



The NAAFA Report

~2013 Summer Edition

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The Summer 2013 NAAFA Report

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The NAAFA Report.....



WHO WE ARE

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

OUR MISSION STATEMENT

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



SUPPORT NAAFA PAINLESSLY

The most painless way you can pay NAAFA membership dues is by the monthly EFT method. Most people do not miss the \$20 a month that NAAFA deducts from the account of your choice around the 20th of the month. Some agents add an extra \$5 or \$10 a month to be donated to the Legal Defense Fund. It's all so easy. Open your account now by sending your check for \$20 to: NAAFA, PO Box 578, Circle Pines, MN 55014.

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The Agents Bulletin Board at www.naafa.com is your channel for expression. Tell us your thoughts and opinions. NAAFA never identifies you unless you ask to be identified, but we must know your identity or we will not post your message. Our website gets an extreme amount of hits so if you want your message heard, send it to www.naafawest@comcast.net. This is your VOICE!

NAAFA DISCLAIMER

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WHEN TELLING THE TRUTH BECOMES AN ISSUE



Who would have ever guessed that telling the truth could cause you to lose your job? Well, apparently, it can. Agents report to us that unless they make the sale, they will be terminated. Quotas are being given to all agents the company wants to get rid of. Quotas put a lot of pressure on the agents. Quotas also put a lot of pressure on the ASMs. The agent must succeed to save his job. The ASM's district must meet sales requirements or he is punished. Just how do lies fit in here? Let's take a look.

Sometimes agents resort to rather "unusual" ways to make a sale. This writer is using the word *unusual* cautiously here, because it might imply "illegal" and we don't want to make that call for you. We want you to decide. Ultimately, the decision to always do the right and truthful thing boils down to you....you must make the decision to do right or to do wrong. And it will be you who suffers the consequences. What we are NOT saying here is that *right* is whatever you want it to be. Yes, and there can be consequences to both but you better know the difference.

Joseph Stowell says that *"Our culture has shifted to the ethics of expediency and self-advancement, so falsehood is not only tolerated, but even encouraged in many cases. As a result, many of us have come to feel better about lying to others. If it takes a small lie to complete a sale, the falsehood is justified for the good of the company. If a slight exaggeration of one's productivity is needed to beat out someone else for a raise or promotion, the untruth is considered a "competitive edge." Such thinking has actually transformed non-truth from a vice to a virtue. Unfortunately, this undermining of the absolute value of truth has devastating consequences."*

<https://www.lifeaction.org/revival-resources/heart-cry-journal/issue-47/why-tell-truth/#>

Cheating on life applications is not a new thing. We've recently learned that agents are being encouraged to write Simply Protected Term policies on monthly-pay auto policies without the consent or knowledge beforehand of the customer. It isn't too hard to figure out how they do this with the use of electronic signatures, etc. Most of you will recall a few years ago that a Wisconsin AmFam agent went to jail for writing false life applications. The question has always remained---how did underwriting pass these applications when it was so obvious (fictitious social security numbers, etc.) that they were fake. Others of you know about various agents who have been fined by the state for various "irregularities" in their approach to selling and running their agencies. Sometimes the company claims to do something about it and sometimes they don't. But one thing we know is that the company always comes out smelling like a rose and the agent is the one who ends up stinking!

Just how important is truth anyway? If you know a person to be truthful, he is usually considered also to be trustworthy. He is usually one who is confident, shows great integrity, and is stable, faithful, and loyal. These are characteristics we don't often see anymore, do we? NAAFA has gotten many calls from agents who have found that their office staff have been unfaithful and disloyal. One agent said his assistant had been with him well over 10 years. He trusted her. But when she was offered the chance by the enticing ASM to have her own agency, she betrayed the agent she had worked for, causing the agent to be fired. She got a good share

of his files. This has happened more than once, according to our records.

NAAFA has also heard about AITs who have betrayed the agent they are working for. Several times we hear of AITs who "take files with them." You all know what we are talking about here. The AITs seem to be able to do what agents can't do.....make copies of customers' names and addresses...and then use this information to 'build their own agency.'

Anytime a customer received a credit and the agent uses that credit to add another policy, this is being untruthful unless the customer is fully aware and informed and has consented. Or letting a transferred policy lapse and then re-writing it to get new business credit has a twang of untruthfulness to it. Some people seem to have a conscience...some apparently don't.

TRUTH IS NOT RELATIVE, but un-truths are. Indeed, if your **TRUTH** does not stand the test, it's not truth!!

Is it any wonder there is so little trust in the world anymore? When children are taught in school that truth is relative, why should we think they will be trustworthy when they get out in the business world? Kids are told, "If it feels right, it's all right to do it." So what is right for one is not necessarily right for another. Conversely, what is wrong for one is not wrong for another, the thinking goes these days. That's really not how TRUTH works. Truth aligns us with our Creator and He does not waiver, change, or lie. Oliver Wendell Holmes (in *The Professor at the Breakfast Table*) said, "Truth is tough. It will not break, like a bubble, at a touch, nay, you may kick it all about all day like a football, and it will be round and full at evening." TRUTH is not relative, but un-truths are. Indeed, if your TRUTH does not stand the test, it's not truth!!

How can anyone be trusted who doesn't know what TRUTH is? The opposite of truth is falsehood. Along with not being absolutely truthful come fibs and lies, suspicion, doubt, insecurity, conflict, and anger. Often man can be deluded into thinking 'stretching the truth' a bit won't hurt. Every new agent wants to please his ASM. Naive people often can be enticed into doing whatever they're told. After all, it's them and their job that's on the line. ASM's can be intimidated by their bosses, and on up the line it goes. Where does the buck stop? Of course, at the top. But the morally and ethically astute agent will make the decision for himself....to be truthful at all costs. He won't wait for the CEO to tell him to be truthful. And sometimes there will even be a cost for telling the truth. But in the long run, you will have to live with yourself and learn to mentally deal with the decisions you have made. It is certain that standing for TRUTH will allow you to sleep much better. Working for a boss who encourages you to do wrong is not right. Working for a boss who punishes those who do right is even worse. Yes, this sometimes happens even at American Family, we're told.

You must ask yourself: Do I always stand for what is TRUE? If what you are thinking of doing is 'not quite legal,' then turn and run as fast as you can. Very often we find ourselves at a crossroad where we must make a decision about

which direction to go. As agents or as managers, if you are being asked to jeopardize your standards, think very carefully before you act. Who am I going to hurt by making this decision? Will my family suffer if I'm caught? Will I suffer? Ask yourself these questions:

- 1) Is what I'm planning to do completely consistent with my own moral and spiritual beliefs?
- 2) Does what I'm planning to do violate *any* law, be it insurance law, company law, or law of this land?
- 3) Is there any way I could suffer for my decision to do this act?
- 4) Could I admit this act to everyone I know and not get into trouble or be ashamed?
- 5) Is my goal in agreeing to do this to enhance my agency or this company, or is my goal to enhance the life of my insured? Remember, policies are sold, first of all, to protect your clients. The fact that the company makes money and that you make money for the sale should not be your major goal. IF you take the client out of the equation, all else fails.

- 6) The corporation is a shroud which tends to protect its own, and sadly, the courts seem to follow this same pattern of thinking. Remember, you are not a part of the corporation. That shroud does not cover you. If wrong is done, you'll most likely be the one to suffer.

And that's why the buck actually stops with you! If all employees and agents made the decision not to carry out any act of deceit no matter what the cost, it wouldn't be long till the company would be made up of TRUTHFUL and HONEST people who truly cared for the customers and each other. What a company that would be!! Imagine how proud you would feel to work for a company where everyone told the truth. Where everyone could be trusted. Where everyone was honorable. Remember, where there is trust there is peace. Oh, to have a peaceful and secure place to work! What a way to settle the truth-telling issue.

It was Abraham Lincoln who declared, "Freedom is not the right to do what we want, but what we ought. Let us have faith that right makes might, and in that faith, let us, to the end, dare to do our duty as we understand it."



NAAFA RECENTLY RECEIVED THE FOLLOWING EMAIL. BECAUSE THIS EMAIL DEALS WITH LYING AND CHEATING ALLEGEDLY BY A COMPANY OFFICIAL, WE FEEL IT IS IMPORTANT TO INCLUDE IT HERE BECAUSE SUCH ACTIONS CONFIRM OUR CONCERN ABOUT THE IMPORTANCE OF TRUTHFULNESS...OR LACK THEREOF.

Dear NAAFA,

Agents in Tucson AZ are being investigated regarding a Sales Manager who was leading LUTC classes as a proctor. This Sales Manager would leave the room to allow the students to work together and share answers. Not only were there veteran agents in the class along with new financed agents but also agents in training. To make things worse, some of the students who were "cheating" consisted of the ASM's own ASMA and a fellow ASM from another district.

They were reported by two agents in the class who felt what was going on was wrong. Isn't cheating always wrong, especially with a designation that has a course on Ethics? The manager, a long time beloved Manager for his production, may go untouched playing ignorant, but we know it is a cover up. The two forthcoming and truthful agents went to the AMFAM ethics line. Not sure how confidential that hot line is but other managers were provided names of the WHISTLEBLOWERS. Confidential?

Now the two who did not want this improper activity to continue will most likely be out casted in their own districts because confidentiality has been broken. I am not sure if this information is of any interest to NAAFA, but I thought I would share what is going on with the two Tucson districts of American Family Insurance. What is greatly troubling, the ASMA who participated in these alleged actions did not get reprimanded, but got promoted to a state level while the investigation is still going on. The investigation is not only AMFAM Company-wide but also by the American College who feels its courses and coursework were compromised. To be noted, the manager who was the proctor not only is a LUTCF with a CLU designation, but he has also received his Masters through their courses. So much for the ethics level.

Name withheld

**"FALLACIES DO NOT CEASE TO BE FALLACIES
BECAUSE THEY BECOME FASHIONS."**

~G.K. Chesterton



QUESTIONS

CAN CHANGE YOUR FUTURE...

	Y	N
1. Are you confident about your future?	<input type="checkbox"/>	<input type="checkbox"/>
2. Do you want to earn more income?	<input type="checkbox"/>	<input type="checkbox"/>
3. Tired of being limited to one company?	<input type="checkbox"/>	<input type="checkbox"/>
4. Would you like to have freedom of choice?	<input type="checkbox"/>	<input type="checkbox"/>
5. How about immediate equity?	<input type="checkbox"/>	<input type="checkbox"/>
6. Could you use access to capital to grow?	<input type="checkbox"/>	<input type="checkbox"/>
7. Do you need training and support?	<input type="checkbox"/>	<input type="checkbox"/>
8. Have you found a solution?	<input type="checkbox"/>	<input type="checkbox"/>
9. Are you looking at your options?	<input type="checkbox"/>	<input type="checkbox"/>
10. Ready to consider a change?	<input checked="" type="checkbox"/>	<input type="checkbox"/>





“I WISH I’D KNOWN THAT!”

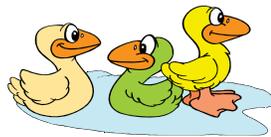
“I WISH I’D KNOWN THAT!” NAAFA hears these words over and over, and even though we feel there is no excuse, and even though we’re really sorry for those who are ‘forced’ to utter them, we still continue to help those who call uttering these words because we care and we do understand. Why are we getting these calls? Because agents have *swallowed* what company management encouraged them to drink. “Don’t join that organization...stay away from NAAFA. They’ll drag you down with them. They’re too negative.”

Well, we challenge you to find an agent who is being put on the 6-month notice or an agent who has just been fired or forced out to agree with those “negative” words about NAAFA. When the time comes, all they can say is, “I wish I’d known that.”

So is ignorance bliss? Hardly. Ignorance keeps you in the dark. Ignorance enables you to *not be ready*. Ignorance gives you a feeling of false security. Someone once said, “Ignorance does not know what it does NOT know.” Let me say that again: **IGNORANCE DOES NOT KNOW WHAT IT DOES NOT KNOW!!!**

When agents who are stressed out call the NAAFA office, we take however long it takes to catch them up to date on just what’s happening to them and what they can do about it. We have gone through it so many times...agents who have had their contracts terminated. It is always heartbreaking but this seems to be the direction the company is going. It’s really hard to tell how many agents have been terminated company wide because the company keeps hiring inexperienced AITs to replace these experienced agents, so the overall number may not be changing much. We have been able to help them quickly get started again if that is the direction they want to go. But we also encourage them to immediately read (on the member-side of our website) the article “What NAAFA thinks Members Should Know.” This article is an accumulation of information gathered over the years from agents “*who have been through it*” to help you learn how to “*avoid going through it.*”

NAAFA has attorney and accountant referrals for our members. We are here to answer questions any time you call. We can refer you to other agents who can help you and encourage you. This is what NAAFA is all about. Agents helping agents. These are the wise agents. Agents who ask for help and agents who offer to help. Another saying we heard recently goes like this: **TRUE KNOWLEDGE KNOWS WHAT IT DOES NOT KNOW.** That’s right. When you are knowledgeable, you know what you don’t know. You can make wise decisions about your future. You know what to do and what to avoid doing. You know where to go to find out what you don’t know. And as a result, you are one of the successful ones.



Have your ducks in a row! Don’t alternatives. Be ready. Never find yourself in a position where you aren’t making money.

let American Family catch you unprepared. Have some

Now, is there any reason in the world why you shouldn’t join NAAFA? Do you realize that one of the first things former district managers do when they step back into agency is join NAAFA? Wonder why that is??? Well, perhaps they have the knowledge and good sense to realize they need NAAFA. Follow their lead and join NAAFA today. Don’t remain ignorant. Become informed and knowledgeable. NAAFA helps you become knowledgeable. Take advantage of the new member special rate now. Join NAAFA NOW!! Once again we say,

“TRUE KNOWLEDGE KNOWS WHAT IT DOES NOT KNOW!!”



AMERICAN FAMILY CORPORATE SALARIES FOR 2012

Name	Salary	Bonus	Other Comp	TOTAL COMP	2012 Increase	% Increase
Jack Salzwedel						
2011	\$888,861.46	1,834,637.44	466,655.68	3,190,154.58		
2012	924,284.46	3,308,764.47	453,429.43	4,686,478.36	\$1,496,324	+46.90%
Daniel Schultz						
2011	491,471.50	979,682.89	342,629.30	1,813,783.69		
2012	556,328.63	1,689,566.39	406,367.15	2,652,262.17	\$ 838,479	+46.23%
Dan Kelly						
2011	314,211.81	346,216.90	136,814.33	797,243.04		
2012	389,555.68	773,696.35	215,437.20	1,378,689.23	\$ 581,446	+72.93%
Annette Knapstein						
2011	276,824.33	250,587.35	126,560.82	653,972.50		
2012	281,830.20	338,351.95	737,148.20	1,357,330.35	\$ 703,358	+107.55
Peter Gunder						
2011	414,248.23	663,608.64	92,442.69	1,170,299.56		
2012	424,250.46	816,786.68	100,758.96	1,341,796.10	\$ 171,497	+14.65%
Jerome Rekowski						
2011	382,247.93	501,691.83	294,455.81	1,178,395.57		
2012	386,055.91	661,010.96	289,981.69	1,337,048.56	\$ 158,653	+13.46%
Mark Afable						
2011	396,092.48	596,340.34	154,562.31	1,146,995.13		
2012	407,250.02	753,115.22	169,545.43	1,329,910.67	\$ 183,915	+16.058%
Mary Schmoeger						
2011	397,517.50	548,960.14	125,162.97	1,071,640.61		
2012	409,246.37	741,488.33	127,944.32	1,278,679.02	\$ 207,068	+19.31%
Alan Meyer						
2011	447,404.30	478,918.22	173,236.80	1,099,559.32		
2012	447,402.05	599,512.58	144,906.23	1,191,820.86	\$ 92,261	+ 8.4%
Gerry Benusa						
2011	347,248.01	455,845.32	126,399.01	929,492.34		
2012	357,246.38	678,787.37	132,778.58	1,168,812.33	\$ 239,320.	+25.74%

Well, here it is! Many employees and agents have been asking for the 2012 corporate salaries. For the most part, we will let you draw your own conclusions, but we do have a few comments to make.

First of all, top management incomes (those receiving over \$250,000) which are listed on the corporate salary chart sent to us by the Wisconsin Department of Commerce show that these special people earned a total of \$68,690,505.95 which tops 2011 salaries by \$7,743,535.45. That amounts to a 12.7% increase in salary costs in the annual budget for just these people. We have compared the top ten income earners for 2012 with what they each made in 2011. The 'changing of the guard' perhaps

accounts for some of the dramatic increases because, of course, new leaders tend to promote their own. Agents and employees.....did each of you receive a promotion and/or a 12.7% increase in income?

But take a closer look: the top ten income earners at AmFam took individual increases ranging from 8.4% (Al Meyer) to 107.55% for Annette Knapstein. Our friend and CEO, Jack Salzwedel seems to have taken off where Dave Anderson left off....Jack increased by 46.90% for a total income of \$4,686,478.36. (Note: Dave Anderson left with a total income of \$5,210,937.92)

You might be interested in the following statistics:

State Farm CEO, Ed Rust's total compensation for 2012 was \$9,636,065.80. Company assets=\$197 Billion (approx.)

Allstate CEO, Tom Wilson's total compensation for 2012 was \$17,058,555. Company assets= \$126.9 Billion (approx.)

Farmers CEO, Jeff Dailey's total compensation for 2012 was \$2,213,536. Company assets=\$385 Billion* (approx..)

AmFam CEO, Jack Salzwedel's total compensation for 2012 was \$4,686,478. Company assets=\$17.9 Billion (approx.)

*We believe \$385B might be the assets of Zurich rather than Farmers Insurance, Inc, a subsidiary. Zurich CEO Martin Senn's 2012 comp was \$7,953,954.

AmFam's total assets are small 'jingles in the pocket' compared to the competition so it is to be assumed that our CEO not make as much as the competition. The average asset value for these four companies is about \$182 Billion. AmFam's asset value is far below 'average' and probably should not be compared to the other three, but we believe AmFam top management people do compare themselves to these others. Is this right? ☹

AMERICAN FAMILY'S RATINGS

NAAFA will let you decide what these numbers really mean. You all know by now that top management must feel they have done a good job or they wouldn't have taken such big raises. Of course, you will probably realize that when total revenue and profits drop but still the company rating at AM Best improves and company execs bonuses/salaries hike up, you have to ask "at whose expense?"

AM Best Ratings

Suppose you have all heard by now.....American Family has received an A rating and financial outlook is now *stable*. This is good news for everyone. No one liked it when the financial outlook was *negative*.

<http://www3.ambest.com/ratings/entities/CompanyProfile.aspx?AMBNum=11789&URatingId=1530712&AltSrc=10&PPP=&ExtUser=&ExtMisc=>

FORTUNE 500 Ratings

[Remember, the higher the number, the lower the company rating on the Fortune 500 list.]

In 2012

American Family's rating was #382 on the Fortune 500 list.

Revenue in millions was \$6, 400.2.

Profit was \$295.2 in millions.

Compare to rating in 2011

American Family's rating was #358.

Revenue in millions was \$6, 491.8.

Profit was \$487.1 in millions.

Note: AmFam's Fortune 500 rating dropped 24 points from the 2011 rating.

http://money.cnn.com/magazines/fortune/fortune500/2012/full_list/

[The **Fortune 500** is an annual list compiled and published by *Fortune* magazine that ranks the top 500 U.S. closely held and public corporations as ranked by their gross revenue after adjustments made by *Fortune* to exclude the impact of excise taxes companies incur. The list includes publicly and privately held companies for which revenues are publicly available. The first Fortune 500 list was published in 1955.

(From Wikipedia, the free encyclopedia) ☹

It is said that power corrupts, but actually it's more true that power attracts the corruptible.

The sane are usually attracted by other things than power. ~David Brin

INDEPENDENCE IS A CHOICE

Put Your Experience to Work



Helping Agents Own An Independent Insurance Agency

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

*Get Your Agency
in the Zone!*

817.704.2289

sales@insurezonedirect.com



ARE YOU BEING TARGETED?

Board Contribution

Usually NAAFA receives an email warning us that another agent is being targeted. Never, in all the years that NAAFA has been in existence, have there been so many calls and so many agents getting terminated. We know that we will be spending a lot of time talking to these agents because it's our job. We want to help them weather the storm, get over the initial shock, and once again, become successful. Many of you know what it's like to lose a job....but many of you don't. Well, it's not a pretty situation, especially when you have done nothing wrong. When you are simply a product of their program, there's really nothing you can do about it. If they have you targeted, you will be the next to go.

The NAAFA board has pondered the question of *why* for a long time. Why does AmFam want to get rid of agents? Why does AmFam want to get rid of customers? Why does AmFam want to write less new business? Is there anybody who is denying that the company has these goals? We think not. It's obvious. But why??

Here are a few of the possible reasons we could come up with. AmFam has decided upon a direction it wants to go. It has purchased a direct-marketing company (The General) which will allow the company to learn the techniques of direct-marketing for other lines. AmFam, we believe, thinks that direct-marketing is the wave of the future. They believe a certain percentage of the buying population will purchase their auto and homeowner's insurance through the Internet. Perhaps it's quicker. Perhaps one can get a quote and easily back out of any responsibility of buying. The Internet makes non-commitment easier than the commitment one feels after having spent time in an agent's office, face to face, and meeting after meeting. We often hear that people get quotes on line but then turn around and buy from the agent down the street. But the company still feels, we believe, that most people will eventually buy through the direct-marketing avenue. Therefore, there is less need for field agents. Why keep on paying agents who are low producers anyway when you can 'get rid of them so easily?' Just set an unrealistic quota and they're bound to fail. If they don't, just set the quota higher and higher until they do fail.

NAAFA has heard from several agents who have met the 6 month quota, but are still being set up to be terminated. Often we hear that the ASM picks the lowest producer or the lowest three producers and fires them first. Then when those agents are gone, he just moves up to the next lowest producers. When will this stop? Probably not until Madison says, "That's enough." The point is, if you are targeted, you better get your ducks in a row immediately. Don't mistakenly assume you can beat them at their game. If you meet the quota, they will probably still find a way to fire you.

One thing NAAFA has noticed is that most of the agents being terminated today are over the age of 50. Often agents who are 65 + are told, "Isn't it time you quit?" The \$12,000 bonus which ended back in March of 2012 was an incentive to get rid of agents....especially senior agents. Why have they pinpointed that age group? NAAFA believes it is because it's very profitable to terminate because transferred policies don't have commissions tied to them for at least a year. Renewals on transferred policies are pure profit for the company. NAAFA also believes that senior agents are less likely to sue or fight the termination because they don't want to risk their savings and/or Termination Benefits at this late point in life. There'd be no time to recoup the loss, should that happen. The company isn't stupid. They realize this.

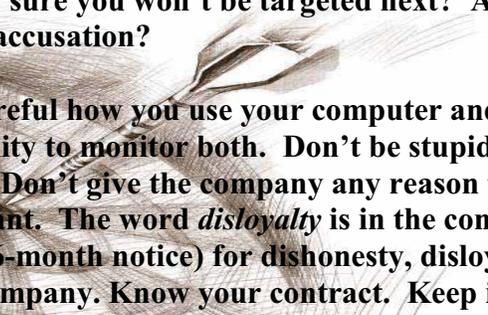
NAAFA also believes the company makes an effort to terminate before the agent qualifies for lifetime benefits. Some agents have even been told that the company won't put you on a quota if you are over 60. We have not found that to be true in all cases. NAAFA has, by the way, had many agents call who were nearing the time that they qualified for Termination Benefits. Of course, the company would like to terminate these 9 to 12 year agents....just before they qualify. Again, it saves the company a lot of money not to have to pay Termination Benefits and to be able to steal all the policies these agents have worked so hard to write. Often agents are forced out. By that, we mean that there are threats made to the agents such as, "If you don't resign, you will be fired." Or, "You aren't producing anyway so why don't you resign? Don't make us fire you. You wouldn't want that on your record."

And then there is the agent who is too vocal, according to AmFam's standards. This might be an agent who is wise to their ways and speaks out about it. The ASM gets real uncomfortable around agents like that so he feels justified in putting agents like that on his 'hit list.' Agents who speak out are usually top producers and often feel justified and perhaps a little protected because they are big producers. But believe us when we tell you that we have heard from several top producers who have been terminated. We must also point out that being the quiet and no-trouble-agent might not protect you either because they feel you'd go away with your tail between your legs....no trouble.

It has been suggested that fewer agents would make the company more attractive for a merger or purchase. We have no confirmation of this, however. What we can confirm is that the company certainly is terminating or forcing out agents. NAAFA is keeping a record of all the agents we hear from who are terminated or forced out. It's up to you to keep us posted on your position.

Now let's talk about your customers. Agents tell us that many of their longtime customers are being non-renewed. Agents are telling us that often it's easy to write someone with the same kind of record that caused a present client to get non-renewed. It doesn't make sense. Why does AmFam want to get rid of customers? We can only guess. Our guess is that AmFam has been told to thin out their exposure in the wind, hail and fire areas. The company evidently feels they can weather the decrease in the level of renewal premium income because at the same time, they are decreasing the renewals they will have to pay the terminated agents. Overall, they probably won't lose much. And when the time is right, they will just lower the premiums and quit non-renewing. Agents will sell, sell, sell. And the cycle could start all over again. It makes one ask whether one wants to be a part of a company who does this or not!!

NAAFA is laying it out here for you. You have to decide what is best for you and for the future of your family. Is your job really secure here? Are you absolutely sure you won't be targeted next? Are you sure you won't get hit with a compliance issue? Or with a disloyalty accusation?

What we do want to suggest is that you be very careful how you use your computer and office phones. It has been suggested to us that the company has the ability to monitor both. Don't be stupid and check out other job opportunities from your office. Do it from home. Don't give the company any reason to fire you for disloyalty. Remember, they define disloyalty any way they want. The word *disloyalty* is in the contract, but it is not defined. You can be immediately terminated (no 6-month notice) for dishonesty, disloyalty, unlawful conduct or doing anything (they think is) prejudicial to the company. Know your contract. Keep it handy. Study it. Keep NAAFA's phone number at your fingertips. Know what you would do tomorrow to earn a living if you got terminated today. If you are ever targeted, being prepared is your best defense. 

SUCCESS CAN COME BY USING OLD IDEAS IN NEW WAYS

(Sales Tips)

Most of you have heard the old saying that "something was working so good I quit using it." It invariably happens to all of us, doesn't it? Sometimes it's good to get back to the good old fashioned basics. Do you remember what you did when you first started your agency? Yes, we know most of you were able to do what was termed, "cold-calling." Well, we just can't do that anymore, so suddenly we have come to believe that marketing is twice as hard as it was before. Maybe that's so, but here are a few tried and tested marketing ideas that you may have forgotten. We challenge you to look this list over and decide to 'get back to basics' by giving them a try again. Who knows, this approach just might save your job. Here's our list:

- 1) Call and quote at least 2 people every day. Where are you going to get their names? Buy x-dates. Call friends and family. Use your referrals. (More about referrals later)
- 2) Determine approximately how many policies your agency generates per month on its own. (Some agents say each 1000 policies can generate 5 to 10 apps per month.) Then set a goal of how many you need to add via other avenues to meet your quota.

- 3) Don't just 'service.' Decide to 'grow.' Lots of agencies deteriorate into a service-only agency. This is not good. It isn't to say that servicing is bad because it certainly is NOT. But leave the servicing to your assistants. You need to be selling; after all, you're the one with the sales skill.
 - 4) Determine what your most marketable product is and then sell it in full speed ahead. Have you found that marketable nitch? You need to.
 - 5) Reach out to present clients for referrals. If you end a call with a present customer without asking for a referral, you lose. Remember that. Referrals are gold...and certainly a lot cheaper than buying leads. You might even consider simply calling your present insureds and asking them if they would recommend someone you could call.
 - 6) Work your network. Make a list of all the social organizations you belong to. Determine if there are other organizations you might join. Get your name and face out there. How many realtors and car salesmen do you know? Where ever you are, don't stop talking about your products and your agency. Mention how you have helped certain clients when you went beyond the 'call of duty.' Examples like this really turn heads in your direction. Socialize. Network!!
 - 7) Don't let a day go by without having done at least one or two of the above suggestions. A day lost is hard to gain back.
- "Every day, a new opportunity to decide where your next step will go is given to you. Your future will be determined by the accumulation of these daily decisions. You control your steps and therefore your destiny, so choose wisely."* ~Kevin Ngo



TWO ATTORNEYS GIVE THEIR OPINIONS ON HOLLANDER COURT CASE

[Attorney Bob Halagan, at NAAFA's request, has agreed to give his opinion on the findings of the Hollander case. NAAFA feels it is important for agents to hear how situations in Hollander's case might or might not apply to them. It is always such a big decision to leave American Family. Sometimes agents are terminated and other times they leave because they feel it's the right thing to do. Whatever the reason, knowing how to do it is important. Deciding what in this case can apply to you is critical. Read carefully.]

Federal Court Affirms \$600,000 judgment against American Family in Non-Competition/Extended Earnings Case

ATTORNEY #1

By Bob Halagan

On February 1, 2013, the United States Court of Appeals for the 8th Circuit confirmed a jury award in favor of former American Family Agent Richard Hollander for over \$600,000.00 including \$343,000.00 in payments to Hollander for his extended earnings and \$261,781.53 to his attorneys in attorneys' fees. This case is an important, although not necessarily definitive, interpretation of American Family's Section 6(k) language that attempts to restrict former agents from competing with the company after termination or risk the loss of their extended earnings.

The decision confirmed an award by an Iowa jury which found that Hollander had not breached his American Family contract when, after leaving American Family, he sent out a letter to his former clients announcing his new agency that (1) advised his clients that he could no longer service their American Family policies, (2) indicated excitement over the new lines he would be representing and (3) also included a provision stating: "This letter is not intended to induce or attempt to induce any current policyholder to cancel, lapse or surrender any policy in force."

The jury was asked to determine whether Hollander's letter was an attempt to "induce" his former customers to do business with his new agency. At trial, the District Court Judge gave written instructions to the jury that "ambiguous language in a written contract is interpreted against the party who selected it" and that the meaning of "induce" was to "persuade or urge." Under those definitions, the jury found that the letter from Hollander to his former clients was not an "inducement" in breach of his contract and that Hollander was therefore entitled to his extended earnings. Based upon the jury's findings, the judge then determined that under Iowa law, Hollander was also entitled to his attorney's fees incurred in the case.

It is important to recognize several key facts in considering how this case may affect other agents who are considering leaving American Family. First, even though this was a federal case, Iowa state law was applied and each state law is unique when it comes to the enforcement of contracts. The law in Iowa allowed for attorney's fees to employees who successfully prosecute a claim for wages. In this case, the judge determined that Hollander was a commission sales person and therefore an employee under the statute that provided for attorney's fees. While this ruling may have some effect on similar cases in Iowa, not every state is going to have a similar statute and even similar statutes in other states may not be interpreted the same way. Obviously, the threat of attorney's fees is a huge deterrent to American Family in deciding whether to withhold extended earnings and you can anticipate that in each new case they will carefully consider the applicable state law and vigorously challenge an agent's status as an "employee."

Secondly, while the jury's determination that the letter was not an "inducement" was an important finding, it is not necessarily a precedent that future agents can rely upon in every case. The jury's conclusion was a finding of fact that was dependent on both the conduct by Hollander and the specific language of the letter. Any case in the future that addresses a similar question about a letter to clients will also be based upon the facts of that particular case. In that consideration, the specific language in the letter and the conduct of the agent will be critical. Moreover, even if the letter itself is not an inducement, it may become part of one if the agent acts in a way that aggressively targets the cancellation of American Family policies.

Nevertheless, Hollander's letter to his clients is a good model to use for departing agents. Agents who decide to send a letter to their former American Family clients announcing their new plans, should carefully study and follow the Hollander letter to maximize the likelihood of a similar finding that the letter is not an inducement.

Also in that regard, it remains a good practice to have the clients sign a statement that they initiated the contact with the agent and "were not induced" by anything the agent did. This type of statement is good supporting evidence that the customers voluntarily choose to seek out the agent at her/his new location.

In this case, the jury also determined that Hollander had not misappropriated any trade secrets. Unfortunately, the written record is limited on what Hollander might have used or taken when he left American Family. Given that he sent letters to his former clients, it is safe to assume he had a client list of some sort and that the Judge or jury did not find the list to be a "trade secret."

That issue is again a fact question that will be dependent on all the circumstances of each individual case. The issue was not presented to the Court of Appeals to decide so there is no definitive resolution even under Iowa law of whether such a list, assuming it was used, can be considered a trade secret. Without a better record of how that issue was handled at trial and a review of that record by the Court of Appeals, the best advice is still for each agent to independently compile a customer list using a computer that is not controlled by American Family. Agents are best advised to begin compiling their separate customer lists or contact information well before they leave American Family and preferably as a regular, on-going business practice. This again is an area that if it is litigated will be heavily dependent on the facts of the case.

The Hollander case was an important one in the continuing battles between American Family and the agents who decide to leave the company to find a better home for their business and their clients. There are lessons to be learned in how to prepare for the start of your new business, how to communicate with clients when you leave and how to document your intent not to breach the American Family agreement. It remains to be seen whether a \$600,000 judgment will change American Family's approach to enforcement of its agreement, but you can be sure they too are studying it to determine their next steps to maximize their control over their agents.

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Email: rhalagan@halaganlaw.com; Website: www.halaganlaw.com

The following article appeared in the NASFA (National Association of State Farm Agents) magazine, The Mirror in April, 2013. Attorney Robert O'Connor, Jr. is NASFA's Legal Counsel. Here is his opinion of the Hollander case.

AMERICAN FAMILY TERM PAY CASE RESULTS IN AGENT'S VICTORY

ATTORNEY #2

By Robert O'Connor, Jr.

Recently the United States Court of Appeals for the Eighth Circuit decided a case favorably for an American Family Agent. In a February 1, 2013 decision, the Court, in American Family Mutual Insurance Company vs. Richard Hollander, found that Mr. Hollander, a former agent, was entitled to \$343,000 in termination payments, and \$261,000 in attorney fees. The case is instructive in several aspects. The American Family termination provisions are similar, but not the same as the State Farm termination payment plan. Both are contractual, both require the agent not to solicit his former book of business for a year.

Mr. Hollander, after 26 years as an agent, decided to quit. He then opened his own independent agency. On the day he left he sent a letter to his 1,200 clients informing them of his decision, and telling them that he could no longer service their existing policies. His letter did include language that he was not "attempting to induce any current policyholder to cancel, lapse, or surrender any policy in force." American Family began making term payments, which were due over 36 months. But, after making four payments, it stopped, and sued Mr. Hollander for competing in violation of his written agreement. As an aside at this point, note that the suit was filed in November of 2009, and finally decided on February 1, 2013.

The suit filed against Mr. Hollander claimed that he had breached his contract with American Family and also claimed computer fraud, misappropriation of trade secrets, fraud, and intentional interference with contractual relations. American Family sought money damages and an injunction against Mr. Hollander. In a preliminary proceeding, American Family was granted an injunction, apparently stopping Mr. Hollander from contacting former clients. This is often a fatal blow to an agent seeking to start over. However, Mr. Hollander persevered.

The case arose in Dubuque, Iowa. Just before trial, an additional claim for damages was made under the Iowa Wage Payment Collection Law. It is unclear from the opinion whether or not Hollander was an employee, or independent agent under his agreement. In any event, Hollander made a claim that the termination payments were "wages" under the Iowa act. By making this claim, he was entitled to attorney fees. But looking at the Iowa Wage law, the court did find that he met the definition of "employee" under that law. The Iowa wage law defines "employee" as a commissioned sales person. It also says that "wages" are compensation due an employee under an agreement with the employer. Finding that he met both of those definitions, he was entitled to recover attorney fees when he won his underlying claim.

The attorney fees aspect of this case need to be underscored. Many agents never begin their claim against the company when faced with the prospect of tens of thousands of dollars in attorney fees to pursue the claim. Most would rather be spending the money on developing their new business rather than chasing an old problem. Many never take the step to leave, frozen in place by the prospect of staggering attorney fees and a long wait to a payout. With the finding in this case, it may be easier for agents to find lawyers to represent them in this type of case. By this "type of case" we are talking about two issues: 1) Leaving the company to continue to work as an insurance agent, and being accused of illegally competing; 2) We are talking about cases where the company stops or refuses to pay termination payments because of the competition. Keep in mind that the law generally does not like non-competition agreements. The courts believe

that everyone is entitled to earn a living. However, if special circumstances exist that should entitle an employer to protection, that protection will be granted when absolutely necessary. Those special circumstances will be found when there is something unique about the employer's relationship with the ultimate customer. Or there are processes or formulas that are entitled to protection. In addition to questioning the necessity of a non-compete agreement in the first place, a court will also look to the agreement itself to determine if it is overly restrictive. A court is not going to enforce an agreement that it finds is too restrictive, given the circumstances. Courts at this juncture will fall into one of two types. Some jurisdictions will "blue line" an agreement. That is, it will modify the agreement to make it legal. Other courts will only find it legal or illegal. No modifications will be done by courts in these jurisdictions. The pressure then is on a company to make sure that the non-compete agreement it foists on a salesman is both fair and reasonable.

The only reported conduct in the Hollander case was his letter to former clients telling of his move, with an express disclaimer of a desire for them to follow. A jury determined that this conduct did not violate his non-compete. State Farm agents should take notice of this opinion—it bears enough similarity to the agent's agreement to be very helpful for those contemplating a change. The full opinion can be found at NASFA.com.

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COMPANY CONTROL OF AGENTS AND THEIR STAFF

Company control of the so called "independent contractor" agents by American Family has been an issue for a long time. Oh yes, we realize that the company obtained a Private Letter Ruling from the IRS back in August of 1993 (see IRS Private Letter Rulings at www.naafa.com under Agent/Company Issues on the Home Page.) and since that time, we have seen a dramatic surge in agent control that we believe directly violates the agents' independent contractor contract. At the time the IRS was investigating the AmFam agent status, many questioned the validity of testimony by certain AmFam officials regarding the quantity, quality and severity of their control. Be it as it may, up until this year, no one has challenged the status of the agents in the courts. The alleged violations listed in the February 28, 2013 complaint filed in the 6th District Court will, if allowed to proceed into a class action, prove once and for all that AmFam agents are not independent contractors. (See "Another Class Action Filed Against American Family Insurance Company" on the Home Page under Agent/Company Issues at www.naafa.com.)

On June 17, 2013, AmFam announced that it was going to

"simplify and streamline your process when hiring licensed staff." The notice went on to say that agents would no longer be required to submit prospective licensed staff applicants through the 'Company review process, and agents were no longer required to 'obtain ASM/DX/SVP approval.' The company also noted that Agent staff credit, MVR and education appointment standards had been eliminated. But hold on because certain staff appointments will continue:

- **Felonies.** *Federal law requires persons convicted of certain felonies to obtain written permission from the state insurance department before working in the insurance industry. Applicants with a felony conviction record must obtain written permission from their resident state insurance department before working in the insurance industry.*
- **Nepotism.** *Agents on financing are not eligible for reimbursement of staffing/payroll expenses for direct relatives.*
- **Licensing.** *Compliance with state licensing*

regulations requires anyone soliciting, negotiating or selling insurance must be licensed and appointed (in appointment states). In addition, [company policy](#) requires agent staff who have customer contact must be appropriately licensed.

So as you can see, the company still maintains quite a lot of control over who you hire as office staff. The NAAFA office has been told several times by agents who were being targeted for termination that they must have a licensed staff person working for them. But several times agents have reported that they had submitted 2, 3, and even 4 or more applications only to have them all turned down by the company. Obviously, this was a great reason to terminate.....if you don't hire staff, we'll fire you!!

One has to wonder what effect the filing of the ERISA class action (See Page 21) has had on the decision by the company to 'lighten the requirements' for agent staff hiring. Of course it's going to look a lot better for the company if they can show they are making strides toward correcting the complaints as charged. On the other hand, by making these changes, aren't they admitting to the complaint in the first place?

It will be interesting to see if the company loosens the reins a bit on other issues they are charged with in the complaint.

All we can hope for is a better working environment for the agents that remain captive with this company. The control *must* stop and

any action taken to lessen the control, NAAFA certainly supports. ☞



SO WHAT'S THE BIG FUSS

ABOUT CREDIT SCORES?

By now we are all used to the fact that our credit rating is pretty important. We also realize that our credit scores are checked by certain companies quite often, but many of us really don't realize how many of our credit reports are erroneous. Yes, that's right. According to a 60 Minutes program that aired on February 10, 2013, 20% of Americans have errors on their credit reports...that's 1 out of 5 Americans! And 1 out of 10 has an error that might lower their credit score, says Jon Leibowitz, Chairman of the 8-year study just completed by the Federal Trade Commission.

http://www.cbsnews.com/8301-18560_162-57567957/40-million-mistakes-is-your-credit-report-accurate/

Just what companies would check your credit score? Here are a few: Lenders, credit card companies, home insurers, auto insurers, utility companies, employers, land lords, government agencies...the list goes on and on. Yes, your credit score is like a measuring stick that determines your overall credit worthiness. It tells the inquirer how apt you are to pay back your debt.

As insurance agents, we all know that a person's credit score can greatly affect the premium your customer has to pay for his home and auto insurance. We all know that AmFam's rates are not real competitive, but if you add in the factor of errors on the report.....wow! We have a real problem.

Mike DeWine, the Ohio Attorney General, has opened his own investigation into the credit reporting. He says that for years, banks and merchants have taken the blame for providing bad information to the credit reporting industry. But DeWine argues that the problem really is not with them but with the three credit reporting agencies. And, says DeWine, these errors in reporting are clearly violations of the Fair Credit Reporting Act.

At issue is the fact that when a person discovers that his report contains an error, it is nearly impossible to get it corrected. And sometimes it may appear to be corrected, but then in a year or so, the error reappears. DeWine says that the real problem is not the mistakes they are making, but *the fact that they won't fix the mistakes*. Eight million people a year file credit report disputes with Experian, TransUnion or Equifax. It almost appears these companies are too busy with selling credit protection products when really what they should be doing is correcting the problems so you won't need such protection. See the ulterior motive here??

So knowing about the credit score errors that do exist, what responsibility does an 'ethical' insurance company such as American Family have when it comes to putting so much emphasis and reliability on your credit score in order to determine how much to charge you for their insurance products? Do you actually know how much a credit score affects a premium? Have you (or have you asked your underwriter to do so) run some quotes on the same home or auto with a variety of credit scores?

Agents have told NAAFA recently that they had, in fact, run comparisons and found a 20% to 100% increase in rates due to being placed in AmFam's more expensive CPG range. In the credit CPG Score 30-50 we have the highest premium increases. In the CPG Score 5-15, we have the lower rates.

Agents tell us they have been buying leads from the company of auto/home prospects and 60-79% of them were in the 30-50 CPG range which makes most of AmFam's premiums nearly double the normal quote!! Agents tell us they regularly purchase 20, 30 or 40 leads per week and still have not sold a policy with this many leads due to the majority being in the highest CPG range which is non-competitive.

The company tracks the number of quotes the agents do and then gives the agents a report comparing agents to each other as a way to show us that "if you quote more, you'll sell more. It's too bad they look at this as a numbers game. Maybe they should try to find a segment of the market they like and then actually be more competitive with that class/age group so we could at least get these people in the door. A lot of businesses use a "loss-leader" to attract customers and then sell them on service. It would be nice if we tried something different than just using the philosophy of "buy as many as you can and you will surely write some percentage of those."

At issue is the fact that when a person discovers that his report contains an error, it is nearly impossible to get it corrected. And sometimes it may appear to be corrected, but then in a year or so, the error reappears.

Relating all this back to the information passed on to us in the 60 Minutes TV program, if 20% of Americans have errors on the credit reports, this means that 20% of our customers are rated incorrectly. It could mean that 20% of our customers are paying way too much for their insurance. The question begs to be asked; could someone have been given a higher credit score in error? And thus be paying too little for insurance? We doubt that because if credit scores are related to claim potential, then the company would soon raise their premium due to losses, wouldn't they?

One can see how this has quickly become a serious consumer issue and one that should be dealt with by every attorney general in every state. Liz Weston, MSN Money wrote an article entitled "7 Nasty Credit Myths that Won't Die." You may want to read this article found at: <http://money.msn.com/credit-rating/7-nasty-credit-myths-that-will-not-die-weston.aspx>. We will list the 7 myths here for you, but we recommend you visit this site and see why she calls these items **myths**.

Myth #1: "If you handle your finances responsibly, your credit scores will take care of themselves."

Myth #2: "Checking your credit hurts your credit scores."

Myth #3: "Asking for lower limits will help your credit."

Myth #4: "You need to carry a credit card balance to have good scores."

Myth #5: "You should never close an account if you can help it."

Myth #6: "How you handle credit indicates how trustworthy you are."

Myth #7: "All credit scores are pretty much the same."

Each consumer should report such problems to the attorney general in their state if they are unsuccessful in getting their faulty credit history corrected by the credit bureaus. The more consumers make noise, the quicker the problem will be corrected. And it doesn't hurt to complain to your insurance company if you feel you are being charged unfairly. You could also report such issues to the insurance commissioner. Sooner or later, it would seem that pressure from the general public would force those at fault to clean up their act.



"EXPERT UNDERWRITING" SYSTEM DESTROYING THE DREAMS OF LOYAL LONGTIME POLICYHOLDERS"

Anonymously Submitted

How many of you are facing the hard conversations with long time loyal clients who have received advance notice of cancellation? Producers have raised a cry of protest on how American Family is treating the long time clients. Agency council (to their credit) has kept this issue in front of the company. The result? American Family's stance has been that 'we have heard your concerns and have made adjustments.' This statement is pure spin!

Changes made have been minuscule and any numbers released by the "Corporation" are suspect as to the impact they will have on the program. The "Corporation" has already admitted they may have over stepped when they started using CWOPs (wind and hail claims closed without payment) as a basis for cancellation of long time clients. How many of these cancels were you allowed to reverse? American Family's many *impacts of the program* have been drastically underestimated. When we cancel a Homeowners policy how many clients are going to keep their autos or umbrella with us or any of their other accounts? The "Corporation" is already starting to see the results of this collateral damage. After seeing a slight but steady increase in retention numbers, now the trend has reversed and we are seeing declining retention, company wide.

Producers at every opportunity need to keep the inequities of this program in front of all levels of management. Why should we cancel someone who has been with us for 10 years because we have access to all his claims information, when that same person coming to us as raw new business would be eligible (CLUE only goes back 5 years)? Why are we no longer offering the American Standard option or exclusions to our long time clients? Why are we now using wind and hail claims as a reason for cancelling when *forever* we have been advised by the claims department that if in doubt report the claim while they have extra manpower available? The "Corporate" response that has been related to us in last company-wide email by the Agents' Council was, "Get over it. It's here to stay!"

Doesn't sound much like the Dream Campaign to this observer!! ✍



TOP 10 REASONS WHY AGENTS LIKE THE NEW EXPERT UNDERWRITING SYSTEM

- #10 Have learned how to correctly pronounce “algorithm.”
 - #9 No longer have to explain American Standard or exclusion to long time clients.
 - #8 Much more familiar with competitor’s rates and rules as we help clients transition to other companies.
 - #7 Well versed in State insurance plan now.
 - #6 Pesky exceptions.....a thing of the past.
 - #5 No longer have to explain to clients why credit is a good indicator of potential claims.
 - #4 Reduced overhead as no longer have as many policies to service.
 - #3 Chance to say “hello and goodbye” to long time clients.
 - #2 Entertaining to watch company employees and executives explain how *this is good for business*.
 - #1 Finally, after all these years... able to deal with an “Expert Underwriter!!!” 🙄
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THE BENEFITS OF NAAFA MEMBERSHIP

Sometimes agents ask themselves “Is it worth it to become a member of NAAFA? What will I get out of it?” Let us remind you about what some of the benefits of NAAFA membership are:

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

Help us keep these valuable benefits going by JOINING or RENEWING your membership today.

GUIDELINES FOR SECA KIT 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.



NAAFA MEMBERSHIP APPLICATION

I, the undersigned, hereby apply for membership in the National Association of American Family Agents, and I certify that I will always *uphold* and *support* the mission and goals of the organization to the best of my ability.

Name _____ Address: _____

City _____ State: _____ Zip Code: _____

Office Phone: _____ Cell _____ Fax _____

Personal Email: _____

<u>MEMBERSHIPS</u>	*Annual	\$240	*Annual Membership Special
(Circle one)	Semi-Annual	130	to <u>new</u> members only:
	EFT (Monthly)	20	\$150.00
	Retired Annual	80	till September 1, 2013
	ACP Annual	120	
	ACP Semi-Ann	70	
	ACP (EFT)	10	

DONATIONS:

Silver _____ (under \$99)
 Gold _____ (\$100-\$199)
 *Platinum _____ (\$200-up)
 *Membership included with 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 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



CLASS ACTION FILED AGAINST AMFAM **REGARDING ERISA PROTECTION LAWS**

As many of you know by now, a class action against American Family Insurance Company was filed On February 28, 2013, in the US District Court, Northern District of Ohio (Cleveland), Civil Docket Case #:1:3-cv-00437-DCN. The Plaintiffs (representing the agents) are charging that the defendants (AmFam) have engaged in a decades-long scheme to undermine ERISA's protections of employee benefits.

The Plaintiffs, for themselves and on behalf of all Class Members, are seeking a declaration:

- (A) that they are: "employees;"
- (B) that Defendants' Termination Benefits Plan is a "plan" under ERISA subject to, among other things, ERISA's vesting and benefit accrual requirements;
- (C) that Plaintiffs and Class members are "employees" eligible for benefits under the plan or plans Defendants offer to other employees;
- (D) that certain Plan provisions violate ERISA and
- (E) that Plaintiffs and the Class are entitled to reformation of the contracts and restitution of benefits improperly withheld by American Family, in order to comply with ERISA's requirements.

[You may read both the Complaint Doc #1 and AmFam's Motion to Dismiss Doc 31-1 by visiting www.NAAFA.com and looking on the Home Page in the center column under Agent/Company Issues.]

NAAFA gets many questions about what this class action, if successful, might mean to agents. We can only speculate. Will it mean that all agents will have to become employees? Will it mean the company would have to refund the agents for all the social security tax they paid when acting as independent contractors when they were really employees? Will it mean the company would have to refund the agents for health care coverage they didn't get as independent contractors? Or maybe it will mean that AmFam will "promise" the courts to treat agents like independent contractors....that is, quit trying to tell them how to run their businesses. Or will it mean they have to quit eavesdropping on the agents' phone calls if they remain independent contractors? Or maybe as employees, the agents will now get 401Ks. Or it might be that as employees, agents will get all the regular employee benefits such as paid vacations, the right to unionize...wow, that's a big one! Are agents ready to keep certain hours if you become employees....oh, that's right, we're already told to keep certain hours.

Well, no one know what will happen. Some argue that only the attorneys really profit in class actions. And this case certainly has a list of them! Are you ready to let them make their big fees if it means their action would create a better working environment for you? Can our work environment get much more controlled?

At this point, we're told that there have been two closed-door hearings. The last hearing was on June 27th. It is assumed the judge will make his decision on whether to let this case move forward within a couple of weeks. It will be quite interesting to see how this comes out. NAAFA recommends that you keep in contact with us so you can be reached if and when the proper time comes. JOIN NAAFA today!!



Nowadays, LIES are so common that I have problems believing the TRUTH. ~Unknown

The worst thing about being LIED to is knowing you weren't worth the TRUTH. ~Unknown

"The most tragic thing in the world is a man of genius who is not a man of honor." ~George Bernard Shaw

"There comes a point when a man must refuse to answer to his leader if he is also to answer to his own conscience."

-- Lord Hartley William Shawcross

"Keep away from people who try to belittle your ambitions. Small people always do that. But the really great people make you feel that you, too, can become great." ~ Mark Twain

Break the Shackles...



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Insurance
Again!

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For a confidential conversation or to explore your options contact us at: www.PGIAGENTS.com

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THE NAAFA MAILBOX



#1 Received by NAAFA on 3/15/2013

Hi NAAFA,

Regarding the class action, I don't even have to read to let you know I am 100% behind "any" lawsuit against AmFam on behalf of current, retired or former agents! I got screwed!

All American 14 years in a row and 15 out of 16 until I quit trying when they, as a company, screwed us out of the Cancun All American! AFLIC 15 years in a row and 16 out of 17 with my Championship ring and numerous years as a Life Diamond until I quit trying.

In my 20 full years I made them over \$15,000,000 of profit with only 4 years where I lost money. These due to an at fault drunk driver killing two of my insureds who had high liability limits due to the drunk driver killing himself and having minimal liability coverages. Then 3 years due to hail storms.

As bad as rates are in my state I was still able to maintain one of the highest retention ratios of over 86% and at 90% until rates started going up. Too many other numerous awards to detail but could take a picture of my office walls which would speak volumes for how good of an agent I was!!! If ever needed, I would love to be an eye witness for these law firms.

Pictures of Nicaragua will be coming soon. Finally getting caught up on non-business things. End of this month going to Indonesia for part vacation and part mission work. Going to visit one of my best friends from Purdue who has been a missionary there with his wife and two 5 year olds for 5 years. They are moving back to Japan in August which will be a future trip! Blessings,

#2 Received this email on 3-26-2013

Dear NAAFA,

This is my experience with the use of the SECA kit. I called your office and requested the SECA kit after being retired for nearly five years. I called my accountant and told him and explained that I had information indicating the IRS was accepting from retired American Family agents the claim that their Termination Benefits were not subject to the self-employment tax. He said, "I do not see how." I explained that I had a document that might shed some light on the question.

I sent the SECA packet to him and after reading it he called me and said, "I agree with the argument that Termination Benefits of retired American Family agents should not be subject to the self-employment tax."

We filed an amended return for the years 2009, 2010 and 2011. I have just had the taxes for 2012 done with the self-employment tax no longer being a factor.

I am happy to report that we were successful with our amended filing. The refunds from the IRS for each of the three years were a nice addition to my checking account. Wishing you the best in what you do.

#3 NAAFA received this email in March 2013. Opinions expressed here are not necessarily the opinions of NAAFA, however, NAAFA does wonder what the company means in this advertisement by "Build your business with the potential to earn income when you retire." And one has to ask, "What is missing here?" No mention of meeting quotas or you'll be terminated, keep certain office hours or risk termination, mandatory attendance at meetings, fail to be profitable and risk termination, risk having rates raised so it's impossible to sell anything, on and on it goes.

WHAT A BUNCH OF CRAP!!

From: (Name withheld)

Subject: **American Family Agency Careers in Wisconsin**

Now seeking driven individuals to join our team as Agents and Agents-in-Training:

- Financial support from a Fortune 500 company including paid training as you're coached on how to operate your own agency
- Office rent and staff reimbursement as your agency grows
- Industry-leading support and ongoing training from our award-winning education department
- Be part of a Mutual Company, owned by our policy holders, not stockholders
- Bonus and incentive programs
- Subsidized leads to broaden your market
- Build your business with the potential to earn income when you retire
- Over \$5 billion in policy holder equity

#4 Received by NAAFA 6/28/2013

"American Family Insurance's Dream Show" continues to be the most hypocritical program known to man. How can they continue the charade of encouraging the public to "live out their dreams" when they continue to fatally destroy the dreams of so many agents by firing them when they can't sell products so outlandishly priced. You make us agents ashamed of you because we know that if these people became 'useless' to you, you'd think nothing of fatally destroying their dreams, too. Now this is my opinion and thanks for letting me air it. I'd feel better if I hadn't been fired.



#5 Received by NAAFA 6/12/2013

Dear NAAFA,

I had an AIT (Agent in Training) working for me for several months. The AIT printed out documents from my office that included customer information. I fired him and reported what he had done on a corporate incident report. I also reported it to my district manager. After I reported the information to corporate, it still took 2 weeks for them to remove the AIT's access to my system. He was granted an agency and given 300 transfer policies.

I believe any established agent who participates in the AIT program is making a big mistake. Corporate does not have your back. I feel it is important that I let others know what happened to me. If the training for the AITs changed and the agents had protection of their data, then this system may be an advisable option for agents to partner with corporate for growth in the future. But what happened to me is not isolated. I have spoken to other agents who had the same thing happen to them. I signed up for the program because I wanted the help with the sales at a reduced cost. The savings in payroll definitely was not worth my loss.

#6 Received by NAAFA 3/20/2013 (Moral of the SECA Kit: Stay in touch with NAAFA!)

Dear NAAFA,

I want to thank you again for all your help, when I retired almost four years ago. I gave a copy of the SECA Kit to my tax accountant the first time that I filed my taxes after receiving my termination benefits. It was fine until I received a letter from the IRS in November of 2011. They said I owed \$3,700. from my 2009 taxes. They said it was "because I did not pay self-employment taxes, and a penalty for not paying on time."

My tax accountant sent the IRS a letter explaining that my Termination Benefits were not subject to self-employment tax based on information he learned about in NAAFA's Seca Kit.

I later received a form letter from the IRS. The amount due was \$0.00, and that the inquiry was closed. I want to thank NAAFA for all the hard work done to help retired agents regarding the self-employment tax. When you are retired, it helps a lot to have some extra dollars to spend rather than paying them to the IRS. Thanks



"If freedom of speech is taken away, then dumb and silent we may be led, like sheep to the slaughter." ~George Washington

GIVING CREDIT WHERE CREDIT IS DUE

Anonymously Submitted

Rumor has it that at the Indiana Spring Convention, the wrong person was credited with having been the first female agent in the state. Agent Johnnie D Cannon who was retiring from American Family, was credited with being the first female agent in the state, but those who were around back in the late 1970's remember another female agent by the name of Helen Montana who *really* was the first female hired in the state....and evidently, was a pretty good agent having made All American several times. Helen has passed away now, but she really deserves the credit for being Indiana's first female agent with American Family.

It was also noted that Keith Blessing was honored at his retirement after having been an agent for 50 years with American Family. NAAFA has known Keith for many years. Keith we congratulate you for these many years of service.

I have heard of many agents who are leaving American Family these days....for various reasons. Many agents have been around for 25, 30, 35 years. In some situations, I've heard these older agents were told "it was time for them to go." In other situations, it seems an ultimatum was given. Either quit peacefully or you'll be fired. This was a threat to some and so they resigned. Some were enticed into signing up for the \$12,000 bonus for giving a one year notice. Obviously, the goal has been to get rid of agents. Cut expenses. It doesn't matter that we've been told "it is your agency....it is your business." It doesn't matter that we've forked over thousands of dollars to "run the company's agency." But that's the way it really is. We have been lied to. But now we're beginning to open our eyes. We can see that there is no loyalty to us anymore. The company is cutting our commissions, terminating our customers, harassing us with false compliance accusations; simply put, it's been a pretty stressful place to work. Those of us who have survived need to be congratulated. But those who have decided to go, need also to be congratulated for recognizing the truth before it did permanent damage to both us agents and our families. And so....that's how it is at American Family!



"Show me the man you honor, and I will know what kind of man you are." ~Thomas Carlyle



CONTROL YOUR DESTINY

By Bob Korvas

Bob's regular column will not appear in this issue due an outpatient surgery operation he had on his shoulder rotator cuff. Members and NAAFA Staff wish Bob a very quick recovery. We'll miss his column and encouragement for our readers. Instead of hearing from Bob, we are going to reprint a letter from one of Bob's readers.

[NAAFA was privileged to receive this email soon after the writer had read the *Control Your Destiny* column in the Winter 2013 NAAFA Report. Dated 3/20/2013]

Dear Bob,

I just finished reading the article you wrote for the Winter 2013 NAAFA Report. I wonder how many current agents will be able to read the comments and take them seriously. You made some very good points in your "Control Your Destiny" column. However, these agents that are left with AMFAM are in a real tough situation. The deck is getting stacked higher and higher against them as time goes by.

I left after about 30 years, lots of Hall of Fame/All Americans; a full championship ring, lots of plaques, agent of the year awards, etc., you know the drill. I noticed the company started to change in 1992 after Bob Koch left. I still have some ties that keep me partially in the loop, but most of my friends and associates are long gone and the company has changed dramatically to what exists today. The company philosophy that hired us does not exist anymore.

To cut to the chase.....American Family indeed does have a plan & it does NOT include the agent as we knew him or her when I was hired. They have a *modus operandi* that has evolved into what you have today. It is a 'good-old-boys' network that finds a way to cut paper clips & rubber bands in the name of efficiency. They find a way to pay those in the upper levels very well. They think nothing of disrupting an employee's family. Getting rid of the veteran agent fits into their scheme financially as all biz eventually becomes transfer biz in AMFAM Land.

After looking back, I wish I had been able to recognize the direction AMFAM was going many years before I finally did. It has been five years since I opened the chapter of my career as an independent agent with a great cluster group. Yes, many, many challenges were endured, but I am in **charge of my destiny** & I own my agency. In life, there is always a price to pay for choices that are made. Unfortunately, for the many agents that have chosen the career path with AMFAM, they will have to make another choice in the not-so-distant future. Their past loyalty will not bring them what they had hoped for or what had been promised. Some will not be able to handle the changes required and will not commit, or be able, or willing to be up to the challenges of staying in the insurance business.

Recently, I lost an account to a new AMFAM agent that was a relative to my long time policyholder. The agent came out of the agent-in-training program and was quite dangerous, to say the least. I could not do anything about losing this account because it was family, but I wonder how many clients this agent will misrepresent before that agent will have to make the career decision again regarding whether to stay or leave AMFAM.

So what is this all about, you might ask? The AMFAM new agent has to recognize what the company they have aligned themselves with is really like. And they should do this before they get in so deep that recovery is impossible. This is where communication with NAAFA comes in. Control Your Destiny articles are helpful, but only to those that get them, read them, and then heed them. You can't do it on DREAMS alone!

PS. By the way, I guess no one really know what happened to the dream lady in marketing & it is hush-hush in Madison.... she no longer works for AMFAM!!



RUMORS, RUMORS, RUMORS

"Rumors are not news; but they sometimes foreshadow news." ~ Ernest Hamlin Abbot

- ❖ Rumor has it that a person "bought" an insurance agency formerly belonging to an American Family agent. Is this something that AmFam is doing now? Selling agencies after they fire someone, or after someone quits? One would have to wonder about what kind of a deal was made. Does the purchasing agent get the renewals on the agency he bought? Anybody in Wisconsin know about this?
- ❖ Rumor has it that company managers are encouraging the attachment of 'Simply Protect Life Policies' to monthly payor auto premiums (and get this!) without the client's knowledge or signature. How is this possible? Guess the *induced* agents are told to send the e-signatures to themselves via email and sign for it for the customers. Customers don't even realize it.
- ❖ Rumor has it that many office assistants are being influenced or induced to sabotage the agent they work for. ASMs, rumor has it, have discovered that they can interest the agent's employee with promises of "their own agency" as soon as their own boss (the agent) is terminated. After all, you'll already know all the customers!!
- ❖ Some are saying supporting H.R.1155/S 534 (one license needed for all states) will **hurt** the captive agent because only in-house direct-selling employee agents will be selling nationwide. AmFam wants you to support it!! Duh!

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THE BULLYING OF THE AMERICAN FAMILY AGENT

~Submitted by Board Member

The Insurance Journal recently came out with an article by Sam Hananel (March 4, 2013) called, “*Workplace Bullying Emerging as Major Employment Liability battleground.*” The author says that on-the-job bullying can take on many forms, from a manager’s verbal abuse and threats to cruel comments or relentless teasing by a co-worker. Some are predicting that workplace bullying could become the next major battleground in employment law. Quite a number of states are ‘considering legislation that would let workers sue for harassment that causes physical or emotional harm.’

Just what is bullying? The Louisville Department of Education defined workplace bullying as occurring when a strong person acts harshly towards someone weaker, and the bullying is blatant and *habitual*. It includes behavior that intimidates, degrades, offends, or humiliates a worker, often in front of others. It undermines an individual’s right to dignity at work.

(http://louisville.edu/ombuds/selfhelp/reading/Workplace%20Bullying.pdf/at_download/file) Some examples of bullying are:



- Unwarranted or invalid criticism.
- Blame without factual justification.
- Being *treated differently than the rest of your work group*.
- Being sworn at.
- Being shouted at or being humiliated.
- Being the target of practical jokes.
- *Excessive monitoring*.

The bully is often rewarded and promoted as an example of a good company leader. There is also what is called “Corporate bullying.” Corporate bullying occurs when:

- Placing unreasonable expectation on employees, where failure to meet those expectations means making life unpleasant (or dismissing) anyone who objects.
- Dismissing employees suffering from stress as “weak” while completely ignoring or denying potential work-related causes of the stress.
- Encouraging other workers to fabricate complaints about colleagues with promises of promotion or threats of discipline.

Well, there’s lots to learn about workplace bullying, but from what NAAFA hears, there’s definitely a certain amount of it going on between ASMs and the *targeted* agents. It probably happens between managers and employees, too, because it might be an attitude that upper management is aware of but is refusing to stop because it helps achieve a certain company goal. The bullying NAAFA has had reported involves ASMs who pick out certain agents to humiliate. When an agent is targeted for termination, he’s often made to feel he’s worthless because he can’t meet the quotas set by the ASM. Or sometimes an older agent is told, “Isn’t it time you retired?” These targeted agents are closely monitored. Actually, all agents are closely monitored, as a matter of fact, and now we can recognize this as a form of bullying, according to these writers. Although bullying is not yet against any state law, it’s only a matter of time as several states are looking at passing bills regarding the matter.

What can you do right now when you realize you are being bullied? Bob Weinstein has some great ideas in his article “*10 Tips for Dealing with a Bully Boss:*” http://www.cio.com.au/article/198499/10_tips_dealing_bully_boss/

- Document, document, document. Get it in writing or on video. Check out the recording laws by state on the www.NAAFA.com website, member-side under *Items of Interest*. Save emails.
- Recognize that bullies never self-correct. So you must learn to avoid being targeted. Sam Horn, author of “Take the Bully by the Horns” says you should act like a cat being confronted by a dog. If the cat runs, the dog runs after it. But if the cat doesn’t budge, the dog walks around it. Don’t back down from the bullying ASM. Stand your ground. Show your teeth! “The only thing a bully respects,” Horn says, “is the people who won’t be bullied.” And when being bullied, try not to show emotion. They know they’ve won if you get mad or cry.
- After you have excellent documentation, expose the bully. Jay MacDonald, in his “Beating a Bullying Boss” article for Bankrate.com says, “Expose the bully at least two levels up. Go over his head. This is where you make the unemotional business case that the bully is too expensive to keep.”
- Do not confront the bully yourself. If the bully boss is the top man, you may have little choice but to move on. And it’s probably not worthwhile taking your case to court because most cases for intentionally inflicting distress are lost.
- Most authorities say don’t take the bullying problem to your HR department. Remember, their loyalty is to the employer and they will work very hard to protect the employer from any legal claims.
- Seek out and maintain relationships with other workers. Bullies try to get everyone alienated against you. Don’t let that happen. Choose to talk to a co-worker every day. Do not isolate yourself.
- Put forth a good self-esteem and have a positive attitude. Bullies hate it when they see you succeeding.

- Try to surround yourself with customers, other supervisors, or other agents because bullies are less likely to attack when you're around others they respect. And if an attack does occur, excuse yourself...say you have an appointment with a client or need to use the restroom.
- Don't share your personal life with bullies. The less they know about you the better. This type of personal information they'll try to use against you.
- One last effort might be to fight fire with fire. If you know others have been or are being bullied by the manager, form a group who will confront the bully. Get together and plan your moves. This approach takes guts, but if things are going from bad to worse, you might give it a try. After all, you might be surprised and you will certainly feel better about yourself. And again, you might just be leaving anyway.

Did you know that according to the Employment Law Alliance study that 81% of bullies are managers? That 50% of bullies are women and 50% are men? And did you know that 82% of those targeted ultimately lose their jobs? And another interesting statistic is that 95% of bullying is witnessed?

So the next time you are bullied by your ASM or anyone else, for that matter, don't take it lightly. Take appropriate steps to survive. It may mean leaving before you intended. It may mean starting over. Or it may mean hitting the problem head-on by organizing your own posse. But whatever you do, just know that living under the stress of a bullying ASM can be fatal to your health and certainly your future. Plan ahead! Form a posse. Join NAAFA!! ☘

"If you're going through hell, keep going." ~Winston Churchill

COULD THIS HAPPEN AT AMERICAN FAMILY?

The following article was published in the most recent issue of The VOICE, UFAA's quarterly magazine. UFAA is the acronym for United Farmers Agents' Association. A few years ago, Farmers purchased 21st Century, a direct marketing company. With American Family's recent purchase of The General, need we worry that the Farmer's agents' experience will be repeated here?

CUT AT THE KNEES AGAIN.....

From UFAA's VOICE

Today a potential customer called our office and indicated his wife had been online and had clicked on a 21st Century ad and she ended up typing in some information to receive an auto quote. Within a few minutes she received a call from "Bob" who identified himself as being "with 21st Century, which is a member of the Farmers Group of companies" (he called from 888-XXX-XXXX). "Bob" gave the potential customer an auto quote of \$3XX/6 months. The potential customer said he was leery of doing business with the person on the phone so he thought he would call a local Farmers office (since this caller advised 21st Century was a Farmers company on the phone). Our office quoted the same policy through Farmers and our quote was \$7XX/6 months (and that was with the auto/homer discount!) I then decided to call the 888 number the customer provided to verify that this was indeed 21st Century. The first response from the other end was a marketing recording that stated "thank you for calling 21st Century Insurance, now a part of the Farmers Insurance Group of Companies." So why can Farmers sell auto insurance through 21st Century to the same customer for half the price of a Farmers quote?

☘

NOTICE TO AMFAM EMPLOYEES

NAAFA sometimes gets emails from AmFam employees where the employees use their AmFam.com email addresses. NAAFA never responds to AmFam.com addresses because of security reasons. Be sure to contact us with your PERSONAL EMAIL ADDRESS. We welcome your call, but please **do not call from your office**. Thanks.

Phone: 800-567-9668 or NAAFAwest@comcast.net.



WAYS AGENTS HAVE BEEN “FORCED OUT” AS REPORTED TO NAAFA

- 1) Production today is the #1 reported reason for termination. ASMs say that once they get rid of the bottom three producers, they will start on the next three.
- 2) Agents are asking if ASMs get a bonus for each agent they terminate. Or they're asking if the ASM gets the renewals while the terminated agents' files are banked. Incentive??
- 3) The company sets the selling quota so high agents can't meet it. If per chance, the agent does meet it, the company just raises the quota till the agent finally fails.
- 4) ASMs will say to an older agent that "It's time you thought about retiring," and then keep harassing till the agent quits or is fired.
- 5) One agent had a spouse who was an independent agent and was given an ultimatum..quit or be fired!
- 6) Agents who have personality conflicts with the ASM are often the first to be fired. ASMs have often bragged that they can always find a reason to fire, it's reported.
- 7) Agent, whose phones were monitored by the company, was fired for referring a customer (who was leaving AmFam anyway because of high rates) to an independent agent down the street. (Disloyalty, the company said.)
- 8) Agents report being fired because of too many bad indicators.
- 9) Agents report being fired because of too many consumer complaints. A consumer complaint might be that the agent was hard to get hold of. With Access Direct, agents are closely monitored, it's reported.
- 10) Agent reported he was two weeks away from qualifying for Termination Benefits when he was told he was being fired, was threatened that if he didn't turn over his phone number to AmFam and didn't sign a document that he would not solicit his customers, that he would not get his Termination Benefits. BLACKMAIL!?!?
- 11) Agents often report being fired because some ASM wanted their agencies.
- 12) Agents report that if the company finds out you are speaking to another company or broker, you will be fired for disloyalty. Yes, it has happened.
- 13) Agents report that ASMs induce the agent's assistants into betraying the agent with the promise that she (he) will get the agent's files and her (his) own agency. Betrayals can include lies about the agent, it's reported.
- 14) Agents sell at certain commission levels and renewal percentages which then determine the amount of his Termination Benefits. When the company decides to lower the renewals, this forces mature agents to leave because Termination Benefits become lower. "Isn't this a part of their scheme to get rid of agents?" agents ask.
- 15) Agents have been fired for changing the length of the auto term in an effort to 'save the business.' (Prolong the rate increase.) Other agents report that they have been told by ASMs to do this, but they weren't fired for it.
- 16) One agent reported that someone from AmFam (he guessed it was the ASM) put a derogatory item in the local paper about the agent he fired. Truth or fiction....you decide.
- 17) An agent reported that while he was in the hospital with a brain tumor, he was terminated when his wife, who was trying to run his agency, hired a licensed assistant but didn't know she had to get the assistant approved and appointed by the company first.

Agents are questioning why American Family is non-renewing so many of their customers. Agents, of course, are questioning why so many agents are getting fired. Agents question whether the company is planning to be sold or planning a merger. Otherwise, why are they thinning out so much? Agents are asking, "What's going on with this company?"



"I didn't see it then, but it turned out that getting fired from Apple was the best thing that could have ever happened to me. The heaviness of being successful was replaced by the lightness of being a beginner again, less sure about everything. It freed me to enter one of the most creative periods of my life." Steve Jobs

Discover the Best Systems in the Top Agencies

By Bill Gough

In any business or profession, wouldn't it be great to be able to get your hands on the secret sales systems and processes of the very best performers in your industry? Imagine what your Insurance Agency would be like if you could double, even triple your sales within 6 months. What would your personal life be like having the freedom to achieve your goals and dreams?



My name is Bill Gough (pronounced best Allstate Insurance Agents since the “Why is an Allstate Agent writing an article in hear me out, I will tell you my story, plus I have a **free gift** for you to help you write more new business.

Goff) and I have been blessed to be a part of the very early 1990’s and still today. You are probably thinking, this magazine for American Family Agents?” If you will

I started with Allstate Insurance just out of college in 1984 working in a booth at the Sears department store in Florence, AL. Fortunately for me I had an outstanding manager (whom I now realize was my first mentor & coach) who got me off to a great start. She was instrumental in guiding me to win “Alabama Rookie Agent of the Year” plus many sales awards my first 2 years working for Allstate as an *employee* agent.

In 1986, my mentor was promoted, thus her climb up the corporate ladder began. I now had just a “manager” (nice guy...but not much help). During this time period, I got divorced and started living the “single life.” Somehow I managed to keep my “job” during this lowly time in my career. No awards, just surviving.

After 4 years of this nonsense, I started working harder and focusing more on my business. This was due in full to meeting Vanessa, my wife, who encouraged me even more. Soon I started hanging out with the top 5% Allstate Agents in the country sharing best sales systems and processes. The only thing I was focusing on everyday was how I could become a better agent and grow my business.

In 2000... Allstate changed things... I am no longer an employee... I am now a 1099 independent contractor. I am a true business owner now and had to change my mindset and how I ran my business.

I realized I needed more balance in my life and I started investing in myself, hiring coaches specializing in the small business & entrepreneurial world using direct response marketing systems. This was a major breakthrough for both my business and personal life.

Tragedy happened on January 1, 2007 when we lost our 23-year-old son, Bill Gough III, in a bizarre drowning accident as we were on a family vacation. I was devastated, missed a lot of work; however, our dedicated staff performed amazingly and we had our best year as an Agency due to the autonomy and leadership of our team. Full story at www.bgimarketing.com.

In 2008, I founded **BGI Marketing Systems** to help insurance agents grow using the same systems we use in our agency everyday based on my networking with Allstate top agents and some of the best small business owners on the planet. The Bill Gough, III Memorial Charitable Fund was created to endow scholarships and help other charitable organizations.

In 2012, I sold the last of my three Allstate Agencies to concentrate full time on helping other insurance agents grow their businesses and growing Bill’s Charity. I have always enjoyed helping other agency owners and know that for every person we help our lives become so much more enriched. BGI Marketing Systems is a platform that helps insurance agents, their customers, and many wonderful charitable organizations.

A portion of every dollar that comes through BGI goes straight into the Bill Gough III Memorial Charitable Fund and we’ve helped over 125 charity organizations through this fund. Our goal is to donate \$1 million by November of 2018 in Bill’s honor. We have donated nearly \$400,000.00 as of June 2013.

We now have helped over 1600 insurance agency owners across the country by teaching these real world proven systems, processes, through our 1 day workshops, 3 day marketing conferences, done for you services, and coaching programs. If you are ready to take your agency to the next level...then you’re at the right place. For more information and a free gift go to www.BGIMarketing.com.

Bill Gough, Founder/President
BGI Marketing Systems
(877) 208-9649 ☎

BILL GOUGH HAS GONE CRAZY!!!



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Who Is Bill Gough? And Why Should You Be Paying Attention To Him...

Bill Gough started his career in insurance in 1984 with Allstate working in a booth at a Sears Department store. Since the early 90's Bill's agencies have consistently ranked in the top 1-3% of all Allstate Agencies across the country.



A Few Highlights of Bill's Career with Allstate...

- ★ 5 Inner Circles
- ★ 13 Chairman's Conference
- ★ 6 President's Conference
- ★ 24 Honor Rings
- ★ 21 Leaders Forums
- ★ 2011 Hall of Fame Inductee
- ★ Alabama Agent of the Year

"Bill, Your sales training program is by far the best training we've ever received. It gives my staff more confidence to close more sales & save more customers from leaving due to rate activity while freeing up my time. We are writing at least 1 more policy per week and saved 5 customers last month!"



Jason Juliano
Allstate Agent
Batavia, NY

Have you tried (perhaps many times) to hire and train and keep good staff people only to find that you don't have the time or the capacity to train them properly?

Have you been through several staff people already and been unable to find one that can actually close business?

Do you know that you NEED HELP, but have no idea where to begin or how to go about training yourself and your staff so you can leverage your time and devote more time and energy doing what you love and what you do best?

You Now Have A Solution To This Problem In Your Agency... Bill Gough is going to Teach, Coach, Train, And Develop You & Your Staff...

You are going to discover the same scripts, techniques, and sales strategies Bill uses in his agencies every day. He is going to walk you through every step-by step procedure to close more sales. No fluff, just the 'meat and potatoes' he uses to convert more deals.

He is going to dive into your biggest challenges and frustrations, then deliver solid solutions based on his 'front line' experiences.

You'll be taught 'real-world' techniques that no course, book, or seminar could ever replicate. Your skills will develop quickly and efficiently.

Joining Bill on all the sessions, Bill's veteran support staff and now agency owner, Wendy Murphy. Wendy is a sales machine and ran Bill's sales dept for 6 years of the 15 she worked for Bill. Wendy just finished her first year as agency owner and is quickly working her way through the ranks. She understands what your staff is thinking and still speaks "their language." As you know, this is very important.

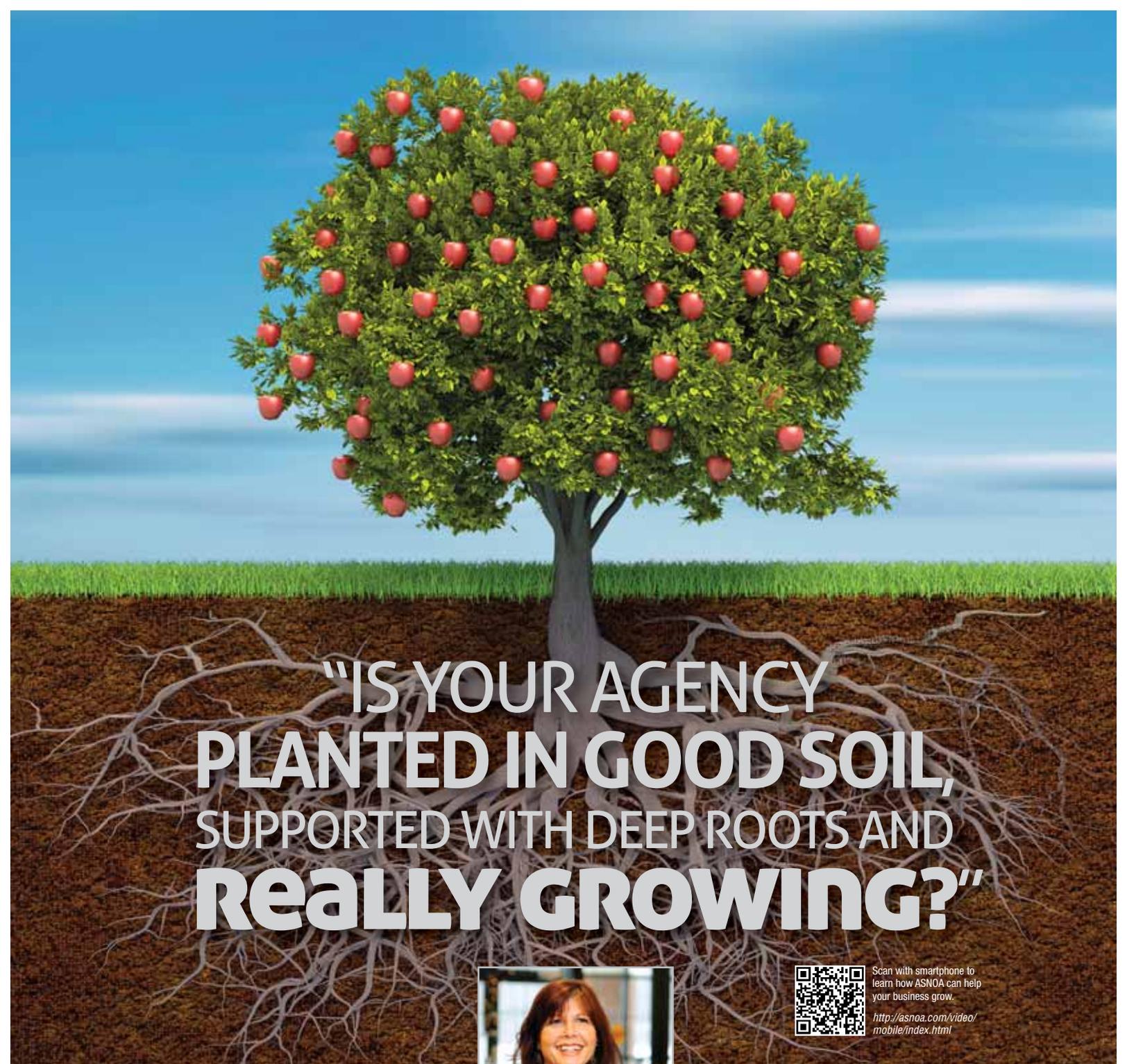
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Really GROWING?”**



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- More control over your future with Increased Independence
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- A Proven Network of Success
- Secure Carrier Markets
- A stellar support system for Independent Agents

“I was looking for a variety of insurance products from National & Regional carriers plus more control over my future. I have seen phenomenal growth with ASNOA when most agencies are going backwards in revenue.”

Christine Newton, Chesterton, IN
South Shore Insurance

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

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