

NAAFA Report

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

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The NAAFA Report.....

Who We Are

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

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

Our Mission Statement

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

CHANGE OF ADDRESS: Call: 1-800-567-9668 Email: NAAFAwest@comcast.net
By mail: 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. Our website gets an extreme amount of hits from Madison so if you want your message heard, send it anonymously to www.naafawest@comcast.net.

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

FROM THE NAAFA PRESIDENT.....



CHRISTMAS PAST, CHRISTMAS PRESENT, CHRISTMAS FUTURE

"The Good at American Family"

Not giving in to all the negativity that immediately comes to my thoughts nor the clichés that are hurtling to my memory, I would like to tackle this thought-provoking topic, "The Good at American Family." Like a "CHRISTMAS PAST" experience (if you will), I will travel back in time to when American Family was an exciting opportunity for me.

I do believe that the training that was given to me from American Family Insurance opened the door to allow me to become the dedicated business owner that I am today. Oh, the excitement of the opportunity to become my own business owner with American Family and the zeal with which I tackled the quest before me was exhilarating. This is what I had been looking for! This was my opportunity to build a little security for my family, as well as, set myself up for a decent retirement. The thought of working sixty (60) hours a week or more was worth it. After all, I was building a future. Hard work was expected and work hard I did. American Family seemed to be behind me and the district manager seemed to be right by my side. The plaques kept coming, the trips kept coming and the rings were beautiful. And then it happened.....

My district manager and my sales director always told me this was a numbers game. Yes, a numbers game and my number was up! For reasons beyond my control, "CHRISTMAS PRESENT" (if you will) became a nightmare to abhor. Without elaborating on the gory details and focusing on the task at hand, I must admit, I met many wonderful people and some of these people are my friends to this day. Long gone American Family agents still remain dear friends to me. Long gone American Family insureds still remain wonderful friends today. You see, many no longer share American Family Insurance as their common bond because many have gone on to other things. The dream with American Family Insurance became shattered due to one reason or another and many were forced to move on. Though many feelings were trampled on and many agents faced an unwarranted life-changing decision, they chose to continue being good agents. They chose to move forward. They chose not to give up or give in! They remained true to themselves and continued in a future that meant something to them.

So, for "CHRISTMAS FUTURE" let us think about this, if you will. No matter with what company you choose to build your dream, it

(Continued on Page 4)

isn't the company that determines who or what you want to be. It is the people, the friends, the acquaintances that make up who you are today. The people that become a part of your life, the people that make you smile, the people that encourage your next move, the people that touch your life, the ones you remember helped you or encouraged you or were true to wanting the best for you... the people are what matter. It is people, not the company!

So to comment on the topic, "THE GOOD AT AMERICAN FAMILY" I would have to say there are (and were and always will be) a lot of good people, a lot of good agents, and yes, many fine employees! Just remember, no matter where you are in your "Christmas Past," "Christmas Present," or "Christmas Future"..... NAAFA cares about each and every one of you! We have been there through the good and the bad together, and we believe it's YOU that matters most to us.

Merry Christmas from your NAAFA President

[End]

Bumper Sticker:	No person was ever honored for what he received. He was honored for what he gave. -- Calvin Coolidge
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DONATING TO THE LEGAL DEFENSE FUND IS YOUR HONOR AND PRIVILEGE!!

Agents who are involved in lawsuits with American Family know that these suits may extend many years. As you can well imagine, costs run into the hundreds of thousands of dollars. But the issues these agents are fighting could well be issues that pertain to you should you decide to leave (whether willingly or unwillingly) American Family. Please do not think that NAAFA is encouraging any agent to leave AmFam. That is definitely not the case. But should you leave, we believe you have a right to earn a living without unfair restrictions being put on your ability to do so.

The 2nd Circuit has made a decision that customer information is NOT a Trade Secret. This means that the court has found that the information on any customer you brought into the company belongs to you. However, the 7th Circuit is in disagreement with this. We are hoping to raise enough money to help fight this decision and we need your help.

NAAFA members can go to the Member-side of www.NAAFA.com to get an update on each of the cases pending between agents and American Family. We will try to keep you posted on what is happening as it occurs. The monies you donate to the LEGAL DEFENSE FUND will go to the agent(s) whose case proves to the court how readily available customer information is and why captive agents should own the customer information as the true independents do. PLEASE DONATE TODAY. Make your check payable to **The NAAFA Legal Defense Fund** and send it to: NAAFA Legal Defense Fund, PO Box 578, Circle Pines, MN 55014.

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WHY DO YOU DONATE?

[Submitted by NAAFA Board Member]

Because it's the thing to do? Or do you donate because it makes you "feel" better? Surveys tell us that three-quarters of Americans donate to charity an average of \$1800 per year. And actually, it's a myth that people with the most money are the most generous. While it is true that 50% of all charitable donations in America come from households with incomes exceeding \$1 million (about 7% of the population), people at the lower end of the income scale give a whopping 30% or more of their income. (ie the Social Capital Community Benchmark Survey)

It is interesting to note that in America, the rich and the working poor give considerably more than the middle class. And the greatest predictor of whether a person will donate or not is *whether they participate in any religious organization such as a church or synagogue*. Religious Americans give not only to their churches, but also tend to give to every kind of cause and charity.

So how do our agents stack up against these statistics? Well, we did a short and informal survey with our board to find out. Here's what we learned:

- Donates time and money to church. Volunteers as an elder. Also volunteers for the Republican Party.
- Volunteers for an area food shelf that feeds about 70 families per month. 100% of donations go to needs of the food shelf. 8 to 10 volunteers work each day shelf is serving.
- One works many hours fund raising as much as \$100,000 a year with a group of parishioners at his church. He works with community fund raisers and also the Catholic school where his child attends.
- Another supports and volunteers as a board member for a "Retired Senior Volunteer Program" where seniors help in Grandparent Programs in schools, visit shut-ins, help at non-profit businesses with office duties, mailings, phone responses, etc. As a Retired Senior Board member, this agent helps to organize the benefit dinner for volunteers who worked throughout the year saving the community over \$1M in services.
- One volunteers several hours once a year for a famous and very popular community festival.
- Volunteers 15-20 hours a month for the Stephen Ministries.
- Another financially supports and also volunteers in the launching of a new church in the area. Bibles are provided by the supporters.
- Another donates to the American Brain Tumor Association.
- One walks for a worthy cause and encourages people to sponsor him.
- Another held a Silpata Jewelry fund raiser and donated 25% to a worthy cause.
- One board member regularly gives 12% of earned income to religious organizations and donates about 2-20 hours of time a month to other favorite religious charities.

[Continued on Page 7]

The only gift is a portion of yourself—Ralph Waldo Emerson

- Another organizes a group which gives their money to buy clothing which is distributed to the needy. Often business people are found who will match the funds raised.

We are proud to note also that back in 2003 American Family donated \$10 million to the American Family Children's Hospital at the University of Wisconsin Hospital and Clinics. Employees also donate liberally to the United Way.

We suspect that many people toss money into the Salvation Bell Ringer buckets when they pass by them. Many people donate to Franklin Graham's Operation Christmas Child, a very worthy cause to bring shoe boxes filled with gifts to some 8 million children around the world. Of course, the American Red Cross is a worthy and popular charity.

Ever wonder just how much of the money an organization takes in actually goes to the cause? You should always ask. Did you know that any non-profit organization must disclose their tax records when requested?

<http://www.irs.gov/charities/article/0,,id=135028,00.html>

If you are interested in seeing how AIP (American Institute of Philanthropy) rates your charity, check it out at this website:

<http://www.charitywatch.org/toprated.html#childpro>

Although this is the time for giving, NAAFA sincerely urges you to donate year around. NAAFA's board members not only donate to the causes listed above, but they donate many hours of their time to the causes affecting our members. We want to make a difference in the world and we're sure you do, too. We'd like to challenge you to donate your time, to give what you can, and then we invite you to join us in recognizing that in giving you'll be the big winner because "Doing Good Makes You Feel Good," it's a proven fact!

http://www.livescience.com/health/070503_doing_good.html

[End]

OTHER GREAT EXAMPLES OF GIVING FROM THE HEART.....

[from a NAAFA Board Member]

The food shelf in our area had been run by an older couple for quite a few years. Then, he developed cancer and eventually went to be with his Lord. His wife tried to continue on her own, but as the food shelf clientele grew, she could no longer handle it. It was announced in our church that it would be closing unless someone was willing to take it over. I mentioned to a friend it would be a shame to see it close and that I would be willing to consider running it if we had a building to operate out of. I didn't know it, but my friend went to a city council meeting in our town and announced that I would be willing to take the food shelf over if I could get the city to furnish a building. I got a call the next day from the mayor of our town saying we could use the old city hall. They would pay for lights, heat, etc. What a deal! God certainly opens doors!

[Continued on Page 8]

My wife, a friend of ours, and I, have been running the food shelf for a little over 12 years now. Our food shelf is run 100% by volunteer help. This means that every aspect of the needs of the food shelf is met by volunteers so that all the funding that comes in can be used for meeting the needs of the families we serve. There are many things needed to run a food shelf, you need people to order food, stock shelves when food comes in, deal with donations of food as they come in, pack boxes for distribution, take care of all the financial paperwork, etc. We don't get paid for our services, as we are volunteers. But, we are storing up treasures in heaven.

We got a call one day from a single mother with children, who said all they had left in the house to eat was one-half a jar of peanut butter and one-half a loaf of bread. When we met and gave her the food, the bear hug and those tears made it all worth it. Then, there's a lady in her 80s who lives on SS with her retarded 57 year old son. Her husband passed away years ago. To see the sparkle in those old eyes when she picks up her food, you know how much she appreciates it. There are too many stories to tell.....

Some people ask us if we are concerned that we might be giving food to people who don't need it because they lie to us about their financial condition. I'm sure there are some like that, but when I see what it does for the ones who truly need the help; it makes it all worth it. It's hard to explain or understand the joy running the food shelf gives us. We wouldn't give it up for anything.

AND FROM STILL ANOTHER

One year my children asked me what I wanted for Christmas. I didn't need anything and I would have rather seen them spend their money on more important things. So I told them that I wanted them to "commit a random act of kindness" for someone and on Christmas morning, tell me what they had done. You could see each one of their faces glow with pride as they told me what they had done. Needless to say, that was our best Christmas ever.

[End]

BUMPER STICKERS:

He that is rich need not live sparingly, and he that can live sparingly need not be rich.

---Ben Franklin

A bone to a dog is not charity. Charity is the bone shared with the dog when you are just as hungry as the dog.

---Jack London

When you help someone up a hill, you get that much closer to the top yourself.

---Mary Englegrit

Blessed are those who can give without remembering, and take without forgetting.

---Princess Elizabeth Bibesco

If you expect respect, be the first to show it.

---Unknown

THE TWELVE DAYS OF CHRISTMAS

[From our poet agent member]

On the first day of Christmas,
My DM sent to me
A letter saying I was on the team.

On the second day of Christmas
My DM sent to me
Two words of encouragement
And a letter saying I was on the team.

On the third day of Christmas
My DM sent to me
Three reports to fill out
Two words of encouragement
And a letter saying I was on the team.

On the fourth day of Christmas
My DM sent to me
Four contests to try my best in
Three reports to fill out
Two words of encouragement
And a letter saying I was on the team.

On the fifth day of Christmas
My DM sent to me
Five direct mail pieces to sign up for
Four contests to try my best in
Three reports to fill out
Two words of encouragement
And a letter saying I was on the team.

On the sixth day of Christmas
My DM sent to me
Six meetings to go to
Five direct mail pieces to sign up for
Four contests to try my best in
Three reports to fill out
Two words of encouragement
And a letter saying I was on the team.

On the seventh day of Christmas
My DM sent to me
Seven JD Powers's requirements
Six meetings to go to
Five direct mail pieces to sign up for
Four contests to try my best in
Three reports to fill out
Two words of encouragement
And a letter saying I was on the team.

On the eighth day of Christmas My
DM sent to me
Eight rate increases
Seven JD Powers's requirements
Six meetings to go to
Five direct mail pieces to sign up for
Four contests to try my best in
Three reports to fill out
Two words of encouragement
And a letter saying I was on the team.

On the ninth day of Christmas
My DM sent to me
Nine veiled threats
Eight rate increases
Seven JD Powers's requirements
Six meetings to go to
Five direct mail pieces to sign up for
Four contests to try my best in
Three reports to fill out
Two words of encouragement
And a letter saying I was on the team.

On the tenth day of Christmas
My DM sent to me
Ten things to improve on
Nine veiled threats
Eight rate increases
Seven JD Powers's requirements
Six meeting to go to
Five direct mail pieces to sign up for
Four contests to try my best in
Three reports to fill out
Two words of encouragement
And a letter saying I was on the team.

On the eleventh day of Christmas
My DM sent to me
Eleven lies about me
Ten things to improve on
Nine veiled threats
Eight rate increases
Seven JD Powers's requirements
Six meeting to go to
Five direct mail pieces to sign up for
Four contests to try my best in
Three reports to fill out
Two words of encouragement
And a letter saying I was *barely* on the
team.

[Continued on Page 10]

On the twelfth day of Christmas
My DM sent to me
Twelve reasons I was fired
Eleven lies about me
Ten things to improve on
Nine veiled threats
Eight rate increases
Seven JD Powers's requirements
Six meetings to go to

Five direct mail pieces to sign up for
Four contests to try my best in
Three reports to fill out
Two words of encouragement
And a letter saying I was *off* the team!

A Merry Christmas??

[End]

FROM WHAT WE HEAR.....

[Anonymously submitted]

We know that everyone with any kind of a relationship with American Family wishes the company to succeed. When the company does well, the board is happy and so are the employees and the agents. But where does 'success' originate? Does it start with the board? Does it start with the skill of the CEO? It seems success must start with a standard policy set by management whereby the respect, welfare, and concerns of employees and workers come first.

In the article, "What Makes a Business Successful?" it says:

"Those companies that have a standard policy of putting their employees first, above corporate earnings and prestige, find greater success in obtaining their long term goals and they realize a degree of higher earning potential."

<http://www.moneymatters101.com/startingabusiness/successful.asp>

In other words, truly successful companies recognize the value of their employees/workers. They provide an environment which is conducive to producing happy, productive workers who in turn, bring in the bucks!

The article goes on to say:

"Most successful businesses seem to thrive on good management/employee relations. Both the company and the employees benefit. The company provides the employment opportunities and the compensation for getting the job done and the employees provide the skills, the dedication, productivity, and the goodwill to keep the business running smoothly."

In the 3rd Quarter Treasurer's Report to the AmFam Board of Directors Meeting, it says that "growth continues to be a challenge." It also says that "applications continue to drop but increase in customer retention has partially offset this decline."

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We note that retention for the 3rd quarter 2010 was 85.70% up some .41 points since 12/31/2009 which doesn't seem like much progress in retention.

Certainly the company recognizes that if applications are dropping and growth lags, then it is because agents aren't selling. If agents aren't selling, certainly you would ask "WHY?" There could be any number of reasons why agents aren't selling, but the major reason has to be rates. It continues to baffle everyone why this company's plan (they are certainly planning these high rates, aren't they???) dictates such high rates that customers continue their exodus away from this company.

Losing 15% of our customers each and every year could mean that agents can't sell for other reasons. Is it because the reputation of this company is such that people are now cognizant of the fact that American Family has some of the highest rates in the industry? Are these high rates necessary to keep this company functioning? No one wants to be insured with a company whose future is risky. We know that the outstanding customer service of the agents is the glue that has held this company together for many years. But most agents readily admit that they can no longer influence their long time customers into staying with a company that is slaughtering them with huge increases and what some say is less than adequate claims service. When you take customer surveys, it's with the customers who are still with us. The ones you need to survey are the customers who have left. That's pretty hard to do, but you can visit a few websites found below where customers have expressed their opinions about American Family. <http://www.viewpoints.com/American-Family-Insurance-reviews>
<http://insurance.freeadvice.com/reviews/24/comments/American+Family+Insurance/>
<http://www.glassdoor.com/Reviews/American-Family-Insurance-Reviews-E2706.htm>

What effect has the credit scoring formula American Family uses had on our ability to keep our customers? Is our credit score formula out of whack compared to other companies? If not, then why are American Family's rates so high?

Expenses continue to climb and one of the reasons is that the company just doesn't seem to be able to put the lid on hiring more employees. The report shows that the company now has 9074 Workforce Equivalents! That's right...9074 employees. Agent count was somewhere in the 3600s at the end of the 3rd quarter. We know that number is still dropping.

Gerry Benusa, at an Agency

[Continued on Page 12]

Council Q & A in June said “the plan” for 2010 calls for 160 fewer agents. It seems like every time they fire an agent, they must hire two more employees! Is this any way to cut expenses?

We need to give credit where credit is due, however. American Family’s ranking on the Fortune 500 list has increased 44 points. However, could we speculate about why this increase in rank occurred?

- 1) Increased rates (even though many customers left American Family)**
- 2) Fewer storms, act of fate that may not always continue**
- 3) Bigger profit from huge numbers of transferred policies (averaging 400-800,000 per year) where no commissions were paid.**
- 4) A better year for investments**

http://money.cnn.com/magazines/fortune/fortune500/2010/full_list/301_400.html

American Family’s history from the Fortune 500 list:

<u>Year</u>	<u>Rank</u>	<u>Rev in \$Millions</u>	<u>Profit in \$Millions</u>
2010	344	6,453.4	256.9
2009	388	6,431.3	-297.9
2008	352	6,969.4	82.4
2007	338	6,893.1	24.4
2006	323	6,864.0	671.5

Note: AmFam’s ranking dropped 4 years out of 5.

All that is happening at American Family would be much easier for us to understand and tolerate if the company would just *tell us what their plan is* and how all these agent terminations, high rates, increases in employee numbers, and micro-managing tactics are going to help solve the problem. Yes, we’ve heard about their Corporate Strategy and Planning Division’s plan to “address the people side of change,” and their plans to conduct yet another set of focus groups and interviews. But it always seems to us that they only choose to include carefully chosen “positive yes-men” as their group and interview candidates. We challenge them to speak to us, the members of NAAFA. We will tell you like it is, not how we think you want to hear it. If you listen to us carefully, you will go

back to your desks with your eyes wide open. Shouldn't this be what you really need?

[Continued on Page 13]

As www.moneymatters101.com says, employees/workers should be treated as valuable *team* members. They say the most successful businesses seem to thrive on good management/employee/worker relations and in so doing, both the company and the workers benefit.

If what we've said here makes any sense to you, please let us know by emailing us at naafawest@comcast.net or writing us at: NAAFA, PO Box 578, Circle Pines, MN 55014.

[End]

THE UPDATED NAAFA SECA KIT

Most of you know that the company seems to have stepped up its goal of (for want of a better terminology) dumping agents. By the latest figures provided, it appears the agent count is now in the 3600's. NAAFA is getting requests on a regular basis for the SECA Kit. Sometimes we can provide the agent with a kit and sometimes we can't. Here are the rules:

- You must be an active agent with AmFam and an active member of NAAFA (Dues @ \$240) at the time you request and receive a kit.
- Or you must have been a "retired" agent and an active member of NAAFA (Dues @ \$80 plus \$80 renewal) for one year *plus* one day past your retirement date from AmFam.
- Or as a retired agent in your first year of retirement, you can choose to pay \$240 for your membership and get the kit immediately.

Note: You cannot receive the kit for \$80 during your first year of retirement unless you were also a member of NAAFA as an *active* Amfam agent immediately before you retired.

The SECA Kit *has been revised and updated recently*. Once you get a notice from the IRS, it's probably quite futile at that point to join NAAFA to get the kit. You should be knowledgeable and informed about how to file your Termination Benefits BEFORE you retire and before you file the first time. You should use an accountant who knows and understands the agent contract. Should you have an IRS agent who questions your 'properly filled in tax form,' the kit gives some good pointers on what to do. But your experienced accountant will prove invaluable, also. If you don't have such an accountant, one who is experienced in filing termination benefits, please

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AMFAM IS COMING TO TOWN

(To the tune of "Santa Claus is coming to town)

[Submitted Anonymously]

You better watch out, you better not cry
You better not pout, I'm telling you why
AMFAM is coming to... your town.

He's making a list
And checking it twice
He's going to decide if you've been naughty or nice
AMFAM is coming to... your town.

He knows when you are working
He knows when you are out.
He listens to your phone calls,
So be careful what you're talking about.

Oh! You better watch out, you better not cry
You better not pout, I'm telling you why
AMFAM is coming to... your town.

He tells you that he likes you,
And he gives you a nice warm smile
But then he turns around and hurts you,
Even when you go the extra mile.

So, you better be smart, you better be good
And nev-er let your guard go down.
AMFAM is coming to... your town.

He's making a list
And checking it twice
He's going to decide if you've been naughty or nice
AMFAM is coming to... your town.



[End]



THEY STOLE

[Submitted anonymously]

First of all, I am convinced that there is not one single entrepreneurial American Family agent. Do you know why? Because a real entrepreneur would be smart enough to realize that under the agent contract, you can invest, labor, and sweat over establishing your agency, but you will never ever own it. Why, you ask, would anyone in his right mind put all his money and efforts into a business he doesn't own? Well, I have been asking that for years. It's down right stupid!

Don't feel bad because every single one of the agents now acting as "business managers" for the 3600 agencies American Family Insurance owns was suckered in just like I was. Oh, you argue, but the company pays us for our agencies when we retire, don't they? Maybe. Let me ask you this. Go back over your Schedule C's for each year you have "managed" an agency and add up your expenses. How do these expenses (which probably run about 50 cents for each dollar you earned) compare to what your termination benefits would be? Most of you will find that your meager "buy-out" ["monies paid to you not to compete," the company has called it.] is grossly under stated compared to all the dollars you've invested in your agency over the years.

What *wise* entrepreneur would seek to start a business that is totally owned and controlled by the company he is contracted to? What *wise* entrepreneur would sink tens of thousands of dollars and hours and hours of sweat and frustration into a business that can be stolen from him with the flick of a finger? Oh, but they promised me that I would be a business owner with complete control of my time and how I ran my agency. They told me in my contract that I was an 'independent contractor.' Certainly, as an independent contractor I own my business, don't I?

No, you don't. You can work ten years and suddenly have it all taken away from you by simply being the one "chosen" by your DM to 'get rid of.' And if you don't qualify for termination benefits, you get absolutely nothing for the business that was just stolen from you. It has always seemed to me that the DMs have been given a quota of agents they must 'eliminate' in order to prove their loyalty to the company. Sort of like the mafia...the new guy on the block has to get a couple of notches on his gun before he's initiated into the family!!

Even if an agent does qualify for termination benefits, the company has ways of taking it away from him. It seems an agent's chance of having this happen might go up if he decides to compete after he quits. Just why certain agents get sued and others, (competing in exactly the same manner,) mysteriously evade the trip to the guillotine has never been clear to me. The accusations of choice in such suits seem to be the theft of trade secrets, breach of contract, computer fraud, breach of duty of loyalty, and on and on go the accusations. I don't know about you, but I don't think I even know an agent that bad.

[Continued on Page 17]

Is there any other place in this great country where a company is allowed to entice people to sign contracts with them, where they are told they are independent contractor/business owners who can build and establish their own businesses, where these so-called captive business owners are encouraged to pump thousands of dollars into these businesses, but when the time is just right, the company pushes the business owner out on the street and literally steals his business? No, I know of no other situations in America where this happens except in the captive insurance world. It's a travesty, to say the least.

Well, I admit it. I have been pretty stupid. I was young and trusting when I first met this company. But I've matured. I'm wiser now. As I look over my situation here, I see that I'm just one of many who stands here shivering in my boots wondering if I'm going to be the next one to get the axe. Or am I going to be one of those lucky ones.....wait would I really be lucky if I was passed over and allowed to continue working for this company? Would I really be lucky to work for a company that seems to have lost all sense of *decency*? A company that shows very little *compassion* for agents like me, agents who have given our hearts and souls to help make this company and our businesses successful?

I see a whole group of people like myself who carry the designation of "American Family Insurance Agent" who once had a dream. We were once proud to work for this company, but how can we still feel the same way when you aren't able to give us marketable rates and we have to shamefully turn our customers away. You don't trust us. You try to monitor and control everything we do. You complain if too many claims come in. You punish us if we aren't profitable or don't sell enough. You give us a product to sell one year and take it away the next. But you let all the fallout land in our laps. Any little slip is called a strike and three of these and you kick us out. You are intolerant toward us, but require us to be tolerant of you. Our dream has become a nightmare.

Yes, you may not have stolen my insurance agency just yet, but you have already stolen my drive, my desire and my dream. Was this your goal, American Family? If it was, I am sorry for you. I believe with all my heart that you know how to begin to mend this horrible relationship you have developed with the agents. But so far, it hasn't happened. Oh yes, I've heard rumors that the company now wants to get "back in the game"—that you want to "compete again"—that the "competition has taken too much away,"--- and that now "you want *us* to get it back." Well, you know what? Why should I believe you this time? I've been lied to before. And now you want me to work my b tt off trying to get back all the customers your stupid high rates caused me to lose? You must really think I'm stupid! And by the way, you could save literally millions if you'd stop suing agents who leave the company. Just how cost effective is it really to be spending millions suing these agents and in addition, losing 40%+ of the business they had when they take it with them? Why not treat agents right in the first place and they'd stay with you? I have to believe this whole nightmare is just what you had planned, and it makes me very sad.

[End]

“As the second generation of the Stiltner Agency here in Colorado Springs, I had big shoes to fill...

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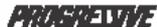
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WHY ARE AGENTS TERMINATED?

NAAFA anonymously received a copy of the following:

“Summary of Agent Misconduct Investigations—Second Quarter 2010” which stated the following reasons for terminations:

- An agent was selling insurance for two other carriers that were not arranged through American Family’s Brokerage area.
- An agent signed as a witness on life policy documents when the customers did not sign the documents in the agent’s presence.
- An agent had a conflict of interest by referring customers to contractors with whom the agent had a business relationship. The agent received payments or kickbacks for these referrals. In addition, the agent forwarded pornographic emails to others.
- An agent shared customer information with the agent’s spouse, who is an Edward Jones representative. Also, in order to send potential customers to the agent’s spouse, the agent advised customers that long-term care insurance is not available through American Family, despite the fact that it is available through Brokerage.

NAAFA has had many termination letters forwarded to us by agents. Many times the letter never gives a reason. One agent said his letter just said, “Your agency is being terminated” and this letter was presented at approximately the time the computers were shut off.

We have heard of several terminations where the agent was accused of being “disloyal.” And yes, this is in the contract under Section 6.h.2 where it says,

“In no case shall notice of undesirable performance be required prior to termination if the performance in question involves a violation of Sect 4.1 or any other dishonest, disloyal or unlawful conduct...”

You may want to look back at Section 4.1 which says you agree:

“To maintain a good reputation in your community and to direct your efforts toward advancing the interests and business of the Company to the best of your ability, to refrain from any practices competitive with or prejudicial to the Company and to abide by and comply with all applicable insurance laws and regulations.”

As most of you have probably realized by now, if you have been around any time at all, there is no definition in the contract for what the company means by “disloyalty.” As far as we can figure out, it evidently means “doing anything they don’t want you to do.” Zero tolerance! So be careful. It’s pretty easy to fit any behavior into the confines of the word “disloyal” if the company wants to do it.

Regarding the restraint of doing anything prejudicial to the Company.....that’s a tough one, also. Sometimes an agent is asked to make a choice between doing something that’s either prejudicial to the company *or* prejudicial to the customer. Agents have been fired for choosing not to hurt

[Continued on Page 20]

the customer....in other words, for referring them to an independent agent, for instance. How can an agent, in all good conscience, recommend that a customer stay with AmFam when the customer can save sometimes hundreds of dollars by going some place else and the customer already knows he can save? Don't we promise to do the best by our customers? But in referring them to someone else, is the agent doing something prejudicial to the company? Well, prejudicial is another word that needs to be clearly defined.

Be aware that Section 4.1 and 6.h.2 violations do NOT require a 6-month notice. When the company wants to get rid of agents quickly, it's obvious that their reasons for terminations must fall into the disloyal and prejudicial categories. No notice needed. However, production, attitude, customer complaints, non-compliance, underwriting practices, disinterest, apathy, etc. are all reasons sometimes given in the 6-month notice letter.

Most agents know when they are being targeted for termination. You'll get those little threatening notices from your DM. Maybe you get called on the carpet for not being open as many hours as your DM thinks you should. Or maybe you're criticized for not hiring staff. Or maybe you've had one too many customer complaints. Or maybe you spoke out in a district meeting. Or maybe you haven't sold enough life. When you're in "good standing" you don't get these complaints, even if these minor mishaps by you do happen. If you're targeted, however, you get the complaints. And when you do, if you haven't made preparations by that time, it may be too late. Of course, remember, if you are a NAAFA member, we're here to help. Call 800-567-9668 or write us at NAAFAwest@comcast.net

[End]

There's nothing that can't be done if we raise our voices as one. Michael Jackson

THE CREDIT SCORE DEBATE

[Anonymously submitted]

In talking to AmFam agents, one of the biggest complaints heard is the inadequacy of the company's model for applying credit scoring to our insurance rates. It seems most of us will agree that there is a relationship between one's credit score and one's aptness to have a claim. That's not the problem.

Some people who have entered the credit score debate argue that if insurance companies can give credit to a group of youthful drivers who have good grades in an effort to get their rates down, then they (the insurance companies) should be able to find a way to give low credit scoring people a credit for having no claims. Good argument, right?

But the problem frustrating the American Family agents seems to be the fact that there is no *consistent rating scale or model* used across the board by all insurance companies and ours seems out of whack!. It seems that although rates could understandably vary from company to company, the amount of penalty (or credit, if you will) per each level of credit score should remain consistent throughout the industry. This seems to be where the complaints are coming from among the American Family agents. When a person with a score in the mid range can get insurance 50% cheaper some where else, something is wrong and no 10% rate decrease is going to help. Agents would like to see that gap closed. Why isn't it possible? What are other companies doing that this one can't? It just doesn't make sense, does it?

[End]



EIGHT RESPONSES FROM THE FIELD

[NAAFA received the following letter along with a very generous donation to the Legal Defense Fund. We appreciate the sentiment and are thankful for the support.]

#1 GENEROUS DONATION

9/23/2010

Dear NAAFA,

Thank you for all you do. To see agents' lives ripped apart affects me deeply. To see hard working good people trust a system that does not respect them and look at their agents with the idea of *economics* seems so incomplete.

I believe the "American Dream" is to have your own shop and work with honest professionals who want to help and do the best they can for the buying public.

Words of honesty, integrity, respect, professionalism, ethics, trust....all need to be common place in their agencies.

Warmest Regards,

#2 MIRROR, MIRROR, ON THE WALL

Who are the regulators, the umpires and the controllers of your life?
Do you think it's your DM, your company, perhaps even your wife?
Go take a look in the mirror for the wisdom you wish to obtain,
The reflection will lessen your uncertainty and ease your pain.

You begin your day with good will in mind,
But do others walk over you and leave you trailing behind?
Then visit your mirror and look deep into your eyes.
Remember who you are and throw away the disguise.

Some out there need to cause others pain to feel whole,
And they target people like you to feed their large ego.
This is a temporary thing and they will give up their fight
When they look in their own mirror and see you were right.

The mirror never hurts you, or tells lies, or feels greed.
It just reflects back all the good qualities you breed.
When you are at your lowest and in the depths of despair,
Visit your mirror and your eyes will remind you to care.

[Mail Box continued on Page 22]

**Surround yourself with good people and be true to yourself.
Let God take care of your tormentors; put your hate on a shelf.
Never forget your mirror has answers and is waiting for you again
To look deeply into your eyes and they'll tell you how, where and when.**

**It seems we have a life to live that suddenly doesn't allow any exception.
That's why we need to look in our mirrors and gain comfort from our reflection.
Look in your eyes, deep into your eyes, and allow your mind to remember
The way we were in bygone days before we were asked to surrender!**

--Anonymously Submitted

#3 JUST WONDERING.....

[Received by NAAFA 12/4/2010]

Why would anyone want to be a captive agent and rent an agency? Wouldn't it make more sense to be an independent agent and own an agency?

Just Wondering?

Why would anyone want to be a captive agent and only have one company to write insurance through? Wouldn't it make more sense to be an independent agent and have several companies to choose from? **Just Wondering?**

Why would anyone want to be a captive agent and put up with uncompetitive rates? Wouldn't it make more sense to be an independent agent and demand your companies have good rates or you will move your clients elsewhere?

Just Wondering?

Why would anyone want to be a captive agent and be expected to fulfill someone else's goals and expectations? Wouldn't it make more sense to be an independent agent and have the full freedom of choice to chase your OWN dreams?

Just Wondering?

Why would anyone want to be a captive agent and waste time going to unnecessary meetings to listen to unqualified people talk to you about unrealistic goals? Wouldn't it make more sense to be an independent agent and use that time for your own benefit, not someone else's? **Just Wondering?**

Why would anyone want to be a captive agent and try to sell an uncompetitive auto product for 9% commission? Wouldn't it make more sense to be an independent agent and sell a competitive auto product for 15% or more commission? **Just Wondering?**

Why would anyone want to be a captive agent and have a DM manage your agency? Wouldn't it make more sense to be an independent agent and manage your own agency? **Just Wondering?**

Why would anyone be a captive agent and live with the veiled threat that his agency can be terminated anytime, without cause, by the whims of others. Wouldn't it make more sense to be an independent agent where YOU and you alone control your fate? **Just Wondering?**

I'm wondering... just exactly why are we captive agents? Do we enjoy going to work every day knowing that it could be our last if we tick off the wrong person?

[Continued on Page 23]

Do we get a kick out of being 30% high on our home and auto rates when someone asks for a quote? Does it trip our trigger to see a fellow agent get transfer policies instead of us because they knew how to play the game better than we did? Does it really get our adrenaline flowing when our DM expects us to write life insurance when we have what I think are inferior life products and commissions that are a joke compared to what other companies have?

We are independent contractors, right? Then we can *either* stop going to meetings, stop filling out the useless reports for our district managers, stop writing life insurance, and say “To hell with the ridiculous JD Powers award requirements” *or* we can do what they want....put up or shut up! Well, I know we are in an environment where we must comply or we will soon be unemployed. I keep asking myself, “Why would anyone be a captive agent and confine himself to the whims of others when he can be totally independent and be whatever he wants to be? And be happy while doing it!” Well, I suppose it’s because I need to put bread on the table, so I’m still “Just Wondering!” “

#4 Ode to Bonnie and Connie

[Bonnie and Connie are accused agents in an Illinois case.

Ode was submitted anonymously by poet writer. To the tune of Ode to Billie Joe]

It was the third of June, another busy, joyful kind of summer day.

I was out selling insurance and my twin sister joined our Mom to pray.

And at dinner time we talked about the day we had as we all sat down to eat,

And Mama hollered to us that she saw someone coming here from up the street.

And then a man knocked on the door and said he had some papers for us to see.

Today our lives will change forever because American Family has it out for me.

And Mama said to Bonnie as she passed around the food that summer night,

“How can they do this to you girls, you’ve always done whatever’s right?”

And Connie said, “Please don’t worry, Mama, we haven’t done anything wrong.

We’ll prove it when we go to court. Pass the biscuits please, ‘till then we’ll all get along.”.

Seems like only yesterday they told us that hard work would always be the key,

But today our lives will change forever because American Family has it out for me.

Mama said she recollected when me and Connie were young and going to school

We dressed the same and traded places in class so the teachers we could sometimes fool.

It was fun and games and we treasured our friends, “Please Mama, pass the apple pie.”

I can’t believe what’s happened to Connie and me, but please Mama, try not to cry.

We’ll fight this thing as long as it takes, and we’ll pray to God on a bended knee.

And today our lives will change forever because American Family has it out for me.

And Mama cleared the table as we read the words that came to us that dreadful night

And me and Connie held each other close and said together we’d endure the endless fight.

We washed the dishes while deep in thought and tried to comfort Mama’s fears.

When she looked our way we turned our heads so she couldn’t see our stream of tears.

After a sleepless night Mama called and said, “This is wrong and everyone will agree.”

But today our lives will change forever because American Family has it out for me.

[Continued on Page 24]

Five years have come and gone since we heard the news about the Twins from Illinois. Their Mama would be proud to know they didn't give up and have made a lot of noise. I saw the Twins a few weeks ago and they were throwing something off a ridge. It was late at night and I remember that it was close to the Aurora Bridge. It was said they threw away all the nightmares that they had saved since that summer night When American Family sent the papers that would forever change the girls who did things right.

#5 8-YEAR AGENT SOUNDS OFF

[Received by NAAFA 9/6/2010]

I have been an agent with AFI for over eight years. The discontent in the agency force has become colossal. I witness upper management fly around the country in the company jet ostensibly to meet and give encouragement regarding the direction of the company. All it amounted to was a love fest with management telling us how wonderful their plans for the future are without sharing any real data.....all the while spending untold thousands of dollars on what seems to be no more then a paid vacation for them. .

Anonymous

#6 MY DREAM TO BE A TEACHER

[Received Anonymously by NAAFA 12/11/2010]

When I was a young man right out of the service, I enrolled in a community college part time. They gave me a test to see what job I would be most happy in, not what necessarily what I was qualified in. The answer came back – teacher. But since I was married and had a child, I took the first available job and became a police officer. Through the years I managed to eke out a couple years of college, but never realized my dream of being a teacher. Oh, but yes I did! As an insurance agent, I teach every day, and my goal when I meet with a client is that they know more about their insurance policies when they leave than they knew before our meeting. And many times they tell me that I am the first insurance agent that ever explained their insurance coverage to them *in language they could understand*. So, I guess I did realize my dream of being a teacher, and it is “high stakes teaching.” I get the opportunity to give people security and peace of mind by making sure their most important assets are insured properly *after* I teach them about how insurance works. So, maybe if I would have become a schoolteacher, I would be really frustrated now because of the way things have regressed in our school system. I now realize that I can, and do make a difference in people’s lives every single day. Who could ask for more than that?!

#7 CONGRATULATIONS, RODNEY

[Anonymous writer Responds to 11/16/2010Compass article
“Financial strength through profitability.”]

**Rodney Devlin
303 North Sturgeon St
Montgomery City MO 63361-1824**

Rodney, CONGRATULATIONS!!!

[Mail Box Continued on Page 25]

**YOU ARE THE CLEAR WINNER IN THE CORPORATE TWO-STEP
KOOL-AID DRINKING CONTEST.**

Your bone-headed comments about agent's responsibility for AmFam profitability are shameful.

AmFam agents are now trying to find new clients in the midst of the worst economic conditions in a lifetime, trying to stay afloat amid uncompetitive prices while trying to run agencies without triggering AmFam's secret "Gottcha Game" called "The Three Strike Rule" and "Agency Tier Rating," plus semi-sober, out-sourced property inspectors looking for anything they can photograph to justify the millions AmFam is paying them to find fault with properties and ravage agencies books of business.

All the while Dave and Jack zip around in their private jets burning more jet fuel in a month than the average AmFam agent will earn in a year.

On top of this comes bright light Rodney Devlin DSM preaching that profitability is really the agent's responsibility (duh, like what negative isn't thrown back to the agents to fix???)

You must really be desperate to keep your no-show District Manager job that you would trash your self-respect to promote the company Kool-Aid.

It is partly because of corporate hand puppets like you that smart agents are saying. "I'm out of here" and not so smart agents go home with headaches and overdraft fees on their personal checking accounts.

For your award, the company will fire you first when they sell the company to Allstate or Liberty Mutual (both are on an acquisition spree).

Unsigned

#8 I'M DREAMING OF A NEW AMFAM

[To the tune of "I'm Dreaming of a White Christmas"]

Anonymous

I'm dreaming of a new AMFAM
Just like the one I used to know.
Where the ethics were a given
And the managers would listen
To hear agents say which way to go.

I'm dreaming of a new AMFAM
Just like the one I used to know
Where the agents would gather
And it really didn't matter
We had fun wherever we would go.

I'm dreaming of a new AMFAM
Just like the one I used to know
When the rates were right there
And it wasn't a nightmare
To quote an auto or a home.

I'm dreaming of a new AMFAM
Just like the one I used to know
I hope it changes real soon
Or it'll be too late to resume
The days we loved so long ago.

I'm dreaming of a new AMFAM
Just like the one I used to know.
We worked late every night,
And tried to do things right
And then we didn't seem so small.

I'm dreaming of a new AMFAM
Just like the one I used to know
May our wishes burn bright
And our burdens be light
As we walk along our unknown path.



From all of us at NAAFA

We wish you the Merriest of Christmases

We wish to thank all the people who have written to NAAFA. Also, a big *thank you* to all those who have contributed articles to the NAAFA Report. We believe what you say reflects the real tenor of how the agents feel. Your expressions count with NAAFA.

The National Association of American Family Agents

PO Box 578

Circle Pines, MN 55014



The NAAFA Report

(Winter 2010)

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