

*The*

# NAAFA Report

Spring 2010

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

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# The NAAFA Report.....

## Who We Are

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

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

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## Our Mission Statement

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

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

**YOU AREN'T REALLY A PROFESSIONAL TILL YOU JOIN NAAFA.**



## THE LEGAL DEFENSE FUND—DONATE TODAY!

It is no secret that American Family agents are under a great deal of stress lately. All of you know agents who are retiring earlier than they'd planned. All of you know agents who are either being targeted for termination or have already been terminated. All of you know that the rates have not been the best. Many of you realize claims handling has been below a level of what you've expected from this company. Many of the agents are considering their options. But what options does an X-American Family agent really have? Right now, it appears slim to none if the agent wants to stay in the insurance selling business.

NAAFA is working on the issue. Right now we know of about three legal cases that stand a chance of taking the **TRADE SECRET** issue to trial. We believe that until a court of law determines once and for all what comprises a Trade Secret as claimed by captive insurance companies, your situation will not improve if you must go independent. The attorneys representing agents who are presently being sued by the company are now well armed (thanks to information many of you agents have provided to them) with documentation that will most surely disprove American Family's claims regarding Trade Secrets. Now it is a matter of money!

A Legal Defense Fund has been established to provide you with an opportunity to donate to this very worthwhile cause. Every captive agent is now ensnared by the net American Family has cast over your agency. Although you have worked for years bringing customers into your agency, if you are fired or forced to quit, the names and addresses (and all other customer/prospect information) of your customers are claimed as a trade secret by American Family. All your years of hard work are gone. American Family reels in the net, firmly and quickly. It is interesting how this is the dilemma of only the captive agent.....not of the truly independent agent. And everyone *but the judge* seems to know that customer information is readily available to nearly every insurance company and insurance agent in America.

[Continued on Page 4]

We think it is time the judges and juries hear the truth for a change, but agents being sued are running out of money. Many have used nearly all their assets defending themselves in battles that, if won, would really mean a win for you. The Legal Defense Fund Committee wants to pick the case they feel would be most likely to win, and use money donated by you to encourage that particular agent(s) NOT to settle on the court house steps. Your donation will say, “Here’s my money so you can push on to trial for a decision that will help all of us.”

Remember, no one is saying the terms of the agent contract should not be kept. The non-compete is meant to be followed. Agents must not contact their former customers for a period of one year. But at the end of that year, agents should be allowed to contact their former customers. Agents are able to re-compile their customer lists from phone books, but they shouldn’t have to do that. If a list can be re-compiled by using the phone book, that list is NOT a trade secret by anyone’s judgment. We want a chance to prove our case before a jury and now we believe we have exactly the documentation to do that.

Please, **MAKE A DONATION TO THE LEGAL DEFENSE FUND**. This is probably the most important move you can make right now. Don’t just sit there and do nothing. Begin protecting your future immediately. And then, tell others to donate. **If only half the agents (2000) gave just \$25, the fund would top \$50,000.** This would be a good start toward winning the trade secret battle. You may donate in one of two ways:

- You may go to [www.naafa.com](http://www.naafa.com) and look for the PayPal icon. Click on “DONATE” to use your credit card.
- Or, make your check out to THE LEGAL DEFENSE FUND and mail it to: THE LEGAL DEFENSE FUND  
C/O NAAFA  
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**DONATE TODAY!!!**

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

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## **The President's Corner**

### The Time to Join is Now

The goal of NAAFA is to help educate agents so they can make informed decisions on how best to operate their agencies and survive in a very competitive world of selling insurance. The NAAFA Report newsletter is only one of the ways we communicate with agents. Another way is through our website at [www.NAAFA.com](http://www.NAAFA.com).

We try to address the concerns of active agents, agents leaving American Family, terminated agents, and retired agents. Sometimes it is difficult balancing the types of information needed by one group versus another group. While we try to be positive, sometimes it is difficult or nearly impossible when we see agents being terminated unjustly. Yes, it is still happening quite a lot. It does seem that the agent counsel supposedly working with American Family appears to be a positive group, but we attribute that to the fact that management claims to listen and make the appropriate changes suggested by the counsel. If NAAFA had that relationship, of course, we would appear equally as positive and credible. But NAAFA could not be bound by the obligation to only bring up certain topics agreeable and acceptable to the company, not that NAAFA is saying this is what happens with the agent counsel, but this has been suggested by agents in the past.

We do talk about unjust terminations because they are a reality. Agents need to be aware of possible warning signs that foretell that they are being targeted for termination. If an agent is unjustly terminated, we share with that agent what we have learned about survival from other agents who have experienced similar situations. Unjust terminations are definitely negative situations readily admitted not only by agents, but by district managers as well. If you happen to be the one being terminated the information we can provide is positive and invaluable, to say the least.

We offer a SECA kit to members retiring from American Family which aids them in filing their tax returns. This information is available to any *active* agent member or a retired agent who has been a current member for over a year. The SECA information will save you hundreds of dollars if used properly. Members are learning about filing termination benefits as capital gains, a move that often saves thousands of dollars.

While NAAFA shares some information in the agent newsletter (The NAAFA Report) there is an additional amount of helpful information on our website. The information on the "teaser" page is helpful, but the information on the member side is even more complete and beneficial. It does not matter what stage you are in your career. There is always information NAAFA can provide that will be useful to you. If you are already a member, you realize the importance of belonging to your association. If you are not a member, I urge you to give NAAFA a chance to show you how we can help you with your important career decisions, decisions you most certainly will soon be making. **JOIN NAAFA TODAY!!!!**

Very Sincerely,

Your NAAFA President

[End]



## 2009 AMERICAN FAMILY OFFICER COMPENSATION

Did these guys ever give themselves a whoppin' big raise this year! How many agents saw 19 -122% raises? One would guess from the size of these raises, that this company is really doing an outstanding job. Well, we'll let you judge for yourselves. Here are a few statistics from the report.

	<u>2008</u>	<u>2009</u>	<u>%</u>	<u>\$\$ increase or loss</u>
Dave Anderson	\$2,216,393	\$2,870,758	30%	\$654,365 increase
Jack Salzwedel	1,261,970	1,822,970	44%	561,000 increase
Dan Schultz	837,586	1,092,993	31%	255,407 increase
Pete Gunder	486,043	1,074,424	122%	591,381 increase
Al Meyer	742,709	991,464	33%	248,755 increase
Brad Gleason	721,599	587,761	19%	133,838 decrease
Jerry Rekowski	692,311	882,661	27%	190,350 increase
<u>OFFICER TOTALS</u>	<u>\$35,979,113</u>	<u>\$44,598,434</u>	<u>24%</u>	<u>\$8,619,321 increase</u>
<u>DIRECTOR TOTALS</u>	<u>691,000</u>	<u>786,000</u>	<u>14%</u>	<u>95,000 increase</u>

<u>PEOPLE EARNING OVER \$250,000</u>	<u>2008</u>	<u>2009</u>
<u>DISTRICT SALES MGRS</u>	<u>42</u>	<u>18</u>
<u>ALL OFFICERS OVER \$250,000</u>	<u>94</u>	<u>106</u>

\*Readers can go to [www.NAAFA.com](http://www.NAAFA.com) to see the complete list of 2008 and 2009 AmFam Executive salaries. Because we feel it is very important for ALL agents and employees to have a look at these increases, we are showing members as well as non-members these two lists of salaries. [End]

And now on the same note...

### UNDERCOVER BOSS? MAYBE NOT A BAD IDEA!

(Submitted anonymously)

I'm just a lowly agent and I am having a hard time understanding how Dave and Jack can take such huge salary increases when agents and employees are being squeezed right out of the business.

Recently, I watched a few episodes of "Undercover Boss" on CBS. I was struck by the genuine concern these bosses appeared to have for their employees and franchisees. One

[Continued on Page 8]

undercover boss said, "There's nothing worse than having frustrated employees." Hmm! I wonder why that is? I can only guess that this wise boss has perhaps learned the hard way that frustrated employees are not productive. Non-productivity affects the bottom line...profit! Another wise undercover boss said, "Build a relationship first---build a business second." Isn't it interesting that such simple conclusions are so hard for some "bosses" to come by?

I would like to know what the percentage is of American Family agents and employees who are truly content with their jobs. I would like to know how many workers feel the CEOs of this company actually care about how content you are. How does it make you feel to know you have struggled hard this past year to make a living but have only seen your income stagnate or worse, decline? Does anyone up there care about how you are being pressed to fulfill more and more requirements...requirements that really do nothing but occupy your time but don't really increase productivity? Are the income increases of 30 to 44% taken by the top two CEOs of this company justified? Is this merit pay? Help us understand, please. Perhaps the American Family CEO needs to go 'undercover' to learn what really ails this company.

[End]

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LET'S HIT THE 3000 MEMBERSHIP MARK!!

## CAPTIVE AGENTS ENTER 11<sup>TH</sup> YEAR IN SUIT AGAINST STATE FARM COMPANY

*On April 8, 2010, NAAFA received the following update on the State Farm v Pyorre-Wier lawsuit. Is it possible these captive agents could have possibly endured an 11 year, \$11,000,000 lawsuit against the captive company they initially thought was their loyal employer? Yes, we're sorry to say, it has happened. And it's not over yet. The court order referenced here can be read on the Home Page at the [www.naafa.com](http://www.naafa.com) website under Legal Cases.*

Attached is the court order dismissing the Mendocino Trade Secret case brought by State Farm as moot. This case has been pursued for over 11 years by State Farm at a cost of many millions of dollars only to be found to be moot by the court. The case was found to be moot as State Farm dropped all damage claims they were pursuing in order to avoid the possibility of a jury trial decision. Pyorre and Wier have previously had two favorable jury verdicts regarding this matter!

[Continued on Page 9]

www.NAAFA.com

Even after dropping all damage claims, State Farm continued trying to persuade the court of the viability of their claim. The thrust of the matter was the possession of declaration pages that were retained by Pyorre and Wier after being terminated as agents for State Farm. Those declaration pages were trade secrets, according to State Farm, and State Farm contended they were valuable even after 11 years. One of State Farm's arguments to the court of their value was the fact that Pyorre and Wier had kept them and still had them. That is until it was shown that Wier had shipped his declaration sheets back to them and that Pyorre had discovered his pages had been inadvertently destroyed within the last few years. So much for State Farm's argument about the value of the documents!

The ironic thing about this case is the fact that State Farm, while suing the two agents, found it was also obligated to pay the defense of those same two agents. The cost of the litigation is estimated to have been over \$6,000,000 through the first trial in August 2002. This cost has continued to climb as State Farm pursued yet a second and then a third trial. Costs through today are estimated at over \$10,000,000 with State Farm involving over 5 law firms (not lawyers, but law firms).

The second jury verdict in favor of Pyorre and Wier occurred when State Farm stopped paying Pyorre and Wier's defense costs under their BOPP Policy, and then tried to reclaim some of the money it had paid for their defense. In October 2009, a jury in Sonoma County (this is where State Farm had filed litigation against Pyorre and Wier) found Pyorre and Wier *owed nothing* back to State Farm. That case has been appealed and further action is pending.

The third trial that was scheduled for Mendocino County has now been ruled moot by the court and that leaves only the Sonoma Case which is under appeal.

[End]

**Bumper Sticker:** Remember, anything you say will be misquoted,  
And then used against you!!

**If ignorance is bliss, why aren't more people happy?**

**Bumper Sticker:** The more management I meet,  
The more I love my tarantula.

If you haven't visited our website, you should do so now. The center column of the Home Page contains interesting information you need to know about. Our website ([www.NAAFA.com](http://www.NAAFA.com)) is updated with new articles each Saturday, so search around at least once a week for new information. The number of people using the website has greatly increased and the website is our fastest means of communication. Members need passwords to enter the Member side so call if you have lost yours. 1-800-567-9668.

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## AGENT RESPONDS TO POSSIBLE COMMISSION DISCLOSURE LAW

[Name withheld by Request]

**[NAAFA member responds to the recent *National Underwriter* article entitled “Consumer Groups Hammer IABNY\* over Possible Agent Disclosure Lawsuit.”]**

I DO NOT GET IT! I have been both a captive insurance agent (31 years) and an independent insurance agent for another 4 years. In a nut shell, please explain why the disclosure of the agent’s or even the broker’s commission would guarantee that the product being proposed to the customer is the most suitable insurance product for that customer and why such a law would make all insurance transactions more suitable?

The issue at hand is not payment of compensation, but of suitability of the customer’s needs. Contrary to what Chuck Bell states “At a bare minimum, customers have a right to know the details of broker/agent compensation arrangements, so they can protect their economic interests in obtaining affordable, appropriate coverage for their needs and make an informed choice.” As an insurance agent in Minnesota, I am obligated by law to provide the insurance coverage that best suits the needs of my client. It is called suitability! If I present my client with the best coverage to meet my client’s needs, at the most affordable cost, what bearing does my compensation have on that sale?

A second key factor assuring an insurance agent the opportunity of providing customers the coverage most suitable would be the presence of a state **quota bill**. A producer friendly quota bill protects an agent from having to sell a certain amount of life policies in relationship to the sale of a certain number of property/casualty policies. A good quota bill will also provide that an agent cannot be terminated based upon the sale of life policies or restrict property/casualty underwriting authority based on life sales. As a result, customers are sold the most suitable product without the company’s threats.

In general, the mistrust in agents is misplaced. Agents are not the ones corrupting the financial integrity of the insurance industry. Agents were not the demise of A.I.G. The blame for the financial failure and mistrust in the insurance industry should be placed on the insurance industry’s own decision makers and those earning huge corporate compensation and bonuses.

A law demanding full disclosure will open a Pandora’s Box and still not address the key issue of client suitability. Once a law is

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established forcing the disclosure of compensation, where will it stop? Will the car salesperson be required to disclose the amount made on the sale of each vehicle sold? Will the corner grocer be required to disclose the amount made on the sale of each can of soup or box of crackers? Why should the customer need this profit or commission information in order to make a smart buying decision?

The problem with a law requiring disclosure is where will it stop? It is my opinion that if you are offering the client the *most suitable product*, at the *most competitive price* and the client *wants to do business with you*, then again, I ask, where does the question of compensation become an issue? Will everyone eventually have to disclose what they make on any and all transactions? I am not opposed to disclosing to a client what I make on any transaction, but I question if that would *guarantee* that my client is going to purchase the product that is most suitable for them. Instead of requiring financial disclosure wouldn't it make more sense to establish suitability and quota bills to better protect the buying public?

A more recent article appeared in the 4/20/2010 online National Underwriter (<http://www.property-casualty.com/News/2010/4/Pages/NY-Agent-Disclosure-Rule-Will-Be-Challenged-By-Another-Group.aspx>) entitled, "*N.Y. Agent Disclosure Rule Will Be Challenged By Another Group.*" The second group, "Council of Insurance Brokers of Greater New York" (CIBGNY) will be joining IABNY in the fight against New York State's Insurance Department as they attempt to require agents and brokers to disclose compensation on property and casualty sales. Both groups seem in agreement that disclosing compensation at the time of sale is acceptable, *but the state wants such disclosure to occur at the time the agent is giving a quote.* Currently, some states require agents and brokers to disclose compensation on life, financial services sales and on health sales, but New York may be the first state to require agents to disclose compensation on *all* insurance sales.

While American Family does not sell in the state of New York, the concern is that if this legislation is not opposed, other states will soon follow with such required disclosure. There is enough government involvement in the insurance industry without adding more requirements in the name of "public safety". As agents with integrity, we need to stand up for what we are--**trustworthy sales people**. Surveys show that customers trust their agents, but what they don't trust are their insurance companies! [End]

**Bumper Sticker:** Never underestimate the power of stupid people in large groups.

**ARE YOUR CUSTOMERS FINDING THAT THEIR FORMER  
INSURANCE COMPANY IS HASSLING THEM  
ABOUT CANCELLING THEIR POLICIES?**

*[Name withheld by request]*

Have you had a customer complain to you that their former insurance company refuses to cancel their policies when requested to do so? Evidently, this is becoming quite a serious consumer issue and state attorneys general are interested in hearing from these consumers.

Reports have been coming in that often when a customer contacts the insurance company's home office to cancel policies, the home office refuses to do it saying the customer must contact their agent. Customers should be able to simply call the home office and ask for his policies to be cancelled. Certainly personnel there should be able take this simple request.

When the customer contacts the agent, the customer is told his policies will be cancelled, but often he does not do it. Why? It is not clear why other than it's either an attempt to postpone the inevitable or it's a type of revenge on the agent getting the new business.

Or the agent tells the customer he must come in and sign a cancellation form. There is no law or rule that says a customer must 'come to the agent's office' to cancel a policy. Why would an agent say this? Probably so he would have a chance to either convince the customer not to cancel, or to pump the customer about who he is switching to. Either way, this is harassment and the consumer should not have to be put through this.

Or the agent tells the customer he must bring in proof that he has coverage with another company, such as a dec sheet. This is absolutely not necessary unless the policy was not cancelled the day the customer bought insurance elsewhere. If there is unearned premium, then proof of insurance is due. Sometimes it appears as if the companies purposely attempt to delay or postpone cancellation in an effort to develop unearned premium.

Again, consumers need to document the exact day and time they attempt to cancel.

All of these scenarios exhibit forms of harassment. These excuses for not cancelling policies when the customer asks is a

[Continued on Page 14]

violation of consumer rights and such abuse should be reported to the Attorney General's Office in the state the consumer resides. You will find a link to your Attorney General at the following website: <http://www.naag.org/current-attorneys-general.php> It is also available on the [www.naafa.com](http://www.naafa.com) website.

Most Attorney General Offices will remind you that companies have been sued for not cancelling a consumer's account in a timely manner when asked. Case in point is a suit brought by attorneys general against Qwest.

(<http://www.ct.gov/ag/cwp/view.asp?a=1776&q=283242> )

[End]

**Bumper Sticker: Proud to be your worst nightmare!**



**AMERICAN FAMILY'S NEW FOCUS  
ON DISTRICT SALES MANAGERS**

One thing we have learned is that when the company announces a 'New Corporate Structure' or an "Organizational Alignment Initiative" this usually means somebody is going to suffer. We have seen it time and time again. This time it appears the district managers are the target of a 'realignment' procedure....and it isn't good!

To quote the company, "*The DM Strategy and Alignment project is our effort to put our DMs in a better position to focus on the activities, functions and responsibilities that drive our mutual goals with you,*" says Executive Vice President Gerry Benusa. "*We heard you loud and clear in the Agent Engagement Survey and during our agent town hall sessions: If we can enhance our DMs' probability for success, it will, ultimately, benefit the entire organization - corporately and in the field.*"

It's an art to be able to make bad news seem like a "they lived happily ever after" fairy tale. This company has mastered the

art. Look closely at the above paragraph. The DM strategy change is going to help 'drive' (dangerous word!) the *mutual* goals we (the company, the DMs', and the agents') all have. Never mind that neither the DMs nor the Agents *really* had any say in the adoption

[Continued on Page 15]

of 'mutual' goals. But guess what? The company is actually placing the 'blame' for this change on the Agent Engagement Survey and info learned from agents in the town hall sessions. So what's new?

A new title almost invariably means new job descriptions. District managers are now going to be called 'agency sales managers.' If you look at the flow chart showing "State Level Support with Central Reporting," you'll find the 'agency sales manager has lost most of his responsibility other than communicating with and influencing agents to do what corporate wants them to do. (S)He evidently is supposed to keep agents 'aligned' with corporate goals. No training, no educating, just keep 'em in line.

What is especially troubling is that at a time when the company should be cutting back on expenses, it has chosen to add at least one employee per agency sales manager (DM) called an "agency sales management assistant," and one employee per state sales director called an "agency sales management associate." And we also find "field Administrative Assistants" who are going to report to the State Sales Director doing things like coordinating state level events and campaigns.

Isn't it interesting that it takes all these realigned management personnel to "manage" agents? There is no agency sales manager who can micro manage agents into selling and profitability if the company continues to have uncompetitive rates and susceptibility to storm losses. The agents cannot do anything about either of these two factors no matter how hard the agency sales managers "drive." And BTW, an agency sales manager (ASM) trying to prove his worth is nothing but an albatross around the agent's neck because the ASM is going to pile on more requests for reports, a great distraction from time that should be spent selling. Been there, done that. Does it work? No.

Rumor has it that ASMs will be making a lot less money under this new plan to be fully implemented by 1/1/2011. Less money usually translates into less enthusiasm....way to go AmFam!

[End]

Bumper Sticker: There are 3 kinds of people:  
Those who can count and those who can't!

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**WHY YOU MAY WANT TO CONSIDER**

## **SURRENDERING YOUR SECURITIES LICENSE**

Many agents are being terminated by American Family these days. It's no secret. It almost appears as though the company is grasping at the least little "violation" or "compliance issue" and magnifying it into something serious enough for them to justify the termination. Often their "justification" doesn't seem justified or consistent with the company's previous treatment of the same "violation." We are learning of the "3-Strikes and You're Out" action being applied to situations where previously such so-called violations were overlooked. So how does all this tie in to the surrendering of your securities license? Let us explain what, how, why and who is required to file U4s and U5s?

### **What is the U4?**

The Form U4 is the Uniform Application for Securities Industry *Registration or Transfer*. Representatives of broker-dealers, investment advisers, or issuers of securities must *use this form to become registered* in the appropriate jurisdictions and/or SROs.

### **What is the U5?**

Upon termination from a brokerage or investment firm, the employer will complete and file the U5 form (including reasons for termination) and enter the relevant information into a nationwide database accessible by potential clients and employers.

### **How can a U5 affect you?**

*Negative or inaccurate* information placed on your U5 can seriously affect your ability to keep clients or obtain future employment. A **negative U-5 review** (withdrawal of a license or application upon a broker/adviser's employment termination with an investment or brokerage firm) can follow a registered rep for his or her entire career, resulting in a loss of clients and an inability to obtain new employment.

When you part ways with a brokerage-firm, that brokerage can say anything it wants about you on your Form U5 -- even if it's a lie, even if it's defamatory--just to keep you out of the business or sometimes, it appears, just to punish you for what ever reason they might have. You may be able to clear your permanent record (which is essentially what a U5 is) after spending many months and tens of thousands of dollars running the legal gauntlet. But who has the kind of money to fight against the unethical and immoral behavior of such broker/dealers? Is your reputation worth sacrificing to maintain a securities agreement? Only you can answer that?

[Continued on Page 18]

If the company has found a reason, other than production, to terminate a securities-licensed agent, the company is required to file a U5 with FINRA. This document remains open to the public for viewing for two years after it is filed. The company

complaint is usually very uncomplimentary to the agent. FINRA will begin an investigation based on the allegations the Broker Dealer places on your U5. This often results in fine(s) for the agent and suspension of the agent's securities' license. If the agent ever wishes to seek property/casualty contracts directly with carriers, he must always divulge the existence of the U5 investigation. Often he will not be able to get such contracts and AmFam knows this. It is one step the company often takes, apparently, to keep you handicapped in the business of selling insurance after they terminate you.

Now surrendering your securities licenses will not keep the company from terminating you, but it might just allow you to get direct contracts with independent companies. Being fired by American Family is not a black mark against you. In fact, we are told that many independent companies are scrambling to connect with former American Family agents. American Family has, it seems, done a good job of establishing their reputation as being one of the most litigious and greedy insurance companies in America. At least, we've been told this is what a judge in an AmFam v agent case said recently.

It is our understanding that once you surrender your securities license, you have two years in which to activate it again. Wouldn't it seem wise for you active agents to surrender your securities licenses now so that you are no longer exposed to the possibility of having that extra black mark against you, should the company get the urge? Certainly, after reading this, you should ask yourself this rather important question. But all this discussion brings up yet another question.

Should the securities licensed agent presently working for American Family (which is no longer in the business of selling securities) be allowed to place his securities license with another securities company? After all the work and expense that the securities agent went through to get a license, why should he have to let it lapse just because his present broker went out of business? Think it over. We just ask the questions. **You decide the best answer for you.**

[End]

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**American Family's 4<sup>th</sup> Quarter Operating Report—How's that retention treating ya?**

	<b>2009</b>	<b>2008</b>	<b>2007</b>
Auto Retention	84.9%	85.6%	86.4%
HO's Retention	86.9%	86.8%	86.4%
Combined Ratio Auto	100.5%	104.4%	103.2%
Combined Ratio HO	105.6%	130.7%	119.6%



**And now, turn the page and let's have some Fun**

[Submitted by one of the more creative agents who relieves his stress with a bit of satire. People need to laugh. Someone once said, "Laughter is good for the soul."]



**AMERICAN FAMILY PROSPECTIVE AGENT**

**EXAM**

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

PHONE \_\_\_\_\_ CELL \_\_\_\_\_ EMAIL \_\_\_\_\_

**INTRODUCTION**

Thank you for inquiring about the American Family Insurance Agency position that is currently open. You have probably heard rumors about why the previous agent who ran this agency is no longer affiliated with American Family, and I want you to know that whatever you heard is completely untrue. We made a mistake when we hired that agent twenty years ago and we don't ever want to make that kind of mistake again in our hiring procedures. We have devised this short *Prospective Agent Exam* as a way of gauging not only your qualifications for this position, but also your willingness to adapt to our philosophies and procedures. Please keep in mind that there are no wrong answers to the following questions. However, also keep in mind the questions are designed to cultivate your inner thought mechanisms to determine if you are cut from the right cloth to be successful in this position. In other words, don't try to be cute with your answers because we are smarter than you. Good luck and if you didn't understand this introduction, maybe it would be best for you to just turn around and don't let the door hit you on your way out!

**QUESTIONS 1-5 ETHICS AND INSURANCE IQ**

**1. You have a client in your office that wants a quote on his insurance. He shows you his Dec Sheets and you notice he is insured in an A+ Company with an Independent Insurance Agent. Please explain in just a few short sentences, how you would convince the client that his present insurance company and agent are worthless pieces of junk.**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**2. You have a relative that wants to place his insurance with you but your rates at American Family are 35% higher than his present company. Would you:**

[Continued on Page 20]

( ) A. Raise his \$100 deductibles on comp and collision to \$1,000 and if

he has a claim later say the company screwed up when they issued the policy.

- ( ) B. Lower his Liability coverage to the state minimums and tell him that's all he needs because he's such a loser he doesn't have any assets to protect.
- ( ) C. Tell him the semi-annual premium you quoted him is for an annual term instead of six months.
- ( ) D. All of the above

**3. Your district manager has threatened you with termination if you don't write more life insurance. What would be the best way to write a lot of life insurance quickly?**

- ( ) A. Go to the local funeral homes during wake services and hand out business cards to the people waiting in line to pay their respects to the deceased's family.
- ( ) B. Sneak a sign on the casket with your business card attached that says "If Willie would have owned more life insurance, his wife wouldn't be so sad right now."
- ( ) C. Go to the bank and get a loan to pay the annual premium for life insurance for you and your family members and then cancel it after a year.
- ( ) D. All the above.

**4. A client calls you up and complains that their homeowner rates keep going up every year and they have never had a homeowner claim. Please explain how you would react to this whining and how you would vandalize their home so they couldn't throw this no-claim-nonsense at you in the future. Please be brief and to the point!**

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**5. A fellow American Family agent quits and goes Independent. His policies are transferred into your agency at a reduced commission. A client says they want to cancel their policies in your agency because they have decided to go with their former agent in his new independent agency. How would you convince them to stay with you?**

[Continued on Page 21]

- ( ) A. Tell them their former agent got fired from American Family because of his mishandling of client's money.
- ( ) B. Tell them their former agent writes insurance for marginal companies and if you have one claim you will be cancelled.
- ( ) C. Tell them their former agent stole American Family's "trade secrets" and will likely get sued and go bankrupt.
- ( ) D. All of the above

### **QUESTIONS 6-10 LOYALTY AND PERSERVERANCE**

**6. Many agents never learn that the secret to growth is having a good positive relationship with the District Sales Manager because he determines who gets transfer policies when slacker agents are terminated. One day when you stop in your District Sales Manager's office unexpectedly, you see him passionately kissing his assistant. Would you:**

- ( ) A. Pretend like you didn't see him and leave his office like nothing happened.
- ( ) B. Tell your District Sales Manager you will keep quiet if he gives you 1000 transfer policies.
- ( ) C. Call his wife and rat him out.
- ( ) D. Call his assistant's wife and rat him out.

**7. Your best friend from high school wants to be an agent and he comes into your office to ask you to help him get a job. You know he is a good salesman, but you also know he is an alcoholic womanizer that has a gambling problem and was fired from his last job for mishandling money. He deserves a chance to prove he can overcome his past mistakes and turn his life around. Should you recommend him?**

- ( ) A. Yes, as long as he can sell life insurance and will commit to making AFLIC
- ( ) B. Yes, as long as he can sell life insurance and will commit to making AFLIC
- ( ) C. Yes, as long as he can sell life insurance and will commit to making AFLIC
- ( ) D. All the above

**8. You have had 18 appointments in a row without a sale. You just can't seem to overcome the fact that your premiums are 30% higher than the competition. What should you do?**

- ( ) A. Quit whining about the rates and sell them life insurance.
- ( ) B. Quit whining about the rates and low ball the coverage on their policies.
- ( ) C. Quit whining about the rates and set more appointments. This is a numbers game.
- ( ) D. All the above

**9. Please explain in 50 words or less why you would want to be an agent with a company that just announced they are getting rid of 35% of their agency force, has been downgraded from A+ to A with an outlook of negative by A.M. Best, and has some of the highest rates in the insurance industry.**

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**10. Please match the words or phrases below on the left with the corresponding correct definition:**

- |                                      |   |
|--------------------------------------|---|
| A. Agent doesn't puppet              | 1. A puppet that realize he's a         |
| B. District Manager life that        | 2. The lowest form of exists            |
| C. Former Agent who went Independent | 3. A necessary evil                     |
| D. Ivory Towers must                 | 4. The only award that be purchased     |
| E. American Star from                | 5. The place that went Riches to Rags   |
| F. NAAFA scares                      | 6. Doesn't exist but the heck out of us |

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[Note: Answers to Question 10:  
A=3; B=1; C=2; D=5; E=4; F=6]  
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**"To provoke laughter without joining in it**

effect." ##

greatly heightens the

[End]

**Bumper Sticker:**

**How lucky can we be to have such brilliant  
minds in charge of our once great company?**

**The National Association of American Family Agents**

PO Box 578

Circle Pines, MN 55014



# The NAAFA Report

(Spring 2010)

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

## NAAFA MEMBERSHIP/ DONATION APPLICATION\*\*

Name \_\_\_\_\_

Address \_\_\_\_\_

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

Phone (    ) \_\_\_\_\_ - \_\_\_\_\_

Email \_\_\_\_\_

<b>MEMBERSHIPS</b>		
(Circle one)	Annual	\$240
	Semi-Annual	130
	EFT (Monthly)	20
	Retired Annual	80
	ACP Annual	120
	ACP Semi-Ann	70
	ACP (EFT)	10

<b>DONATIONS:</b>	Silver _____	(under \$99)
	*Gold _____	(\$100-\$199)
	*Platinum _____	(\$200-up )

[\*Membership included with Gold or Platinum annual donations.]

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

### PAYMENT OPTIONS:

**CHECK:**

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

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

**EFT:**

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

**CREDIT CARD:**

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

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

