

THE AGONY WHEN A CAPTIVE AGENT'S RATES ARE TOO HIGH!

Many agents call NAAFA these days truly believing they are the only ones with out-of-sight rates. These agents are agonizing because they are seeing their renewals drop, drop, drop. And what that means for an agent approaching retirement is a condition as painful as any heart attack. But that's not all!

"When a client calls my office," one agent reported, "I take the call with dread." "These days the majority of calls are from clients questioning why AmFam's rates have gone up so high," the agent says. "My only attempt at a solution is to try to console the client by quoting higher deductibles or lowering the coverage as much as possible. But as a captive agent, it's not possible to tell the customer I will get some other quotes because, of course, I can only sell for one company. That's one area where the independent agents have it all over on the captives. The only alternative I have is to tell my client to get some other quotes himself. Well, that's like telling the client to take his walking papers and find another company. For us captives, it's AmFam or nothing."

Recently, an agent (in one of our midwestern states) reported that he had had an insured call him saying he had just gotten a quote from Geico. He reported that his quote from the Geico agent was \$4000 a year less on his house and umbrella, and it was \$800 a year less on his two cars, than what he was paying at American Family. That means this client would save \$4800 a year by leaving American Family....which he did, obviously.

The story doesn't end there. That client told his relatives and friends about AmFam's exorbitant rates, and they all cancelled their AmFam policies with this agent, too. These high rates are like an epidemic that exposes one's whole agency to the risk. Believe us when we say, this epidemic really makes an agent sick. And no matter how loyal the client has been, the bottom line is the client has to choose the lesser premium in order to survive in this inflated world.

NAAFA is here to tell you we have heard very similar stories time and again from agents in many other states, including IL, AZ, MN, KS, IA, CO, MO, and OR. High rates are causing agents to quit. AmFam doesn't seem to care. Why? What is going on?

About one in 50 agents that call NAAFA is positive. The rest of the calls are from agents who are very discouraged, hate insurance, who say working for this company just isn't what it used to be. How can agents possibly hang on long enough to get the most out of their agent contract? Good question. In other words, if an agent's goal is to reach age 60 in order to qualify for lifetime benefits, but he knows his renewals are dropping and he will actually get less in his Termination Benefit bucket, then perhaps it's better to lock in by giving the one year notice (getting the better of the two dates' renewals) even if he's a couple years away from reaching age 60. Maybe it'd be better to get all your money away from AmFam by taking your Termination Benefits over a 5-year period, than to risk the possibility that AmFam might renege on their commitment to pay your Term Benes over a lifetime. It could happen.

NAAFA has reminded our readers to give the "Partial Assignment" idea (Section 6.w. from the agent contract) some thought. This section of the contract is better explained in Message #144 of our column, Directly to Members...Directly from NAAFA on the members only side of www.NAAFA.com. It might be a way to hang on to some of the renewals you think you might lose.

When you try to look at the whole picture of AmFam's high rates, their management who took a half a cut in pay in 2023, their increased costs of everything, and the prediction by AmFam themselves that they are going to lose about 15% of their business.....well, the insurance world doesn't look so secure, does it?

We should tell you, however, that AmFam's not the only insurance company in trouble. It is reported in S&P's market analysis that homeowners' insurers across the US saw a net underwriting loss in 2023 of about \$15 billion. This was compared to just \$5.9 billion the previous year. These losses do NOT include state-backed insurers either. And now with even more severe storms looming, who knows what 2024 losses will be?

The almighty dollar is all that matters to upper management. Agents and employees really are not appreciated anymore. It's as if the company wants agents to quit. NAAFA has seen its retired membership numbers go from 40-45% back in December of 2023 to about 80% today. We definitely are not losing members, but the cross section of our membership has changed and that has somewhat affected our net income. NAAFA is not in this business to make a profit, we're here to protect our members, to keep them informed. Sure, we may sound negative, but we're presenting the truth. If that bothers you, then that's your problem. For NAAFA, we stand for TRUTH and if we break even, we consider ourselves to be successful.

If you have an opinion on AmFam's rates and what's going on with insurance companies, please give NAAFA a call or write. As you know, we protect your identity, but we appreciate your viewpoints.

Web site: www.NAAFA.com Email: NAAFAwest@comcast.net

NAAFA, Inc. PO Box 578, Circle Pines, MN 55014