinglist.html](http://dmaconsumers.org/offmailinglist.html) for more information.
- **Safeguard Social Security numbers.** Keep Social Security cards and other documents containing Social Security Numbers in a secure place. Push back when firms ask for these numbers. Ask them to explain their authority for requiring it, and what the consequences are if it is not provided.

\*<http://www.utsandiego.com/news/2013/jan/29/tp-consumer-tips-show-how-to-protect-privacy/> 





## IF YOU WANT YOUR AGENCY TO SURVIVE, HERE ARE SOME THINGS TO THINK ABOUT

Even though insurance agencies have been around almost forever, we're getting a few warning signals that maybe things are changing. After all, in the last presidential election, the candidate who used social media to reach his voting constituents was able to win the election. Communication is changing rapidly and if there is one thing we must all learn is that we better change with it. We've heard that before, haven't we? That being said, let's look at your agency 'back-then' and as it should look today.

Twenty years ago, agents quoted by digging out the 8-pound rate manuals and adding up individual coverages on a little hand-held calculator, if they had one. If not, they added the numbers in their heads or added from a hand-written list where they'd jotted down the numbers on a piece of paper. Remember that? And inspiration came not via articles over the Internet and webinars, but from in-person conferences, magazines and various circulars. Agents did x-dating to reach new customers and appointments were made where either the customer came into the office or the agent went to the customer's home or place of business. Today...wow, an agent can look at a customer's home by going to Virtual Earth or Maps by Google and pan around the house to see it from all sides. Most business is done by email or cell phone. Or the agent and customer can communicate live by using Skype. And then there are Smart Phones where the agent is always available....and usually, so is the customer. Digital or mobile marketing is assuming a bigger chunk of our advertising costs every day. Agents can teach and lure their customers by using Facebook and other social media. Yes, agency operation has changed. Those that have changed with it are the ones that will survive, we're told.

It's interesting to note that back in 2002, Chris Burand (in his article, *Agency Perpetuation—A Company's Perspective*\* predicted that the number of agencies was shrinking. But today, the number\*\* of independent agencies is growing. Captives cannot perpetuate their agencies. When the captive retires or dies....his agency dissolves, is eaten up by the company he worked for. Independents can plan carefully to keep their agencies going from generation after generation. Some say it is

because captive companies have swallowed the predictions of some consultants and are shoving their agents out the door in anticipation of more on-line shopping. This may be true because the captive agencies are shrinking...fast. But there, too, within the captive world, some will survive. The struggle on the captive side of the fence will be greater, however. You must decide *if* and *how*, and *where* you want to survive. And you should do it while the window of opportunity is still open.

One of the reasons **survival** in the captive world is by far the most difficult is because a captive agency owner cannot hire people who would one day 'buy him out' as the independent agent can. Captives cannot perpetuate their agencies. When the captive retires or dies....his agency dissolves, is eaten up by the company he worked for. Independents can plan carefully to keep their agencies going from generation after generation.

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**Competition** from the independents is a real headache for the captives....was and always will be. But now captives are having to deal with competition from their own companies who have purchased direct marketing companies. It's too bad we couldn't have made AmFam sign a non-compete with us. A "No direct marketing" clause would have

been smart. After all, they made us sign a contract saying that we'd only sell for them and no one else. Doesn't seem fair that they can sign up with other companies, but we can't. Well, hopefully agents are getting smarter these days!

One thing the smart persevering agent must realize is that he must keep traditional methods of selling and running his agency going. Don't assume that *all* your customers will want to do business with you via social media or smart phone. It just won't happen. Many seniors don't even have computers yet....or probably never will have. And believe it or not, there are some businesses still operating without too much modern equipment. People who haven't moved into the digital age still need insurance and you need to reach them "as usual." Using direct mail should not be a thing of the past. Experts tell us it's easier to delete a marketing email than to toss a direct mail ad. People usually read direct mail, believe it or not. And while you're at it, why not hire someone to market policies in

each family that you don't have insured. It's a wide open opportunity where hopefully, your reputation for caring and efficiency will contribute to at least 50% of the sale.

Resist the temptation to become content with living off your renewals. We see this happen all too often. The least you could do would be to consistently run mini-ads in the local newspapers. The fact that people will repeatedly see your ad automatically gives them the feeling that you are stable and here to stay. Old fashioned isn't all bad!

Try to train your staff on 'how to sell.' Here at AmFam we have been so intimidated and side-tracked by the myriads of servicing tasks now laid upon the agencies that most staff feel that's all they are there for. NOT! Each licensed person in your agency should have a track record of selling policies. If not, you need to ask yourself 'why not!' Retrain-

rethink- remodel schedules. Selling takes time and must come first if the agency is to survive. Someone once said that **selling is just convincing someone to see it your way.** And last, but certainly not least, you must have good rates in order to sell. If you are captive and the only company you have to sell for is way out in left field as far as rates are concerned, then don't expect production to be what it would be if you had competitive rates. What can the persevering agent do about non-competitive rates? Well, it's pretty obvious. Connect with companies that do have marketable rates. Plain and simple.....but not always easy or possible. With your eyes wide open, you must decide!!

\* (<http://www.burand-associates.com/Articles/PERPET.pdf>)

\*\* <http://www.insurancejournal.com/news/national/2012/10/18/267170.htm> [Submitted by the Marketing Committee] 

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## OUR CULTURE OF RAPID CHANGE

Anonymously Submitted

I believe it was in a recent tweet by our CEO that he said something to the effect that *we can't let the old culture slow us down.* He said that *"Adaptation—and winning—is fostered through smart and aggressive strategic planning. And it doesn't—it can't—get mired in meetings, silos, or outdated beliefs. Culture can't be a crutch that slows you down."*

The Old Culture...the Old Culture...why, I would have to say I am part of the *Old Culture*, I guess. Is anybody else around here part of the Old Culture? Yes, I recognize that the world is moving faster and faster and people like to think it's good to "keep up." But is it?

The rapid change that we are now experiencing has begun to put a terrible strain on people and on our entire society. Alvin Toffler, in his classic 1970 book *Future Shock*, said that the effects of "too much change in too short a period of time would cause "shattering stress and disorientation." "In other words," he said, "They would be "future-shocked." He said that the need to be constantly adapting to change could lead to feelings of despair, hopelessness, depression, uncertainty, insecurity, anxiety and absolute burnout. And now, 40 years later, Future Shock is here and what our CEO is describing is, I believe, attributing to it.

The CIA World Factbook (Edition 2010) says that the average age in the United States is about 37 years. That means that our society has as many people over 37 as we do under 37, So for one to suppose that everyone should have to adapt to all the new rapid technological changes is asinine. Nor would we want them to "all" adapt or we'd have a society of mechanical zombies. We need to recognize that any cross section of people (be it your employees or your friends at church) is going to have a curve. We should learn to appreciate that curve. The older people in the curve bring stability and maturity to the group. They have the hindsight and most often, the insight and foresight. The 'good old days' actually look pretty good, even to some young people. The younger people in the curve bring in freshness but are often so busy playing with their smart phones and computers they forget what life is really all about.

If you work for AmFam, let me ask you where your *"Islands of Stability"* are? Alvin Toffler wrote\* that people need such things. *Islands of Stability* are the things or areas that **do not change in your life.** They are your safe harbors, the places you go for safety and comfort in the storms of life. Some people have their faith. Some their families. Some used to have their jobs. **Where are your Islands of Stability?**

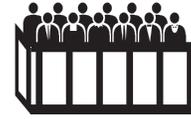
\*<http://www.ucg.org/entertainment/how-can-we-cope-world-rapid-change/>





# The CLASS ACTION

## Agents vs AmFam



As we have previously reported, a class action against American Family is under way in the United States District Court, Northern District of Ohio. The lawsuit claims that the agents are employees, not independent contractors, and that therefore, certain provisions of the Employee Retirement Income Security Act (“ERISA”) have been and continue to be violated. Whether agents are employees turns on American Family’s rights of control over the agents, even if those rights are not exercised. The damages sought relate to the difference between the amount of termination benefits as they would have permanently vested under ERISA, and the amount of termination benefits as they vested under the terms of the agent agreement. ERISA benefits vest earlier than the agent contract provides, and ERISA ensures that, once vested, termination benefits cannot be taken away. The complaint also claims that, as employees, the agents should have been included in other American Family employee benefit plans.

The Court denied American Family’s initial Motion to Dismiss the lawsuit.

American Family also claims that the class action must be narrowly defined to include only those agents who signed their agent agreements in the six years before the date the lawsuit was filed in the Northern District of Ohio. According to American Family, all of the agents that signed their agent agreements more than six years before the lawsuit was filed waited too long and their claims for relief are barred by the statute of limitations. The plaintiffs who filed the class action argued in papers they filed with the Court that this would reward American Family for its deception and that the court should toll the statute. The Court did not decide this issue.

The case has proceeded into the discovery phase, during which both sides have the opportunity to gather information regarding the claims and defenses in the case. **If you have questions about the case, you may contact:**

**Ashtin Otto at Wexler Wallace, LLP (one of the law firms representing the putative class)  
at [AO@wexlerwallace.com](mailto:AO@wexlerwallace.com) or by calling (312)346-2222 and asking to speak with Ms. Otto.** 🦋

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### LET’S PLAY “WHO SAID”

- **About the class action, “Bring ‘em on.”**
- **“We can do as much with 1/3 of the agents.”**
- **“Give every discount possible to new customers and then rate it right at renewal”-----Isn’t that bait and switching??”**
- **“Our direct brands are focused on attracting customers that *currently walk by our doors* every day.” Hmm....isn’t that what *all agents* are focused on?**
- **“AmFam = \$670.30/6 mo. Essurance= \$413.00/6 mo. Guess where these people went?”**
- **“Your rates are too high.” Ya think?**
- **“Direct channel selling *helps you!*” You gotta be drinking the Kool-Aid. It’s killing me!”** 🦋

*The following article was submitted to NAAFA recently. We wonder if it might have some credibility.*

*The writers are asking a rather provocative question.*

*We present it to you here so you can give feedback on how you feel about it.*

## **DEFINITIONS**

**Employ:** To hire or engage the services of a person or persons; provide employment for; have or keep in one's service.

**Employer:** One who employs.

**Salary:** A fixed compensation periodically paid to a person for regular work or services.

## **PLAIN & SIMPLE: A LAW TO PROTECT INDEPENDENT CONTRACTORS**

***We think there should be a new bill presented in Washington that would dis-allow the termination of the contract of an independent contractor if that contractor has been forced to use his own funds to establish and operate his business. Or a second version could say that if the employer chooses to have the option of terminating the contract of an IC who has had to fund his own business expenses, then the contract must be void of a non-compete clause.***

There are many independent contractor (IC) jobs where the employer provides all needed working equipment including an office, phones, advertising, etc. This type of contractor is hired because of his expertise in accomplishing specific duties outlined in his contract. When the task is completed, the IC is dismissed or the contract is terminated. All monies paid to this IC are kept by the IC as salary or reimbursement to be used for living expenses.....not to put back into the operation of his business. Legal or not, this happens.

But there are some ICs who must provide their own office, equipment, advertising, vehicles, tools, etc. in order to accomplish the task(s) required in the contract. If this IC has spent hundreds and hundreds of dollars to establish the business to achieve the goal set before him, then an employer should not be able to terminate the contract and destroy the business, we feel, unless the employer reimburses the contractor for all the money he has put into the business. Or the contract between the employer and the IC should not contain a non-compete clause.

For instance, suppose an IC contracted with a certain manufacturing company to sell sawmills and the contract said the IC could not sell sawmills for any other company while contracted with them. This kind of an agreement might not be so bad *if* that particular mill was a good product and *if* the price was competitive. There'd be a lot of "ifs" but the IC *might* be able to be quite successful with a product like this. His gross sales *might* grow and things *might* go well for a while. But suddenly the manufacturing company might decide that the IC just isn't representing them the way they think he should, so they decide to jerk his contract. Suddenly, the IC is without a product to sell, he has a non-compete in his contract, he's out the money he invested in his office, staff wages and equipment. Zip, his business is gone and there's a good chance this IC will have to file bankruptcy. Can anyone think this is a fair treatment of any group of workers in America?

Now most people would have to ask, "Why in the world would someone sign a contract which only allows you to sell one product?" Why would you sign a contract where you have to provide your own office, your own vehicle, your own

advertising, your own staff, etc. knowing you could have it all taken away from you if the manufacturing company decides to cancel your contract? Pretty stupid, right? Well, if you are a captive insurance agent, you must be pretty stupid (as I was) because this is the position all captive agents are in.

So how about getting the interest of some legislators who can see the need for such a law to protect ICs who are under captive contracts? This bill could probably be a one liner. Short and simple. **"Any IC who has to provide for his own operating expenses cannot be terminated unless all expenses are reimbursed....or the contract cannot contain a non-compete clause."**

How many people can you think of who might be affected by such a law. We pondered this for quite a while and we could only come up with captive insurance agents who are in this situation. There are a total of about 445,000 insurance agents in the US according to the US Bureau of Labor and Statistics. What percentage of those are captive? Although we could not find any statistics on this, we would wager a guess that captives make up about 25-30% of that number or between 100,000-120,000 agents in the US. At any rate, there's a significant number of people who are affected by companies that like to treat their captive IC agents unfairly. When companies can ask an agent to spend a lot of money in establishing a business and then take the business away from them....there is something terribly wrong with this picture. This group of agents needs some help from their legislators.

If you agree, won't you let us know? Certainly a campaign to notify your legislators about this inequity would be a worthwhile task for all of us to take on. Talk to your political representative, both state side and in Washington. And be sure to notify NAAFA if you have an interest.

Email: [NAAFAwest@comcast.net](mailto:NAAFAwest@comcast.net) Phone: 800/567/9668

**"What comes easy won't last.  
What lasts won't come easy."**

~Unknown

## INSURANCE AGENTS AND THE GUARDS OF THE UNKNOWN SOLDIER'S TOMB

Sometimes it is good to remind others of what outstanding agent/members we have here at NAAFA. Over the years, many stories have come to us about how agents have gone way beyond the call of duty to help their clients. Agents have driven miles to rescue clients, assist, counseled teenagers, helped out when called and risked much to help those who put their trust in heartfelt obligation to guard and protect them and heroes to their customers. No company can replace never be destroyed no matter how hard the company I thought about the faithfulness and perseverance of Unknown Soldier. I could see how similar the agents' guard the Tomb. We're proud of both, of course. But the dedication of the captive agent is not surpassed by very many people in this somewhat frivolous society. Please read the following article and draw your own conclusions. Agents, we salute you and we appreciate you! And so do your customers!!



gotten up in the middle of the night to upon, given money, given of their time, them, all in an effort to fulfill their their assets. These agents have become what these agents do. Your brand will tries. Well, as I read the following article, the soldiers who guard the Tomb of the dedication is to that of the soldiers who we'd like to remind you that the

### Arlington Cemetery: The Tomb of the Unknown Soldier

- 1) How many steps does the guard take during his walk across the tomb of the Unknowns and why?  
Twenty-one steps: It alludes to the 21-gun salute which is the highest honor given any military or foreign dignitary.
- 2) How long does he hesitate after his about face to begin his return walk and why?  
Twenty-one seconds for the same reason as answer to #1.
- 3) Why are his gloves wet?  
His gloves are moistened to prevent his losing his grip on the rifle.
- 4) Does he carry his rifle on the same shoulder all the time and if not, why not?  
He carries the rifle on the shoulder away from the tomb. After his march across the path, he executes an about face and moves the rifle to the outside shoulder.
- 5) How often are the guards changed?  
Guards are changed every 30 minutes, 24 hours a day, 365 days a year.
- 6) What are the physical traits of the guard limited to?  
For a person to apply for guard duty at the tomb, he must be between 5' 10" and 6'2" tall and his waist size cannot exceed 30 inches. They must commit 2 years of life to guard the tomb, live in a barracks under the tomb, and cannot drink any alcohol on or off duty for the rest of their lives. They cannot swear in public for the rest of their lives and cannot disgrace the uniform or the tomb in any way.

After two years, the guard is given a wreath pin that is worn on his lapel signifying he has served as a guard of the tomb. There are only 400 presently worn. The guards must obey these rules for the rest of their lives or give up the wreath pin. The shoes are specially made with very thick soles to keep the heat and cold from their feet. There are metal heel plates that extend to the top of the shoe in order to make the loud click as they come to a halt. There are no wrinkles, folds or lint on the uniform. Guards dress for duty in front of a full-length mirror.

The first six months of duty a guard cannot talk to anyone nor watch TV. All off-duty time is spent studying the 175 notable people laid to rest in Arlington National Cemetery. A guard must memorize who they are and where they are interred. Among the notables are: President Taft, Joe Lewis (the boxer), Medal of Honor winner Audie L. Murphy, the most decorated Soldier of WWII and of Hollywood fame.

In 2003, as Hurricane Isabelle was approaching Washington DC, our US Senate/House took 2 days off in anticipation of the storm. On the ABC evening news, it was reported that because of the dangers from the hurricane, the military members assigned the duty of guarding the Tomb of the Unknown Soldier were given permission to suspend the assignment. They respectfully declined the offer, "NO WAY, SIR!"

Soaked to the skin, marching in the pelting rain of a tropical storm, they said that guarding the Tomb was not just an assignment, it was the highest honor that can be afforded to a service person. The tomb has been patrolled continuously, 24/7 since 1930!!!

**God bless ALL who put others before themselves.**

# Postponing your Retirement?



In the following article you will find some retirement statistics by several different organizations. We have attempted to show you that people are retiring later as each year goes by. The average working person today expects to retire in his late 60s as opposed to late 50s just a few years ago. What does this mean for you, the American Family agent who is being pushed out the door before you had planned to quit? Let's take a look at some numbers.

**US Census Bureau:** Average retirement age in America is 62. Average length of retirement is 18 years. People born after 1959 cannot get full social security till age 67. As people age and retire, younger workers will need to work longer and retire later to provide the support that retired people take in the form of government programs.

### Northwestern Mutual:

The average age at which *currently retired* Americans were able to retire is 58.6 years. The average age at which *currently working* Americans expect to retire is 68.4 years. 1,546 Americans were surveyed in January 2013 for this statistic.

### Gallup Poles:

The average age that current U.S. retirees said they retired is now 61, compared with 59 in 2003 and 57 in 1993. It is likely that the average retirement age will continue to increase in the years ahead, as more non-retirees expect to delay their retirement past age 65. The average non-retired American expects to retire at age 67, up from 63 a decade ago, and age 60 in the mid-1990s.

Only about 38% of non-retirees say they think they will have enough money to live comfortably in retirement. This number is dropping and is down from 42% since just last year. In 2002, 59% thought they would have enough.

Americans may also get a health perk from delaying their retirement. Gallup has found that Americans aged 60 to 69 who work have slightly better emotional health than those who do not work, and this relationship is stronger for Americans in fair or poor health.

### Reported by NBC News:

Prudential has reported a new study that finds African-Americans retire earlier

than the general population on average, despite significantly lower retirement savings.

<http://www.nbcnews.com/business/african-americans-retiring-earlier-less-savings-6C10018473>. About 25 percent of African-Americans surveyed expect to retire before age 60, compared to 20 percent of the general population. Among current retirees, the average retirement age for African-Americans is 56, according to the study, three years younger than the general population.

So you see, times are changing. Earnings are down. Taxes are up. No one knows what health care will cost in a couple of years. How much

**Some retirement advisers say you need to save 25 times what you think you'll need annually to live comfortably in retirement. For example, say you need \$60,000 a year to live. That would mean you'd need to save \$1,500,000. But let's also say that you'll be getting \$24,000 a year from social security and perhaps another \$15,000 from your Termination Benefits. That brings your annual needs down from \$60,000 to \$21,000. Now your savings should be only \$525,000. If you average 4% income on your savings, you could pull out another \$21,000 per year to live on.**

Have you ever noticed that the agents who have the largest agencies tend to retire later than those with smaller agencies? Why is that? Do they love to work? Or does it take more time for them to save the amount they need to live at the level they're used to?

Whatever your reason for the decisions you make, do try to be informed so your decision is right for you. Agents should ask themselves, "How ready am I to retire?" If my savings and social security

plus Termination Benefits are such that I can afford to, am I ready mentally to retire? Will I get restless if I stop working? Will I have enough money to travel? Can I cut back on my living expenses? Planning is crucial. Believe it!

But today we are seeing many, many agents in their 50s and 60s being forced to retire by the company. These agents tell us they are not ready to quit yet...hadn't planned to quit. As a result, many agents have found themselves in a very precarious position. They have mortgages to pay, kids in college, and expenses that need to be paid. What the company is doing to these people is really unfair. How can agents believe the company "loves our agents and will continue to invest heavily in them in coming years" when really, the company is cutting the throats of so many. Explain your "love" to an agent you've just fired.

That is why NAAFA is so important to agents. We believe that for the most part, our agents are good, hardworking, faithful and ethical people who really wanted to remain loyal to AmFam. But now many are being forced to make decisions that shouldn't have been made for another 10 or 15 years. NAAFA has been able to assist agents in starting over. Yes, that sounds difficult at this point in their lives, but many are doing it and finding it a joy, once again, to sell insurance and this time, to really own their businesses. To be a NAAFA member is to be an informed agent. Join NAAFA today. Develop a plan. Take control. Never be afraid to try something new.

Remember:

**Amateurs built an ark.**

**Professionals built the Titanic.**

(Unknown Quote)

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

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### 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.

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### 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.

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