

The

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Summer '00

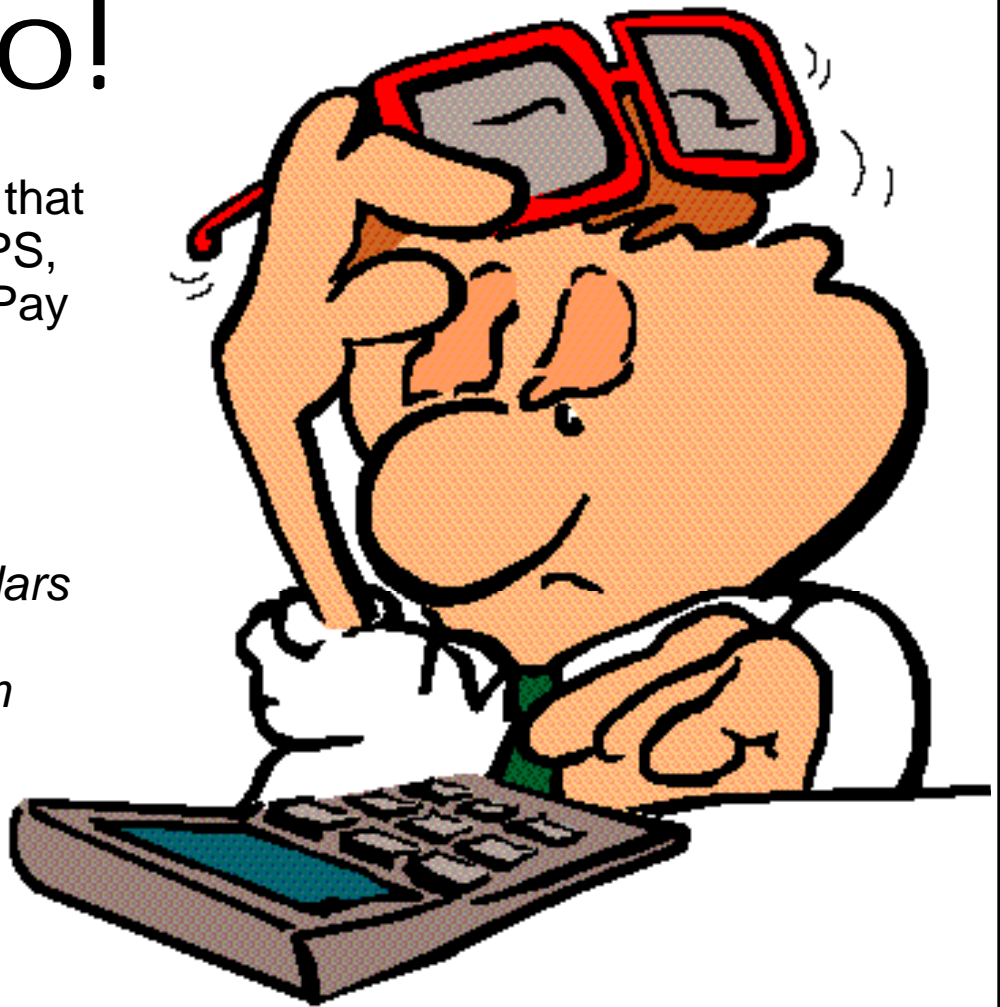
Voice

Reconcile your Folio!

The organization that programmed APPS, FPPS, and EasyPay also computes your Folio

It could be short thousands of dollars — and here's a software program that makes reconciling it easy!

— p.5



The United Farmers Agents Association is a professional association committed to helping our members through education, communication, support and information and to establishing a true partnership with Farmers Group, Inc.





UNITED FARMERS AGENTS ASSOCIATION, INC.

8711 Big Bend • St. Louis, MO 63119
314-968-3344 • FAX 314-918-1718

RALPH BUCHANAN
PRESIDENT

Eleven times I have started my quarterly column for *The Voice* with the words, Dear Member. This time, it is:

Dear Non-member,

Is this organization, run solely by the management company, even faintly realizing it's true potential?

Is the independent agent, the Farmers agent, just a living, breathing thing incapable of intelligent thought?

Is the management company the only entity capable of predicting the future and leading this "Crown Jewel" agency force into the 21st century?

Is the agency force unable to do what is necessary to insure the profitability of the Exchanges?

Is the management company the only one with a financial interest in the well-being of the Farmers Group of Companies?

Do 14,000 Farmers agents have an interest in selling Farmers policies and providing for the well-being of the Exchanges, their employees, and their families?

Is the management company interested in the financial well-being of the agency force or only the "bottom line" and the money they can send overseas to Zurich?

Can agents survive in the future if they have to scrimp, cut corners, hire and/or fire additional staff to cover new additional work forced upon them — and still provide for their families?

Does the management company actually care about you or just the sales count you produce? A state executive director, at a "communications meeting," was asked when the Interactive Shares rate would be increased. He responded, "You're lucky we didn't reduce your commissions."

Is the management company always right? Absolutely not!

Is the management company always wrong? Absolutely not!

Is UFAA always right? Absolutely not!

Is UFAA always wrong? Absolutely not!

If you want only one side of the story, one side of an argument, don't join UFAA, don't visit the *ufaa.com* Web site, don't read the rest of this issue, and don't read the e-mails sent out regularly by UFAA.

However, if you want to hear another opinion, another side of the story, another view, you may just be ready to take the step needed to insure your future as a Farmers agent. The step? You need to send a check to UFAA today to pay the cost of the work we are currently doing for you for free.

"I'm not a joiner." Fine, send your donation to UFAA anyway.

"My DM will be upset." Fine, send your donation to UFAA anyway.

"UFAA is negative." Fine, send your donation to UFAA anyway.

You are reading this publication. Thousands of you receive the UFAA Direct e-mail. You've already got the benefit of the SECA tax legislation. Many of you participate in "The Original E&O Deductible Buyback" program. You can get tons of information from the *ufaa.com* Web site. The real PC in your office is a UFAA-provided benefit. You need to send your check today so UFAA can continue its work.

And if you feel really bold, really courageous, attach your check to a UFAA membership application.

Or sit back and wait for your commissions to be cut like CEO Rust did to the State Farm agents. Or wait until we go to Internet sales and you get a 2% service commission like CEO Liddy offered to the Allstate agents. And if you still won't make the move to join UFAA, show this to your spouse. I bet your spouse would send the application and check today.

And a short note to the hundreds of intelligent, hard-working, brave, independent, concerned, and *un-intimidated* agent members of UFAA soon headed for our 2000 UFAA National Convention: You are the true leaders, the believers in the American Dream, the true independent business people. I will see you in a few weeks. It will be grand!

Sincerely,

A handwritten signature in cursive script that reads "Ralph".

Ralph Buchanan, National President
United Farmers Agents Association

The Voice



Summer '00

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The Voice is published four times per year by The United Farmers Agents Association, a professional association committed to helping our members through education, communication, support and information and to establishing a true partnership with Farmers Group, Inc. The content of *The Voice* is the responsibility of the elected National Board Members who comprise The Voice Committee. Products and services advertised are not endorsed by The United Farmers Agents Association, Inc. or its affiliates. Complaints or inquiries should be forwarded directly to the advertiser. All purchases are at the complete discretion of the customer.

Coming events

June 2000

18 UFAA National Board meeting in Las Vegas

19 Chapter Presidents meeting in Las Vegas

20-22 National Convention meeting in Las Vegas

July 2000

UFAA National Board meeting in St. Louis

September 2000

Autumn issue of *The Voice* mailed to the agency force

What's happening?

What has happened in your agency that could benefit your fellow agents? Are you using any special management or selling techniques that would be beneficial to your fellow agents? Why have you decided to join UFAA? Why have you decided *not* to join UFAA?

Please send this information to Media Relations Director Ken Unrein, farmersagent@uswest.net, P.O. Box 5047, Tucson, AZ 85703.

Notice

Please let us know what your current address, phone number, fax number and e-mail address is.

Thank you.

— UFAA National Office

A look into the future

Home-office types are talking up "alternative marketing channels," but would your customers put up with incompetent Farmers' technology if they have to directly interface with it to buy coverage and receive service?



By Bill Eimers

There has been a lot of wailing and gnashing of teeth of late in the captive insurance agency business.

Item: In February, the National Association of Professional Allstate Agents (NAPAA) announced it was planning to commence a class action suit against Allstate Insurance for unfair labor practices.

Item: Several recent issues of *The Mirror*, which is the official publication of the National Association of State Farm Agents, have been replete with articles expressing extreme NAFSA member displeasure at the parent company's moves to create a new class of Select Agents.

The new agent contracts will compel them to make principally sales-related contacts with the customer while the bulk of routine servicing of established clients' accounts will be handled by the new 24-hour, seven-day 1-800 telephone customer service centers.

This scenario envisions paying the agent something like a 2% service commission and requires he produce enough new business to replace the segment of his income the old 10% service commissions previously provided. In other words, State Farm Corporate is proposing to reduce agent service commission folio by 80% and have the agent make up the difference in new business commission.

Item: The UFAA National Convention in June will include speakers on the program represent-

ing other non-FIG insurance operations looking to recruit agents away who are looking for "life beyond Farmers."

So, what is the meaning of all this? Let's step back and see if there is a Big Picture here.

Apparently, the Big Three captive agent companies have a vision that the year 2000 marks a turning point toward a new economy in which the customer abandons a preference for face-to-face insurance dealing in favor of the new digital interface with insurers through either a PC keyboard or by talking to a 1-800 order taker.

Accordingly, the home-office types are talking up "alternative marketing channels," which eliminate the retail agent and replace him with e-marketing systems. Further, they are demanding we all start selling new business as if our lives depended on it, implying that it does. And this naturally is making us independent business agency owners crazy with fear — fear about our business futures and our retirement plans.

By way of calming you all down, may I throw a little cold water on these corporate visions of grandeur for you?

First: Progressive Insurance, which has been taking a large bite out of the hides of the Big Three Captives, has for several years had in place an excellently conceived alternative e-marketing system that made a few of their independent agents crazy too. For the last two

years, I've been closely watching their sales figures. Try as they might, Progressive can't seem to get their non-agent e-market sales to exceed around 20% of new business. So, four out of five of their policies continue to be written by some bumbling error-prone human being with an insurance license — rather than via Internet sales or direct phone marketing. This is especially significant when you consider the extremely sophisticated and highly competent telephone customer service Progressive has had in place since about 1996.

Second: Will your customers and the general public at large put up with the level of incompetence that Farmers' AIMS technology represents if they have to directly interface with it to buy coverage and receive service? Or will four out of five of them prefer to pay an extra amount of premium to support an agent's office that can buffer them from that kind of grief?

Don't you think Martin Feinstein and his bean counters have figured out by now that Farmers no chance of staying in the game unless they keep somebody plodding away for five cents a policy on the nightmare from Hades computer system they own? Can anyone seriously argue that Zurich would come in and say, "Let's eliminate all those lazy, whining, bellyaching agents and just give our customers 1-800 numbers so they can do their own APPS and FPPS transactions."

Give me a break!

Reconcile your Folio!

*The organization that programmed
APPS, FPPS, and EasyPay
also computes your Folio*



By Homer Jones

Even though agents often are treated like employees, all Farmers agents know they are independent business owners. If you don't own your office, you rent it, and the lease is in your name, not Farmers' name. You pay for your business insurance, not Farmers. You pay for advertising, even the co-op ads Farmers runs. When your Folio check arrives, they don't withhold taxes or Social Security — you have to pay it yourself.

So, if you are a business owner, do you run your agency like a business or is it just a Farmers sales and service operation? All businesses have things in common. They sell and/or service products, and they account for the money taken in. Bean counters call it Accounts Receivable. So, do you have a way to handle your AR? Farmers doesn't provide one, not even with Client Vision. So how do you make sure you get paid for what you sell? Remember, the Folio check is business income, not a paycheck.

When most agents are asked how they handle Accounts Receivable, they say, "Farmers sends me a check so I don't have an Accounts Receivable." This attitude makes Farmers smile from ear to ear because Folio errors tend to be in favor of Farmers rather than the other way around. Agents who regularly reconcile their Folio often recover large sums of unpaid or underpaid commissions. Depending on PIF, it is not unheard of for an agent to recover thousands of dollars in a single month. For example,

the company does commercial accounting with little computerization, greatly increasing the chance for human error.

But it's not just human error we must watch out for. We all know the problems that came with APPS, FPPS, and EasyPay. The data that go into your Folio comes from those sources. Shortly after the FPPS kick-off, one agent reported a Fire commission short-pay of more than \$3,000 in a two-month period. Another agent claimed to have recovered over \$5,000 of Fire and Commercial combined. Farmers claims they fixed the FPPS problem, but agents who check still report discrepancies in commission payments.

Here is the key thing you must remember: The organization that programmed APPS, FPPS, and Easy-Pay also computes your Folio.

So now what do you do? Obviously you must reconcile your Folio every month. It is simply part of running a business. But how? Remember the Sales Record Book your DM gave you? Tracking just new business is not good enough because most errors are on renewal commission.

For various reasons, agents quit maintaining the log. It takes too long, the DM quit asking for it, or nobody ever explained the process or value of Folio reconciliation. Not only that, the log entry order doesn't match the Folio order. That makes reconciliation a nightmare.

So what do you do? You can use accounting software, but that would involve the enormous task of

entering all sales and renewals into the AR portion of the software. An easier alternative can be found in the better agency management software systems. AMS, Applied Systems, and Agency Business Systems offer such packages. They range from under \$600 to several thousand dollars. Usually, when it comes to Accounts Receivable, the more you pay, the more you get, but not so for Farmers agents because the limiting factor is the Folio statement itself. The Folio's type style can't be reliably scanned into numbers that represent the premium amount. Actual numbers are the key, because computers must compare numbers to numbers, not numbers to images of numbers. What this means is the automation offered by more expensive software doesn't help reconcile Folio.

Fortunately, the least expensive software is one that caters to Farmers agents. ABS Agency Builder, by Agency Business Systems, includes a Folio reconciliation report containing new and renewal business and is sorted in the same order as your Folio statement. Reconciliation is a simple matter of comparing one list to another.

Remember, you are the business owner. If you don't manage it, Farmers will. Which is best for you? What's important is to find a program that will help you reconcile your Folio and then use it.

Homer Jones is developer and marketer of the ABS Management Program.

Time to expand the horizon

Pull yourself up by the bootstraps, delve into PC technology, and configure it so it helps you have the competitive edge

By Steve Todd

So here we are, approaching the middle of 2000. Can you believe technology is still working? It's apparent technology is not going away. As a matter of fact, Farmers is beginning to embrace it more and more. Even the utterance of the word "PC" is beginning to come off management's own lips ... in a serious way. They will move forward with their launch of PC use, then the move to Internet integration will follow closely behind that. If Farmers wants to survive and wants to remain competitive, they will have to go to the Internet for distribution of their products. In some ways, they already are behind the power curve, and if they don't catch up soon they will crash.

What is an agent to do? Laugh? That's a thought. After all, you probably have been using PC technology for at least a year, hopefully more. Cry? Not really. A good thought, but because of the management company not having the focus to remain competitive in the market, it may seem easier.

No, the time has come to pull yourself up by the bootstraps and delve into PC technology and configure it so it helps you have the competitive edge.

So what can help? Doing business through e-commerce. It is, hopefully, where Farmers is taking you. You have heard me talk about "the Paperless Solution" for more than a year, and now it's time to expand the horizon.

Let's get to some of the basics.

* What is the Internet about, and how does it work? The Internet is a network of networks that is broken down into what are called domains. Each domain is recognizable by its own brand: .com for commercial ventures, .net for network groups, .org for organizations, .edu for educational institutions, and so on. The Internet has grown rapidly in the last

few years to the point that today there are four main focuses of function on the Internet: (1) The Web itself, where you browse different sites and get information or buy and sell things, (2) e-mail, (3) file transfer, moving files from one place to another, and (4) Telnet, allowing users to log on to a central system from the outside to become part of a network. To accomplish these things, we all have to have some type of "application layer" software on our computers. This is commonly known as a browser and is seen today as Netscape Communicator or Microsoft Internet Explorer.

— *What is the World Wide Web (WWW)?* The "Web" has been one of the fastest-growing areas of technology ever! It has grown dramatically since 1990. It enables us to see rich graphics, pictures, and full-motion video and to listen to sounds. It's also the most common way for businesses to establish a presence on the Internet. The Web contains information on just about every topic under the sun, but finding that information and making sure it is accurate and reliable is a major problem. You have to know the sites you are visiting and be able to tell if the information is accurate.

— *Electronic mail.* E-mail is a very powerful and yet inexpensive way to communicate with others. It is a way I try very hard to encourage others to use. No, it does not replace the telephone call, but it serves as an adjunct and extension to your communication abilities.

— *Discussion groups.* Discussion groups are Internet users who have gotten together to discuss some topic. These groups sometimes are referred to as forums or chat rooms. There are discussion groups on almost any topic you can think of, and it could become an important way for you to inform clients and maintain ties with them. Could you imagine giving a seminar

on the Web and then having a discussion about it afterward? Imagine the distance you could cover and the people you could reach. An adjunct to this is the bulletin board system (BBS), a place users can post and read messages. We have a bulletin board at *ufaa.com*. Have you been there lately?

— *What is an electronic store?*

This is a place, for our purposes, that exists on the Web to sell products and services much the same way you would with a mail-order catalog. There are many examples of electronic stores that range from the mom-and-pop stores to large companies such as Boeing. Electronic stores often are cheaper to operate than traditional stores because of the lower overhead. However, just like regular stores, making money is just as hard.

— *How about electronic marketplaces?* The electronic marketplace is a compilation of electronic stores. Arranged a lot like a shopping mall, there are various types of stores, occasionally with competitors in the same marketplace, and all are vying for a piece of the business.

What is electronic commerce all about, and how can it affect you? Electronic commerce, or e-commerce, is what businesses are doing actively on the Web. Just like regular businesses, many businesses that try to operate on the Web may fail. Why? Marketing strategy. The fastest way to make money today is to sell products and services clients need. This means you need to have a way you can meet with and consult with your clients and provide information that is valuable and time intensive. Doing business through e-commerce is becoming more and more popular. You can purchase airline tickets, groceries, homes, cars, and insurance all through the Web.

To do this effectively, you have to have the ability to attract and keep clients. A Web site should

A vast amount of information

By Steve Lenard

From finding late-breaking, urgent items to a reference source for help with your agency operations, look to *ufaa.com* for answers. We are continually posting the latest news items. Those that directly affect Farmers agents are headlined at the top of the page. Other breaking items are on the home page under their respective icons. For older items you may have missed or wish to refer back to again, you can find these on subsequent pages that can be accessed by clicking on the section icon.

Maybe you want to see what's on other agents' minds. Try our bulletin board. You might get hooked!

Be certain to sign in if you're a first-time user. If you are a member, you will need to use a password so you can access the secured, member-only information. This will allow you to view a number of member-only items. Members, you have access to information under the Technology icon, where you can get the scoop on the systems we encourage as well as information for the novice and the seasoned PC user. Access to the Legislative Law library also will require that member

password.

Even if you're not a member, we have lots you can access. At the time this article was submitted, we were working on our Convention 2000 icon. Take a look and see UFAA in action! If you can possibly squeeze in the trip to the National Convention at this last minute, it will be worth your effort.

Have you been looking for an article or an ad in a previous issue of *The Voice*? We have those on-line as well. Don't forget the bottom of our home page. Are you looking to buy or sell something? The Classified section is where our members go. Maybe you're looking for another site. From your state's insurance department to Kelley Blue Book information, we can help you find these — and far too many others to list — in our Related Links section. Would you like to e-mail one of us? We've got a link for that. Let us hear from you.

Just dig in and see the vast amount of information we have. I've only scratched the surface, and this is only the beginning. Watch for many new ideas to be implemented. The possibilities are endless. We'll keep you informed!

make your client want to come back to you. The e-commerce site should have a wealth of knowledge and technical details about available products and the associated cost. Many sites provide newsletters and information on the latest products and how they can be incorporated into existing coverages. You also can have information available about your clients so you can market certain types of products and coverages to them automatically.

Additionally, electronic marketing is cheaper than traditional marketing, including print, direct mail, TV, or radio. You also can customize presentations for your clients and even can interact with them. If you maintain a listing of your clients' e-mail addresses, you can e-mail reminders, announcements of new products, and even things such as electronic birthday cards. Best of all, the client — and you — can do all this from your living room or office, any time, day or night.

To be dynamic with your clients' needs, you have to be able to market to them and provide them with service in a timely manner. You can

provide service to your clients by remaining available 24 hours a day, seven days a week. You can help them, even when you are out of the area, whether down the block or halfway around the world. This is called Web presence.

E-commerce is coming to Farmers. You can get on, or you can step aside. Either way, it *is* coming. There will be an opportunity for you to participate and make money. Will you be able to do a lot with it, and how much control will you have? It's hard to say, but I assure you UFAA members will stand to make it the best possible tool by standing together and, in one voice, advising the company of the needs and desires of agents and their clients.

So how does this help you? Are you going to run right out and start a Web site for your insurance business? Well, not if Farmers has its way. It has a Web site you can subscribe to, and for a fee they essentially will set you up in a boilerplate Web page that hopefully a potential client will see. The problem is there is no pizzazz, no sizzle, and most important of all no real advertising

for *you*.

Farmers has dictated that you cannot set up your own Web site and use their logos or anything that could be construed as being representative of Farmers. Are they ashamed of you? Or are they just wanting to have a controlling interest in how you use their trademark? I think UFAA should promote the use of individual Web sites — after all, aren't you an independent contractor? And if you have to pay for Web service, shouldn't it be your choice? If it is disparity in how you show the Farmers' emblem that concerns them, I think that if you gave them an assurance or even a letter stating that you want to have your own Web site and, as a Farmers agent, want to use their logo, within their specifications, you should be able to. After all, don't you have advertising in the Yellow Pages with their logo on it?

If you have questions about e-commerce or what you need to get into it — or any other technology questions or issues — please contact me by e-mail at help@ufaa.com or call me at 800-989-4268.

The HMA: another perspective



If Value Added Products are so profitable, why wasn't this specialist I was talking to still an agent?

I had a conversation recently with the Value Added Products specialist for Texas. I called because I had heard a rumor that our Home Warranty product, unlike the rest of the operating territory, was going to be introduced under the Horizontal Marketing Agreement (HMA) program, and I was not happy. He confirmed the rumor was true. He asked me if I had signed the HMA, and when he learned I had not he went into Farmers-speak mode, explaining there were a few people out there that have "misrepresented the contract." He said it was not the evil instrument it had been portrayed. After all, any of these partner companies were going to require a legal constraint on the way their products are marketed. He said the predictions that had been made were not coming true.

I was intrigued, so I asked him what predictions those would be. He thought for a minute and said it had been predicted that if the HMA were terminated, FIG would terminate the Agent's Appointment Agreement. He admitted proudly that numbers of agents had requested to cancel the HMA, and none of them had their AAA terminated as a result. I felt the need to comment and said I believed the actual feeling was that if Farmers were to terminate the HMA, they were likely to cancel the AAA as well, and then I asked him if Farmers had, up to that point, cancelled any HMA contracts without terminating the AAA. He said absolutely not! There had been no

such cases. I rested my case without comment.

I then asked him what other predictions had not held up, and he offered that it had been predicted Farmers was going to be coming to agents' offices, looking at all policies and other such stuff. He said it hadn't happened. I had to beg to differ with him and explained I knew it had occurred in other states. He asked which ones, so I listed a couple I was familiar with. He just paused and said he'd have to have the details on those situations. So I moved on and agreed it had not happened in mass yet.

We discussed his background. I was very impressed to learn he actually had been a Farmers agent for five or six years. I didn't express my admiration of how a man gives up his independent business and becomes Texas' Value Added Product man. Maybe its because they had a catchy phrase, "Catch the Value Added Bug." We used to have a glass company representative who came by the office once a month with M&Ms to promote his company. He was known fondly in the area as the M&M Guy. I guess our Value Added guy can aspire to be known as "The Bug Guy."

So he asked me why I had not availed myself of this agency-changing opportunity Farmers had provided. I explained I felt the risk severely outweighed the benefit. I felt the contract severely infringed on my independent status and the limitations were unacceptable. I said that,

as a former business owner, he surely understood that. But he was confused, so I tried to explain another way. I said that for the small amount of money to be made, I did not feel it was worth signing the four-page, get-your-magnifying-glass-out-text, extremely one-sided contract. I asked if he could think of any good reason, because surely it's not the money.

It was his turn to shine! He put on his proud voice and said, "Why there's an agent in Texas who has made \$25,000 selling auto loans alone." "\$25,000?" I asked. "Yes sir!" So I asked, "In a year?" "Oh no," he said, "in six months!"

Well goodness, I thought, where do I sign up to get a piece of this money tree? But I just said maybe that's true for one agent, but I didn't personally know any who had sold more than a few auto loans. Surely that example is an anomaly. If somebody's selling auto loans in those numbers, there is more to the story. I explained that, with all Farmers' direct marketing through mail stuffers, envelope printing, and the Friendly Exchange ads and articles, only two people had called my office to inquire about the loans. He gave me more corporate speak.

I continued to insist I felt signing the HMA was a bad business decision. He asked me if I didn't feel it was important to offer my customers value-added products. Don't I think retention is important? Didn't I realize State Farm's records indicate their highest retention numbers

come from policyholders who had auto loans? I explained that I didn't doubt that statement, but I asked him if the State Farm agents had to sign a separate contract. I told him I didn't think they did. He didn't respond.

I was beginning to tire of this conversation, so I thought I would finish in a flurry. I asked him if he realized that, by continually offering high priced products to our valued clients, we were slowly setting ourselves up for disaster. Each time we show them high price after high price, they have an impression made, consciously or subconsciously, that possibly we aren't competitively priced on the business we already had sold him. I told him I didn't doubt that if we sold an auto loan to a client we would likely retain that one account longer than the others, but did he know how many customers were leaving because, when they compared our additional products in our portfolio, we were high, so they checked our other, previously captured, business against the competition. When they do that in this area, they often find they can save several hundred dollars by changing carriers and we lose business.

He said that was negative thinking. He told me that if an agent thinks like that, he would never sell any business and needs to change career directions. I appreciated his insight, but I was exasperated and needed to move on.

I politely agreed to disagree and hung up the phone, wondering if that philosophy was why he had become the Texas Value Added "Bug Guy." I also felt a little sorry for him. Why, you ask? Because had he realized the tremendous opportunity Farmers was giving him as an agent, he could have kept his agency. The \$25,000 he could make in six months from auto loans alone probably would cover his current salary plus several vacations. Then there's all those education loans and people to sell our Auto Buying Service to. The auto and home renewals would just be gravy on his potatoes.

Man, if only I could think bold thoughts.

Do what you can

The sky is falling!

By Bob Jasak

A man was walking down a country road and noticed a small bird lying on its back with its legs straight up. The man said to the bird, "What are you doing, lying on the ground with your legs up like that?" The bird replied, "The sky is falling, and I'm holding it up." The man laughed and said, "The sky is so huge, and you have those spindly little legs. How do you expect to hold it up?" The bird answered, "I do what I can."

Well the sky is falling, and it's time for all of us to do what we can. I know that sometimes it appears overwhelming — EasyPay, APPS, FPPS, rule changes, pricing, added value "stuff," loss of PIF, etc., etc.

Part of the answer — a big part — lies in another story. There's a book Marty Feinstein has given to all the DMs called, "Who Moved my Cheese?" It goes something like this:

A bunch of young, ambitious mice would get up each morning and scurry about foraging for food. Their skills sharpened, and they got pretty good at it. Then one day, one of them found a huge block of cheese. He'd get up early and run right over to his block of cheese. Word got out, and all the mice would go to the cheese. It was so easy that pretty soon the mice got up later and later and would take their time going to and from the cheese. As time went on, they got reliant on the cheese, and their foraging skills were lost. Then the unthinkable happened — someone moved the cheese. With their skills lost, and their welfare attitude in place, how could they survive?

Marty wants us to believe a changing world "moved our cheese" and that it's time to do some self-assessment. I believe it, only I think Marty moved the cheese, but that's another article. I know the dream was to work hard for some years and then "kick back." Regardless, lets move on, 'cuz it ain't gonna be that way.

So, the sky's falling, and let's all lift up our feet, do what we can. First off, join your agents association. It's comprised of agents like you and me, all busting our buns to find a better way. It doesn't always work, but it's better than the cheese thing.

Here are some concrete things you can do:

* If overhead is killing you (or you just want to improve your take-home), think about an office consolidation. Years ago, Allstate did that, and it was very successful. Rent, computer costs, and duties all are shared. Write up an office agreement and have all parties agree and sign the agreement.

* Get good at something. We all know the personal lines future is cloudy. The Big Three companies are unwilling or unable to compete as in days of old. So get "good" at something — long-term care, for instance. I know of an agent who makes more than \$5,000 per month writing long-term care. It requires a great deal of study and proficiency before success comes, but who wants to turn down \$60,000-plus per year?

* How about Commercial? I know you've heard horror stories, *but* did you know Farmers says they're serious about staying in this market?

* Form strategic alliances with knowledgeable and motivated people. Success breeds success. Do brainstorming breakfasts or lunches. Share ideas. Encourage each other.

Remember, doing something is better than bemoaning your fate. Sharpen your skills, read motivational books, study, and search for alternative ideas to augment your Farmers income.

The sky is falling, and there ain't no cheese.

Join UFAA — your only source for agents who care about agents.

Two outlooks on securities

Do they work for your agency?

Farmers has gone into a new realm with investment products, and agents really should put some thought into the question, "Does this work for my agency?"

There are two different outlooks to consider:

First, there are current Farmers agents who already have their securities licenses, especially Series 6 and 63. Most broker dealers offer a comprehensive list of mutual fund families. Some of the popular fund families are Janus, Putnam, and Aim. Most broker dealers also offer multiple insurance companies to place variable annuity and variable universal life business.

Right now, the Farmers products offered through Investor Brokerage Services are very limited and probably would not be attractive to agents who have a securities client base. The typical fund families are not available for block transfers, which are used to move clients between broker dealers without affecting the client's investment.

The Fund of Funds portfolio that Farmers offers consists of five investment options. So far, the returns with Fund of Funds have not been very good. It has been very hard to obtain any Farmers' returns in print (including client statements and current prospectus). Returns on A shares from 3/9/99 to 12/31/99 were: Growth Portfolio, 7.5%; Growth With Income Portfolio, 3%; Balanced Portfolio, 3.5%; Income With Growth Portfolio, 4.5%; and Income Portfolio, 5%. (These numbers have been rounded up since there is nothing official in writing.)

These are the only five choices for new investors. They all are portfolios of multiple mutual funds. Licensed representatives are mandated to provide potential customers with a prospectus providing legal information required by the NASD, as well as performance data on the particular fund. We cannot provide the performance data yet — it's not in the prospectus or sales material.

Annual and quarterly statements also have not been worked out yet. Experienced investors expect these statements, as well as Internet access to check performance.

In short, it's probably not a good idea to change broker dealers yet.

The second viewpoint concerns the Farmers agent who is new to securities and considering getting the Series 6 and 63 licenses to sell mutual funds and variable products. The Alpha pilot program has been using a "financial map" to make recommendations to clients. The Profiles software program is being used for data gathering. The data then is downloaded with recommendations provided by an independent financial planner. This is a definite asset to most agents who are new to securities, providing a comfort level on making recommendations. The financial map is very comprehensive and may generate higher average life premiums in an agency. Multiple policies are likely to be sold using the "map," such as long-term care and disability insurance.

Originally this program was supposedly not for everyone. Adding new products and licenses requires time and a commitment to learn. It probably would not be a good fit for a new agent or agents with no staff or limited staff. There has been a recent push by district managers to get agents licensed for Series 6/63. There should be a slight concern on how the program will change with thousands of agents needing recommendations versus approximately 100 agents currently.

Prospective new representatives also need to consider the costs associated with 6/63 licensing. (see *ufaa.com* for 1999 license fees by state.) For example:

NASD registration	\$300
NASD exam Series 6	\$60
NASD exam Series 63	\$65
Texas state registration fee . .	\$235
Fingerprint fee	\$25
Total	\$685

Texas' NASD renewal fee is \$220.00 per year plus broker dealer fee (not yet determined by IBS). There also are fees to terminate a license (\$40) and usually change fees (name, address, etc.) by most broker dealers.

The NASD has their own continuing education and firm element requirements in addition to insurance continuing education requirements. Firm element requirements are monitored at a proctor-type center where insurance tests are usually taken. Both CE and firm element costs are up to \$100 per course.

As you can see, the costs can be high, unless you intend to focus on these products and make a commitment to make time for them in your agency.

That brings up the next topic — time. Most agents are dealing with staff issues, computer changes, meetings, payment issues, and trying to write new business — all at the same time. Financial maps can take two to three hours per client, with multiple appointments for information gathering, map presentation, and following up appointments based on recommendations.

The time is well worth it for the larger sales, but only a well-staffed office may be able to run smoothly while the agent focuses on financial products.

Zurich and Farmers still are in a transitional mode. Many things still need to be accomplished, such as approval of Farmers' variable products and Farmers' broker dealer arrangement (rumor is they want to buy one) and how to handle thousands of newly licensed securities representatives.

There is a huge budget behind this project, which may help get things done faster than what we have seen in the past.

Talk to your fellow agents about becoming UFAA members. With so many changes, UFAA helps us stay informed!

"Agents helping Agents!"

From the director: Media Relations

Communications

By Ken Unrein

In the last issue of *The Voice*, I discussed different forms of communications. I explored the labeling of information as negative or positive. I concluded that if the information being processed agreed with the receiver's belief, the information would be labeled "positive." If, on the other hand, the information was adverse to your belief, you would label it "negative."

The management company apparently felt the need to communicate with the agency force and obtain feedback. They had set up "communication meetings," which were to be conducted in March. These would have been open meetings to which all agents were invited. The agency force was encouraged to make comments and ask questions.

These meetings were abruptly cancelled at the last minute. Rumor has it that these meetings were being held at the request of Martin Feinstein in order for him to feel the pulse of our organization. At the insistence of the state executive directors, the general meetings were cancelled, and replaced with small meetings comprised of hand-picked agents.

This brings me back to the perception of information as being "negative" or "positive."

Could it be that the state directors were hesitant to hear what the agency force would have to say? If the information they would hear was contrary to what they wanted Mr. Feinstein to believe, would they consider this "negative" information, and they did not want to be the bearers of "negativism"? Were they afraid that if the truth of what is happening in the trenches reached Mr. Feinstein, he might tell them the same thing he told the district managers in December? Are they sending Mr. Feinstein the message that "ignorance is bliss"?

How can you find out what is happening in the market place, when you ask questions only from those you know will tell you what you want to hear? I believe the state directors do not want to be the messengers to deliver the harsh message that our organization, which Mr. Feinstein is the leader of, has some serious problems.

If these problems are not addressed in the very near future, our organization will continue the decline it has been on for the past few years. It is time for the people who are responsible for this organization to pull their heads out of the sand and see what is happening around them.

Mr. Feinstein, if you truly want to find out what is happening — and begin searching for solutions — you will need to look for new sources of information. Your hirelings apparently are not willing to provide you with the truth. They have chosen to give you the information

they think you want to hear. The information they are bringing you is managed information they have gathered by intimidating the submissive. Sometimes your worst enemies are your generals.

We need to get back to the rich traditions that made Farmers the great company it was.

We need to get back to having the "Premier" insurance contract we once had. Our current insurance contracts are deluded and exclude coverages our customers used to have — and expected they would have when they experienced a loss. These coverages — which we provided in the past and are now excluding — have caused and will continue to cause our clients to leave us. When they find out they could have had this coverage if they were with another company, they are gone!

Some of the coverages other companies offer in their contracts that cause our policy to be inferior are: interior water damage coverage (true replacement coverage payments, not the pay after you provide us with receipts for damage to the home), settlement for total auto losses based on new cost if loss occurs within 12,000 miles or 12 months (we settle on a depreciated value), waiver of the collision deductible if the other party is at fault.

In the past our claims service was the best in the industry. It was truly fast, fair, and friendly. We can no longer honestly make this statement. We now unreasonably resist and manipulate claims purely for profit. We then reward the unscrupulous adjuster with advancement to a management position.

Studies conducted by Farmers show that 79% of our good customers leave us for *price*! Why is the sales department telling agents we are losing customers because agents are not taking care of their needs?

It is time for management to quit blaming the agents for our unprofitability. Poor rate class administration is not the reason we are unprofitable! In Arizona, Hartford's rates are 20% less than ours and their combined loss ratio is 67%, while we are being told ours is 102%! What is wrong with this picture? Do you really believe it is rate class administration?

If we want to be the "Premier" insurance company we must have a "Premier" product.

We also must get back to truly having "Fast, Fair, Friendly" claims administration.

And last, but not least, we must have a competitively priced product.

Will the "communication meetings" currently being held with hand-selected participation result in re-establishing our rich traditions of the past?

I certainly hope so.

Change is good?

Farmer's, let's change back to the "Premier" values and service we've lost. We're here to help you, if you will let us.

By Dan Rahmatulla

When I started working with Farmers, back in the dark ages before computers, you could operate an agency of 2,000 PIF with no office staff. All you had to do was share an office with one or two other agents and split up the floor time so you could get out and sell.

It was simple to fill out a one- or two-page application and send it to the regional office for processing. Changes for homeowners and autos were another simple form to fill out and send. We had a copy machine and a typewriter but no fax machine. We typed homeowner policies and hand delivered them to the title companies. A great personal touch.

Being a Farmers Insurance agent was fun and rewarding. Life was good. Business expenses were a small percentage of your gross check. District managers made more money and shared it with their agents through contests that were worth working for. Farmers' rates were very competitive. Farmers was "Premier" in rates, service, claims, and value.

Big changes were on the horizon. Farmers told us we could save time on quotes and policy service if we had a computer. The first ones were the 5280s that we had to lease from Farmers at a time when it was advantageous to purchase. We were told the 5280 was state of the art, even though the units came off the back shelf of IBM's warehouse in Canada, and they were 10 years old. Trusting Farmers like I did, I signed up for the new technology. We were going to be able to do our work in less time, increase production, and still have more time for golf. The cost was pretty high, but Farmers said it would more than pay for itself. This marvel would make it easier to sit back and live off my renewals like my DM promised.

Life was better than ever. Then reality hit. The computer could handle so many variables in quoting rates that it became an underwriter's dream. When all these rates were put in the rate manual, it became very complicated and time consuming to rate from the manual. Rates needed to be quoted in the office or the agents had to purchase a handheld computer at an additional cost and also pay an outside vendor for a rating program. I was hurt. I had to purchase Farmers' rates from a stranger. Our expenses were going up. I had to spend more time in the office and less time on the golf course. Farmers paid us a pittance for doing changes on the computer through ADI.

When our old 5280 computer had to be put to sleep, Farmers told us not to worry, we could get a bet-

ter one. This time it would be a purchase and not a lease, at a time when a lease would be more advantageous. Perhaps Farmers had it figured out. They would lease the computers from IBM and sell them to us at inflated prices, take the tax write-off and pocket a few bucks in the process. Farmers told us we couldn't purchase this 10-year-old technology from anyone else. If you did, you couldn't hook it up to the network via the phone line that we already were paying for.

When I complained about the increased cost of doing business, Farmers said "Change is good," "Embrace change," and "You have to spend money to make money." I often wondered why Farmers didn't take their own advice, but you didn't argue with Farmers. So I hired a CSR. More expenses, but I had to be able to get out of the office to sell and occasionally get in a round of golf.

Now we have APPS and FPPS. Farmers told us we could do a better job of inputting applications and changes in the computer than those professionals at the regional office. Farmers said, "You know how they lose your paperwork or input it wrong." Now Farmers pays us five cents per auto policy and two cents per fire policy per month, for doing their work. I now get enough of this kind of money per month to pay my CSR for about six hours, if you don't count benefits. Farmers told us again this was going to be adjusted when they figured out how much money we were saving the company. It appears all the savings were given to the owners and management. Will any of the savings ever be given to the agents who generated the savings?

Farmers always has referred to the agents as the backbone of the company. Well, the backbone is getting scoliosis. Doing all of Farmers' work is taking its toll. Maybe a little lubrication (money) would help.

Farmers told me I was an independent contractor, and I was. But slowly I was turned into a pseudo-employee computer operator at my own expense. But I still get to pay both halves of my Social Security, and I don't get to any of the profit sharing.

Farmers and I agreed change can be good. Changing to a PC-based computer system would be good. Introducing computer programs after they are perfected would be good. But please don't tell me that increasing my responsibilities without increasing my compensation is good.

Now Farmers has threatened to become a spineless entity by turning the company backbone (agent) into an 800 number or into a direct Internet marketer,

circumventing the need for a licensed agent.

We always have had change in our world, some good and some bad. Some of the changes Farmers wants are to change the agents into employees over which they could have total control. They no longer want independent thinkers and doers. Farmers even wants to put in a dress code that went out in the '60s.

Farmers wants more business. We understand that. They should concentrate more on keeping the employees and agents happy and less about the bottom line.

Feel the pain in your back. It is telling you there is a problem that needs to be resolved. It doesn't help to threaten us with the whip. You need help, and we need help. You know, we could work together like we used to.

I have always loved Farmers, and I still do. It is a great company, beyond "Premier." However, when Farmers was purchased by an overseas corporation, we all knew there would be an emphasis on the bottom line. They needed the money and they got it ... lots of it! The companies went through the "change." Farmers said to forget about the loyal employees and agents, forget about the insiders and the service to the insiders and the service to the agents. Farmers said to take money from any place you can find it and send it to the

owners, even at the expense of the Exchanges, rates, and the morale of the company. Employees and agents had a "change" of attitude. Everyone watched as a company rich in tradition and values "changed." To our dismay, Farmers became a company of bean counters.

Finally, noticing that all this "change" was eroding all the good built up in over 60 years of hard work and loyalty, Farmers realized that more "changes" were necessary. Farmers evidently didn't think that "changing" back to service and value was the answer. No, they said we have to move on to new highs. Farmers said fixing our service and value was too expensive. We need to push other products to cover up the deterioration of our core business. We can push other things like auto, home, and student loans, home warranties, and mechanical breakdown coverages. If we push other things on our insureds, they will overlook our shortcomings

Now I say to Farmers: Get yourself back to the "Premier" values and service that we've lost. We are here to help you, if you will let us. We don't want to one day find Farmers dead or dead broke.

Farmers, we love you and we need you, but right now we don't like you very much. Please "change."

**bos
ad**

From the director: Membership

To join or not to join

By Don Green

In the months that have passed since I took over the responsibilities of Membership Director, I have come up with many ideas on how to increase our slow but steadily growing membership.

UFAA's single biggest strength is that we are a communication medium for our member agents. This is accomplished through our excellent printed magazine, *The Voice*, and through our Web site, www.ufaa.com. If you don't read *The Voice* or don't sign on to the Web site, you aren't getting timely information you can use to help run your agency and keep you informed.

What I am constantly hearing from non-members is that old refrain: "Why should I join? I get everything for free?" That leads to the question, "Why do we send *The Voice* to all agents?" The National Association of State Farm Agents sends their publication, *The Mirror*, only to members and subscribers. The National Association of Professional Allstate Agents sends their various publications to members and subscribers only. Why are we still sending all our information to 13,000 Farmers agents who benefit from the material but won't participate in the costs?

I think it may be time for UFAA to consider changing our strategy and start sending *The Voice* to members only and offer a subscription price to anyone still wanting to receive the quarterly publication. After all, our ufaa.com Web site already limits access to several parts of the site to members only. Why not limit *The Voice* to members only also? If you are a non-member

or a member, please let me know what your thoughts are.

As mentioned before, ideas to increase membership are abundant. I feel direct efforts by Chapter Presidents will still produce many new members. I will be contacting each chapter in the near future to share additional recruiting ideas. It will take time to go through each chapter and implement the many new programs that are upcoming, but they will work and will be good for our association.

UFAA also currently is offering some incentives to entice agents to join UFAA. Non-members: Seek out your local Chapter President or call me at 1-888-440-8322 and I will explain these incentives to you.

Ladies and gentlemen, the time to join is now. You can be better informed. You can stay on top of your agency's management and development. It's time to join UFAA.

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Are you ready for this?

Communicate with E-NOTES at the speed of light!

Can communication be any faster than e-notes?

That's what the flier in the company mail said. It's easy to read too, with all those little stars between every word.

Well, it would have been good and maybe innovative in 1982, but now it is light-years behind e-mail. It's even rumored that a state director told an agent, "E-mail it to me." The agent said, "You mean e-note it," and the state director said, "No, I don't use that [stuff], e-mail it."

E-NOTES, APPS, FPPS, EZ-PAY — all on the cutting edge of technology.

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Former agent 29 years



Application for Membership

United Farmers Agents Association

8711 Big Bend, St. Louis, MO 63119

Mission Statement — The United Farmers Agents Association is a professional association committed to helping our members through education, communications, support and information, and to establish a true partnership with Farmers Group, Inc.

Name: _____ Chapter: _____

Address: _____ Phone: _____

_____ Fax: _____

Agent #: _____ E-mail: _____

Dues: (Please select one)

\$300 annually \$150 Semi-annually \$25 PAC \$50 Associate or Affiliate annually

United Farmers Agents Association, Inc.

(Select one)

Enclosed is my check for \$ _____.

In addition to my dues, I wish to contribute: \$ _____ to the Volunteer Fund.

\$ _____ to the Legal Fund .

Charge to my credit card: Mastercard Visa

Credit card number: _____ Expiration Date: _____

Signature: _____

Authorization to honor checks drawn by the United Farmers Agents Association, Inc.

For my benefit and convenience, I hereby request and authorize the United Farmers Agents Association, Inc. to draw a check in the amount of \$ _____ on or about the 10th day of each month payable to its own order. This authorization will remain in effect until revoked by me in writing and until they actually receive such notice. (Please include a voided check with this application.)

(X) _____

“Agents Helping Agents”

The General Objectives of UFAA are:

1. To create meaningful communication between company and Agent
2. To improve professional status in the community
3. To improve company-client relationship
4. To improve Agent-to-Agent relationships
5. To stand united to accomplish these objectives

The Specific Security Objectives of UFAA are:

- 1.A two-way negotiated contract.
2. For rendered services contractual compensation schedules encompassing full commission of all premiums.
- 3.Agent ownership of policies and expirations.
4. Termination for just stated-cause only.
- 5.Ending discrimination of Agent or Agent authority.
6. To foster cooperation for mutual benefit, between other agent associations.

I, _____, am currently a Farmers Insurance Agent and do hereby apply for membership in the United Farmers Agents Association, Inc., and agree to abide by the bylaws and the code of ethics. I further agree with the above stated principles.

(x) _____ Date: _____

*Farmers' captive agents
vs. Farmers' independent agents*

Comparing the contracts

By Ken Unrein

The following is a comparison between the two contracts currently being offered by Farmers Group Inc.

CAPTIVE AGENT CONTRACT

The company agrees to:

Pay new business and service commissions or any other commissions to the agent in accordance with commissions schedules as established by the companies and in effect on the effective date of the commission transaction.

Company may change commission schedule without notice

To arrange for group life and comprehensive medical insurance plans and pay a portion of the premium if the agent elects to apply for coverage

To provide company manuals, forms and policyholder records.

To provide Ad Aid as provided by the Ad Aid program.

Make available to agent education and sales training programs.

The agent agrees to:

Sell insurance for the Companies and to submit every request or application for insurance to the Companies. If the business is acceptable to the Companies, it cannot be written with another carrier. (Agent must submit the business to Farmers)

To provide facilities necessary to furnish insurance services to all policyholders of the Companies.

To permit authorized representatives of the Companies to review and examine agency records for compliance.

To provide a fidelity bond in the amount of \$10,000.

Termination provisions

Agreement terminates upon death of the agent or may be terminated by either party with three-month written notice.

Immediate termination for embezzlement, switching insurance, abandonment, conviction of felony, or willful misrepresentation.

If agreement is terminated by the Company, agent may request a Termination Review Board hearing. The chief executive officer and staff will review the summary and recommendations of the review board and advise agent of their decision. (which can be contrary to the review board's recommendation)

INDEPENDENT AGENT CONTRACT

Pay new business and service commissions or any other commissions to the agent in accordance with commissions schedules as established by the companies and in effect on the effective date of the commission transaction.

Company must provide at least ninety (90) days written notice to change commission schedule.

No provision for group plans.

To provide company manuals, forms and policyholder records.

No advertising assistance stipulated in contract.

No education or sales programs stipulated.

To sell the insurance products of the Companies and to submit to the Companies only the applications the agent chooses to submit. (The agent may represent multiple companies and submit the application to the company of his or her choice)

To provide facilities necessary to furnish insurance services to all policyholders of the Companies

To permit authorized representatives of the Companies to review and examine agency records for compliance.

To provide a fidelity bond in the amount of \$50,000.

Agreement terminates upon substantial change in management or ownership or may be terminated by either party with three-month written notice.

Immediate termination for embezzlement, fraud abandonment, gross or willful misconduct, and multiple NSF agency checks.

If agreement is terminated by the Company and the agent disputes the termination, the matter must be submitted to binding arbitration in accordance with the rules of the American Arbitration Association.

Ownership of the expirations (book of business)

Farmers owns the policies and will pay the agent a predetermined amount called contract value upon termination.

The agent owns the use and control of expirations. The company may not solicit the agent's book of business. The agent may sell his book of business on the open market or roll the book to another carrier.

Agent agrees for a period of one year not to solicit or service the insurance business of any policyholder in the agent's district.

No restriction on the agent's activity.

Commission schedule

	New	Renewal
Preferred Auto	10%	10%
Standard Auto	7%	7%
Homeowners	20%	14%
Dwelling Fire	14 %	10 %
Personal Umbrella	10 %	10 %

	New	Renewal
Personal Auto	15%	13%
Standard Auto	15%	13%
Homeowners	20%	18%
Dwelling Fire	20%	18%
Personal Umbrella	15%	13%
Any not listed	20%	18%

Profit sharing

Profit Sharing is not contractual and may or may not be paid in any given year. Qualification to receive bonus is determined by the company on an annual basis.

Profit Sharing is contractual and is not subject to annual interpretation by the company. Profit sharing is paid once the written premium reaches \$300,000 and Loss Ratio (incurred losses divided by earned premium) is less than 67.9%. Bonus paid starts at .25% and increases to 10.85%. (10.85% is paid if the agent's written premium is greater than \$1 million and loss ratio is less than 37.9%)

This comparison is a summary of both contracts. The entire Independent Agency Contract is available for viewing on ufaa.com or you may request the entire contract to be e-mailed to you by sending your request to farmer-sagent@uswest.net.

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ad**

Jury awards \$17.5 million

Fired Farmers DM wins suit

Los Angeles Times
Thursday, March 30

By Karen Robinson-Jacobs

For the fourth time in six weeks, a Los Angeles Superior Court jury awarded a multimillion-dollar judgment against Farmers Insurance Group in a case related to the Northridge earthquake.

A jury awarded \$12.5 million in punitive damages Tuesday to a former district manager who was fired after speaking out about Farmers' treatment of victims of the 1994 quake and complaining about the treatment of Farmers agents.

Last week, the same jury awarded the former manager, 59-year-old Phillip Alexander of Calabasas, \$5 million in compensatory damages in the case

Jeff Beyer, vice president of communications for Farmers, denied any wrongdoing by the company and said Alexander was fired because he wasn't managing the sales force in his Simi Valley territory.

"Phillip Alexander was an independent contractor who, quite frankly, refused to perform his job," Beyer said. The company, he added, plans to appeal the jury award.

The company had been seeking to terminate his client even before the Northridge earthquake, in part

for speaking out about the company's treatment of agents, said Alexander's attorney, Gary Paul.

According to Paul, company officials sought negative information about Alexander from subordinates and sent Alexander at least two letters suggesting he resign or take disability leave. He took a stress disability leave in May 1994.

After that, Paul said, the company accused Alexander of abandoning his Simi Valley district — which became grounds for his dismissal.

"They acted intentionally to defraud him and drove him to disability and then used that disability to terminate him," Paul said. "They were going to do whatever they could to get him out of that job. The jury found ... it was malicious and oppressive."

The verdict against Farmers is the third in recent weeks in which a jury has found the insurer acted in bad faith.

In February, another jury awarded \$10 million in compensatory and punitive damages to former Farmers adjuster Kermith Sonnier, who was fired after he complained about the company's handling of claims from the Northridge earthquake.

On March 2, a jury ordered Farmers to pay nearly \$4 million in compensatory damages to rebuild an earthquake-damaged condominium project in North Hills. Shortly

after, Farmers opted to settle the case for \$20 million rather than risk an even greater penalty for punitive damages.

"I don't think this is a coincidence at all," Paul said. "I think it's indicative of the way Farmers deals with both their internal people and their external people, their insured."

Days after the quake, Alexander attended a staff meeting at which one Farmers executive made light of quake-weary residents sleeping in the streets, according to trial testimony.

Alexander testified that the executive said "it did not matter because [the people] were primarily Mexican and Central American," not Farmers policyholders, according to a transcript of the case and a letter that was introduced as evidence.

Alexander testified that when he rose to object to the remark he was told "to sit down and shut up."

Beyer denied a Farmers executive had made a derogatory reference to quake victims. He called the jury's verdict "a very, very bad thing."

"We're dumbfounded, shocked, outraged, whatever word you want to use," Beyer said.

He declined to address specific allegations made by Alexander, citing the expected appeal. The company also plans to appeal the Sonnier case, he said.

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Snap inspections limited

By Ray C. Estabrook

Citing the Fourth Amendment guarantee against unreasonable searches and seizures, California's Los Angeles County Superior Court recently struck down a California Department of Insurance regulation that would have permitted DOI investigators to require that a broker under investigation produce records "immediately" upon demand or be subject to license revocation.

The court also questioned whether the legislature had given the DOI the power to create such a regulation (*Quackenbush v. De la Cruz*). The broker's counsel is confident of winning the pending appeal, noting the court found the broker's position substantial and compelling.

While the ruling limits government intrusion and is good news for agents, its implications for surprise

company inspections are limited.

The Horizontal Marketing Agreement gives the companies the right to inspect an agent's business; to interview and survey agency personnel and clients; and to review, examine, and audit all agent records — including all records of any business operated by the agent — without prior notice, at any reasonable time during normal business hours. The Agent Appointment Agreement, however, makes no mention of notice but merely provides that the companies may review and examine agency records for the purpose of verifying compliance with the AAA.

Given what is likely to be seen as the legitimate self-interest of the companies in conducting such snap inspections — and the fact that the agent has, in effect, contractually "consented" to them — it seems

unlikely the courts will require companies to give advance notice.

However, it seems equally probable that courts may limit such inspections to being conducted at the agent's office during normal business hours. Such holdings would be consistent with the historical tendency of courts to limit such inspections to reasonable times and places and to frown upon any harassing or discriminatory conduct involving an unreasonable number of inspections that unfairly focus on "targeted" agents by subjecting them to repeated unannounced inspections at odd places and times.

Generally, under the AAA, there are three purposes for such inspections: confirmation that funds, especially cash, are being properly han-

Continued on p. 22

System
One
Support
ad

Wouldn't it be great ...

... if we went back to caring about customers and agents instead of the bottom line?

By Bernie Clark

As chapter presidents, we are asked to contribute articles for *The Voice*. I thought I would start my article with an excerpt from my first letter to my local members.

Thank you all for making our chapter one of the more successful chapters as far as membership. One district in our chapter has 65% UFAA membership. Why is this? A couple of notions came to mind. First and foremost, the large growth in this district that occurred a few years ago was not due to the computer lawsuit, but because of a very confrontational DM.

The man was heavy-handed and had the people skills of a mad Marine drill sergeant. Thankfully, that man is gone, and we now have a decent DM. Because of that individual's mismanagement, our UFAA chapter grew. The stage was set for agents to band together. Our UFAA chapter developed the camaraderie and support that should have been fostered by the district manager.

Another reason for this chapter's success has been the great leadership given by the past officers. We have had quality officers since the birth of the chapter. Lastly, and this occurred to me after my first steering committee meeting as the new president, we genuinely care about one another. We care what happens to our members, and we are there to help each other.

"Agents Helping Agents."

As I think about the success of the chapter, there is a degree of pride, but there also is an underlying regret. Wouldn't it be great if all management and all employees and all agents were on the same page? It is sad that corporate America, not just Farmers, has the bottom line as the guiding principal.

I recently was talking to a long-time agent about the state of Farmers Insurance. His comment

was that he remembered a time when management had three concerns: the customer, the agent, and the bottom line. Now it appears to be the bottom line, with a lot of lip service toward the first two.

Wouldn't it be great? No!

Wouldn't it be *revolutionary* to start a trend back to people caring about people? Instead of how to squeeze more productivity out of a person to improve the return on investment. To return to providing an environment that makes a person produce and enjoy it? Loyalty and advocacy would flourish, and I suspect the bottom line would not suffer.

There was a commentary in my local paper by one of our region's leading journalists about his association with the late Bill Daniels, who was credited with being the father of cable television.

Joe Tennessean wrote: "One of the few blessings about growing older is that you have the opportunity to look back and be grateful for the blessings you received along the way. Most of us would agree that working for a good person or a good company would be rated high on that list."

Joe worked several years for Mr. Daniels, who died a multi-billion-

aire on March 7.

He continued: "But to summarize, consider the privilege of working with someone who never asked you to compromise your integrity. In fact, he forbade you to ever do anything that hinted at dishonesty."

On customer service, Joe wrote: "The word from the top was, 'Our subscribers are all we have. Do whatever it takes to keep them happy.' No limits were placed on the amount of credit that could be given an aggrieved customer."

Joe went on to say, "Daniel's companies were among the first to 'empower' their associates and to include all levels of the staff in budget and operating decisions." Wow, he cared about and trusted his employees!

"Bill was perhaps best known for his generosity. When setting up a new company or division, he always allocated a portion of the stock for the people who worked for him. Needless to say, the best in the business eventually got to Daniels and Associates."

I am not naive enough to believe this management style will replace the current style of Farmers or any other corporation. But wouldn't it be nice?

Snap inspections

Continued from p. 21

dled; that the agent is obtaining the required signatures and maintaining the proper forms in the office; and whether outside business is being written that should properly be going to the companies.

In the case of the HMA, the purpose is to inspect the agent's operation, interview and survey the agent's personnel and clients, and audit all agency records, including trust accounts and applications, as well as all records of any other business operated by the agent, for evidence of "switching" or other conflicts of interest.

Be alert! While occasional surprise inspections by the companies may be legally permissible, they should be conducted at the agent's office during normal business hours, be limited to legitimate purposes, be non-discriminatory, and not be simply a means of harassing or intimidating agents.

If you are being unfairly targeted or abused by the inspection process, let us know! The companies' right to inspect is not absolute or unlimited.

Ray C. Estabrook is an attorney.

Help stop the discrimination

Fannie Mae plans to stop using FICO, a credit-scoring system like Farmers' FARA — which could be hurting your clients

By Ralph Buchanan

"In 1956, Bill Fair and Earl Isaac discovered that, with enough specific data, they could predict outcome by calculating probable risk." Thus begins an article in a recent issue of "Sam's Club Source" by Mary Hunt, editor and founder of *The Cheapskate Monthly* and the book, "Debt Proof Living."

FICO (Fair Isaac and Company) scores are determined by computers, released through credit bureaus, and used by mortgage companies, insurance companies, and others. Ms. Hunt states that FICO scores are based on things like time on the job, the time you've lived at your current address, your payment history, and the types of credit you use.

Our own management company now uses one of Fair Isaac's programs. Under the name Farmers Auto Risk Assessment (FARA), they hope to "predict the future behavior and future losses of auto policy holders." It has been introduced in many states already and is continuing to be introduced in others throughout our operating territory.

The management company, in a recent bulletin, said the program is proprietary in nature and therefore "secret" but did say the program did not consider assets, the ability to obtain or pay back a loan, income, employment, residence information, or education levels. They did say the program was a predictor of future losses based on characteristics from your consumer (credit

report. It includes "this and that," but what causes a low FARA score is still a secret.

Michelle Singletary, a columnist for the *Washington Post*, in an article dated March 17, stated, "Fannie Mae, the nation's largest provider of mortgage money, has announced it plans to stop using the credit-scoring system developed by Fair Isaac and Company." I would assume the actual formula used in that scoring system is, apparently, "secret" also. She quotes Franklin D. Raines, Fannie Mae's chairman and CEO, as saying, "I believe consumers have a right to know what's in the system."

And that is the same problem

Continued on p. 27

connectivity ad

A brief history of the United Farmers Agents Association



*Second in a series of articles tracing
the history of UFAA*

(continued in next issue)

This history is offered in the sincere hope that it will help the reader understand the issues that made UFAA necessary and the progress UFAA has made to help the independent contractor Agent succeed.



I believe there are more instances of the abridgement of the freedom of the people by gradual and silent encroachments of those in power, than by violent and sudden usurpations. ... This danger ought to be wisely guarded against.

— James Madison



LUA, PCM, DARG

In the early 1980s, agents began forcefully questioning the company's 1971 policy of limiting the underwriting authority of agents whose agencies experienced too many auto losses. Agents pointed out that the company sets the underwriting rules and formulates premiums and that the agent cannot overrule them. Furthermore, the company accepts or declines applications, based on its own analysis. Some professed to be confused why the company would terminate an agent for unprofitability, yet would vigorously fight to keep the agent from taking the unprofitable business with him.

Minnesota UFAA members took the Limited Underwriting Authority issue to state lawmakers in 1986, and both houses of the legislature banned terminations for loss ratio and revocations of agent underwriting authority. In June of 1989, Nevada UFAA members convinced lawmakers to pass the same law, and the legislation began to spread to other states.

By the spring of 1994, the company had announced LUA was being discontinued but was moving to replace it with the Profit Center Management program. The choice of names confirmed the company saw agents as something less than "Partners in Pride," but the fact that the new program did not automatically restrict an agent's binding authority was seen as a step in the right direction.

The company had sharpened its focus on "unproductive" agents in 1992 with the introduction of the Priority Agent program, which set production requirements for agents and pressured them to sign a statement that if they failed to meet those quotas they would resign. The darker side of the drive emerged almost simultaneously with distribution of the Deteriorating Agency Rehabilitation Guidelines, which singled out agents who showed, by company measures, an overall deterioration in agency operation. DARG gave agents six months to get production up to an "acceptable" level and tried to get them to sign a letter agreeing to the new production "goals." If the agent failed to meet the quotas, the company would send a 90-day termination notice, and the agent would have little recourse because the signed goal statement gave it the status of a legal addendum to the Agent Appointment Agreement.

UFAA immediately organized a campaign to inform agents about the DARG program and how it was being implemented against many long-time agents. UFAA gathered information from all over the country

as to how agents could best protect their interests. Members were counseled to become as professional as possible and work hard to write a good, profitable business that included life sales. Chapters were advised to retain local lawyers to defend their rights under the Agent Appointment Agreement.

BPS and the Agency Computer System

Along with the Priority Agent program, Farmers introduced another, even more revolutionary, change in 1992: the Business Processing System. Following the lead of other insurance companies, Farmers began using computer technology to transfer a large portion of its clerical load to the agent. Electronic underwriting input and policy issue would allow the company's underwriting role to be reduced to only examining policies that did not match underwriting parameters. Company staff expenses could be reduced, and the overhead was transferred to agents, who did not see a comparable rise in income to offset their increased costs of doing business.

Agents further were told that if they wanted to keep doing business with Farmers they would have to purchase a computer system recommended by the company and that they would have to purchase it from Farmers at the price the company dictated. The recommended system was built around an already obsolete IBM System 36 computer, which cost the agent an outrageous \$20,000, many times more than the street value of such a system. The contract included requirements that forced the agent to overpay for telephone connections to the company computers and service contracts for the aging computers. The company itself would later agree agents were overcharged \$75 million.

UFAA petitions for relief

Agent outrage over the computer monopoly, production quotas, LUA, and unjust terminations created a flood of new UFAA members. A record 143 delegates and 20 member observers attended the 1992 National Convention, where they voted unanimously to file a lawsuit asking the court to prevent Farmers from engaging in unfair practices against the agency force. At the same time, two Houston UFAA members, Tom Vinson and Dale Moon, filed a class action lawsuit seeking compensation for damages resulting from the required purchase of computer hardware from Farmers. In January 1994, a U.S. District Court judge in Austin, Texas, certified a liability class in the Vinson/Moon lawsuit and issued an order for mediation. He declined, however, without explanation, to certify a damage class.

In April 1995, the District Court issued a summary judgment in favor of the company, again without explanation. Some observers believed the judge felt that the case would be appealed regardless of who won, so he passed the complex issues on up to the Fifth Circuit Court of Appeals. Oral arguments were presented in June 1996, and on Aug. 2 UFAA informed members the Fifth Circuit had affirmed the summary judgment. In February 1997, the U.S. Supreme Court denied UFAA's petition for an appeal.

UFAA's lawsuit asked for relief from Farmers' bilking of its agents by overcharging them for obsolete computer technology. By the spring of 1993, evidence began to emerge that some agents were using work stations purchased from outside vendors and Farmers was overlooking what it used to call "unapproved outlaw hookups." By the autumn of 1994, just months after the judge certified the Vinson/Moon liability class, Farmers rolled out the Agency Information Management System, a six-option menu of different ways agents could access the company network. Three months later, UFAA proposed its own "AIMS Option 7," which demonstrated agents could access the Farmers network securely at a fraction of the cost of company-mandated arrangements.

Though the company circulated the opinion that UFAA had lost the lawsuit, the truth was that the suit had forced Farmers to give up on compelling agents to buy computer services at the company store. Agents all over the country — even those who were not UFAA members — were buying PC computer equipment from local vendors at competitive prices and using third-party software to run their agencies more efficiently than they could with anything available from the management company.

From the director: Governmental Affairs

Moving forward with CEAA

By Frank Mortimer

The Coalition of Exclusive Agent Associations executive board met March 19-20 in Alexandria, Va.

The knowledge and diversification of this board comes from the representatives of the seven direct-writing associations. These individuals brought information to the board from all parts of the country.

The members of the CEAA are the seven direct-writer associations that represent companies who insure more than 60 million families in the United States.

CEAA President Donald Cassell has attended all of the National Association of Insurance Commissioners (NAIC) meetings and gave the board a report on the proceedings and actions of the commissioners.

After hearing the report, the board determined that CEAA needed to monitor proposed insurance legislation in each state. UFAA has accepted the responsibility to monitor 14 of the states. I will be contacting our members in those states to solicit their help in monitoring insurance legislation in their state.

Woody G. Marks, who has attended all of the meetings of the National Committee of Flood Insurance Producers, reported to us on the new rules and regulations that will apply to the submission of flood applications after October 2000.

Agents will be responsible for interpreting elevation certificates and other raw data, which now is the responsibility of the engineer or surveyor. If these new rules are implemented, the agents' E&O exposure will be dramatically increased. The CEAA will voice our disagreement with the new rules.

The CEAA board and our lobbyist, Gary Gasper, met with Reps. Amo Houghton, Jerry Kleczka, Dick Arme, Jerry Weller, and Sue Kelly

and Sen. Sam Brownback. Gary Gasper acted as our spokesman and presented our concerns and explained the purpose of our visit, after which we had the opportunity to ask questions.

Following is a short description of the legislation with which we have concerns. The various bills and items of concern are available in their entirety at ufaa.com.

Independent contractor's tax legislation, HR1525: CEAA opposes the bill in its current form but would support it if it is modified to address the concerns of the exclusive insurance agents.

SECA tax issue bill, HR1593: CEAA supports this legislation, which would eliminate self-employment tax on termination payments.

100% deduction for self-employed health insurance: CEAA supports this legislation, which would accelerate the phase-in of a tax deduction for health insurance purchased by self-employed persons.

Banks in insurance, HR10: CEAA is reviewing and following up on the impact this legislation is having.

President's FY2000 budget insurance proposals: CEAA opposes all tax increases on insurance products.

Auto choice reform, HR1475: CEAA takes no position on this bill, which would legislate a no-fault form of auto insurance.

Civil rights legislation: CEAA supports extending sex, age, etc. discrimination laws to independent contractors.

Producer Licensing Model Act: The National Association of Insurance Commissioners wrote this model act, and they have until September 2002 to enact this licensing in 29 states or NARAB will create a national license act.

Fair Credit Full Disclosure Act,

HR2856: This is one bill that requires our immediate attention. HR2856 has been introduced by Congressman Chris Cannon, and it would amend the Fair Credit Reporting Act to require a disclosure to the consumer of all information in a consumer's file, including credit scores, risk scores, and any other predictors. The present FICO score system does not make available or disclose all information to the consumer. Fannie Mae, the nation's largest provider of mortgage money, has announced it plans to stop using the credit scoring system developed by Fair Isaac & Co. (See articles, p. 23, 27.)

The CEAA and UFAA urge you to support the Fair Credit Disclosure Act, HR2856, and SECA tax bill, HR1583, by contacting your congressional representative in Washington. Ask your representative to support the legislation by being a co-sponsor of these two bills. This will accelerate their passing. For additional information on these bills, go to ufaa.com.

Information on how to contact your congressional representative and what format to use to best influence your lawmaker is posted on ufaa.com, or you can contact me for this information.

California residents recently won a landmark decision by defeating the overturning of the "third-party bad-faith lawsuits" called the Royal Globe decision, SB 1227. The trial lawyers were able to get the Royal Globe decision reversed and signed by the governor. Hard work by many consumer groups, insurance employees, and agents resulted in two propositions being placed on the March ballot to overturn the bill signed by the governor. The bill signed by the governor for the benefit of trial lawyers was defeated by a wide margin. The Royal Globe decision still stands.

How FARA works in Texas

By Al Noble

In the fall of 1999, Texas became the first operating territory to offer auto insurance using RPM (Revised Pricing Mechanism). This was Farmers' response to a study the company had conducted several years ago that concluded there was a definite need to segment the auto market into more than the three previous markets.

The RPM score is determined by reviewing more than 70 factors. Although credit is a major factor, no one can confirm to what extent it affects the score, nor will they reveal what the other factors are. There is a "notice to applicant" that appears on the computer that the insured must agree to or the application process ends.

The agent obtains what is known as a "FARA" (Farmers Auto Rating Assist) score, which determines risk eligibility and pricing in conjunction with other underwriting guidelines. Management has advised us that the inquiry will not appear on the applicants credit report as a "hit."

FARA scores are required on the head of the household and all unrelated operators. The head of the household may be either the husband or the wife. The agent is instructed to order a FARA score on the head of the household only. However, many times the husband and wife will have different FARA scores. If the wife has a better FARA score, guess who the head of the household becomes! This tactic has been used by some agents on their own policies in order to obtain the "ultra preferred" rates, which are about 10% lower than our best rate. Management has told us they estimate about 15% of the insurance-purchasing public will quali-

fy for our best rate. We are still out of the market, but it is better than it was before.

Due to the unknown variables used to arrive at the FARA score, agents no longer are able to advise their customers what they can do to obtain a better rate. Because of the secrecy in the factors of the FARA score, agents cannot recommend certain changes in lifestyle that would allow them to obtain a better score and therefore a better rate. This diminishes the value of a personal agent.

I am personally aware of many people with very substantial assets and supporting business who do not qualify for our ultra preferred rate. The underwriters tell us they have zero leeway to make exceptions to the FARA score.

In Texas, the FARA score is used to qualify business for all of the auto companies. The eligibility matrix has been changed twice since the introduction of the program. The latest revision was effective April 1. The initial revision was due to the outcry from agents about the inability to qualify any new business.

The latest revision appears to be an almost complete reversal back to the original matrix, i.e. tighter guidelines. Questions being asked here in Texas are, "Why is our best rate now in our Texas County Mutual (non-preferred, non-regulated) Company?"

[Editors note: Most states seem to have one discount based on FARA scores and a second discount for those who qualify for the ultra preferred rates. Texas combines both into one discount plan.]

Help stop the discrimination

Continued from p. 23

our customers face when receiving a FARA score that affects their auto insurance premium. We are told, if there is a question or problem, to tell the customer to call Transunion, "the consumer reporting agency that provided the information we used." But, according to Ms. Singletary, "Under its agreement with the three major credit bureaus, Fair Isaac blocks consumers from receiving their scores."

I can't figure out why I got a "G" and nobody will explain it. You can't find out why you were turned down for a mortgage loan or were charged a higher interest rate but no one will tell you why? Does this sound a little like the cat chasing its tail? What can be done? Consumers deserve to know.

Right now, Congress has before it the Fair Credit Full Disclosure Act (HR 2856). Basically, it will allow all consumers to see the exact same information that goes to mortgage companies or anyone else who requests information concerning your credit.

To read the bill, go to www.ufaa.com, go to Links

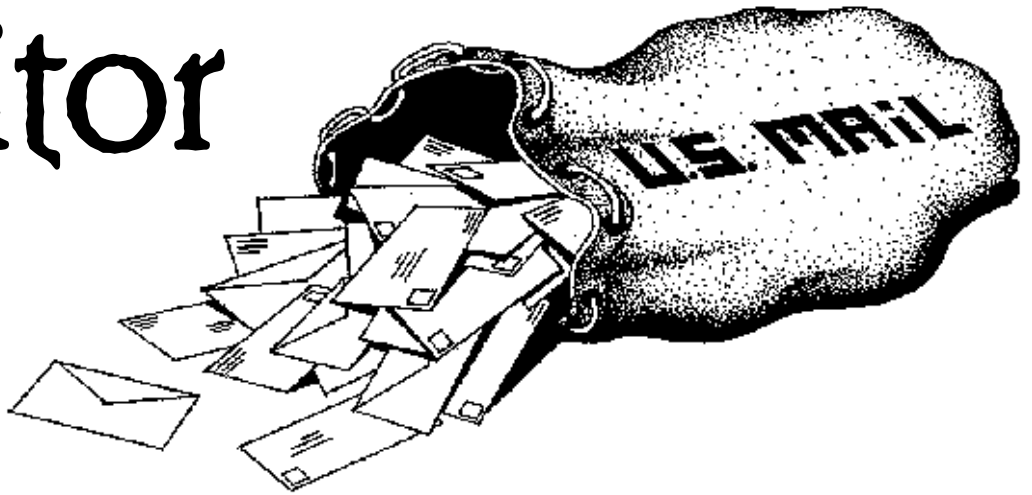
and Related Sites (bottom of the page), go to Government/Political Resources and click on Thomas/Library of Congress. Type in HR2856, hit enter, and read the bill. Then ask your lawmaker to actively support HR 2856.

You also can use the Government/Political Resources section of ufaa.com to find your representative's name and address or e-mail address.

If you lived in Maryland, you wouldn't have this problem. I understand Maryland has outlawed the use of FICO scoring programs until Fair Isaac discloses the contents. They feel the program could be discriminatory and want proof from Fair Isaac before allowing the credit-scoring program to be used. Thus, "Tell us or don't use it."

It is important that each of us contact our representative and urge support of HR 2856. It is far more important than just one customer getting an "L" score instead of a "B" score. You *can* make a difference. Please take the time and do the work.

Letters to the editor



How lucky can we get?

Get ready for Voice Net, whatever that is. How about Life Net, Commercial Net, and Auto Net? Suitable for your System 36? I don't think so. The AS400? Maybe, but not too convenient. Farmers is sending out a diskette but don't try to put it in your Farmers computer. Looks like the company is finally going to PCs. Are they telling us? No, they just send out programs that won't fit in the computer they forced us to purchase from them. Farmers is indeed "Premier" in this. Premier meaning "first." The first insurance company in the country and maybe the world to require two types of computers and two separate phone lines to conduct the normal operations of an agency. But they don't care. They don't pay for any of this. Do you think they will require two maintenance contracts? I think it should require two paychecks.

— *Lucky Agent (Name withheld by request)*

Keep it up

Guys, that was the best *Voice* I've seen in a long time, with a lot of salsa and expose' to it. And I promise you, I thought that *before* I saw you started a series of the UFAA history, which I wrote over 10 years ago. Keep it up.

A tired and burned out old veteran of the war,

— *Paul Mitchell*
Past Historian, Secretary,
CEAA Delegate and Voice Editor
(Now just "Grampa")

Horizontal Marketing Agreement

Over and over, I hear agents asking why Farmers wants us to sign the HMA. No one seems to have an answer. The company's answer is that we needed it to sell auto loans, but if you remember you had to sign another contract with the original bank. When they switched banks you didn't have to sign a new contract. None of the value-added products were put under the HMA. So why did Farmers pay so much money to their lawyers to write up a four-page (condensed from 14-page) contract? Where are the other products that go under the HMA?

Since we can't get an answer from Farmers, I guess we have to come up with our own answers. My answer may be negative, but if the answer was positive Farmers would have given it to us.

From the first time I read the HMA, I thought it was what Farmers would like to replace our agent contract with. It has everything the company wants, like quotas on everything, adjustable for different agents as they see fit. If you want to sue them, it has to be done in Los Angeles. You sign away your constitutional rights to illegal search. One of the best parts is you can't believe anything anyone tells you about the contract. Any interpretation or explanation has to be in writing from the home office. No more going to court and saying your DM said you could sit back and live off of your renewals. It even says it supercedes any contract you signed before with the company. I was told it didn't mean our agent contract, but I couldn't get it in writing.

We never found out how many or what percentage of agents signed it. I believe that if enough agents had signed it the HMA or a revised HMA would have

become our new agent contract. It would have to be revised to do something with our contract value, because they certainly wouldn't want to pay it out when they cancelled our old contract.

The company thinks UFAA was the reason more agents didn't sign the HMA, but they don't realize there are a lot of intelligent agents out there who didn't sign the contract and haven't joined UFAA yet. Thanks to all of you who didn't sign the beast. The company now knows how many independent agents are in the flock and how many sheep they can lead to slaughter.

This is only my theory. If you have a better one please send it to *The Voice*.

— A Lawyer Agent (Name withheld by request)

What is negative?

Marty believes you are negative if you disagree with anything he thinks. Of course, I think he is negative if he doesn't agree with everything I think. My DM thinks I am the negative one, and I think he is being negative for thinking that. What is negative to one person can be positive to another.

My DM doesn't allow negative questions at our district meetings. Only questions like, "Will we get to start EasyPay soon?" or "Can I get an autographed picture of Marty?" Then there are the negative questions like, "When will the company increase our pay for doing all their computer work like they promised?" or "Why were we told there was no re-insurance?" or "Is the AS400 really state of the art technology?"

The negative part really isn't the question but the answer. If the answer is "no" or "no comment," it makes the question negative. Sometimes with this company, if they are forced to tell the truth, the question is negative to them. *The Voice* is negative to the management company but a very positive force for the agents. The com-

pany says it wants to help the agency force, but they are opposed to UFAA, which is for the benefit of the agents.

The next time a company representative or a DM tells you that you are negative or you have a negative question, ask them why they think it is negative. Maybe it's because they can't or won't tell you the truth.

Is this too negative?

— A Positive Agent (Name withheld by request)

Disgusted

I have to agree. I am disgusted with this company. The incredible corporate decisions made by Farmers over the last few years are enough to make any agent re-evaluate why he or she is still here. Most are frustrated, alienated, and finally ashamed to represent Farmers. You will never be able to cure "dumb," and we sure have our share in upper management.

— Ashamed Agent (Name withheld by request)

Thank you, district managers

Agents are joining UFAA in record numbers due to the actions of their district managers. We at UFAA try in many different ways to increase our membership, but nothing works as well as the actions of Farmers' helpful district managers. Their harassment and threats, as well as their lack of service and training to their agents, drive more agents to join UFAA than any of the many benefits UFAA has to offer. Of course, we all know where these district managers get their ideas and methods of operation. So we also wish to thank the DMMs and state directors and, of course, Marty.

— A Thankful Agent (Name withheld by request)

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Chapter news

Demise of the S/36, new members, plans for National Convention, rewriting outside business

Chapter 51

Montana, Wyoming, N. & S. Dakota

At a recent RPM introduction meeting, a new state office employee apparently blundered when, as he was making his presentation, he began talking about the demise of the System 36 and AS /400 by year end. State exec Andy Reser immediately attempted to downplay the new employee's remarks by reminding everyone that he was new. However the damage was done, and the remarks were on the minds of all the agents present. "Stunned" was the word used by several agents that attended the meeting.

— Steve Hooper

Chapter 22, Washington

We recently completed a wave mailing to the agents in Washington. Although the results were not dramatic, we have picked up some new members. I think the increase comes from our efforts in total. Certainly *The Voice* is a good tool.

Our chapter has monthly meetings on the last Tuesday of each month. We hold an annual symposium, and this year it will be Aug. 25-26 in the beautiful Bavarian village town of Leavenworth Wash., which is in the Cascade Mountains.

— Joe Patton

Chapter 10, Northern California

Chapter 10 in Northern California is growing again. We have recruited a few new members as a result of current members talking to agents they know. Chapter 10 will be sending seven voting delegates to the National Convention. We plan to have another meeting in May to discuss what our chapter members want the delegates to convey to the national membership in June.

— Giovanni Zappetta

Chapter 16 and 43, Arizona

Agents in Arizona are being told in no uncertain terms that Farmers expects them to rewrite all of their outside mobile home business to Foremost and all of their outside bond business to the new Farmers program. Word from Foremost is that any Farmers agents currently licensed with Foremost will be asked to sign a new contract sometime in August. New business and renewal commissions will be set by Farmers.

We had the sixth annual Business Exposition and Golf Tournament in Casa Grande on April 7. Seventy agents from Chapter 16 and Chapter 43 met with 26 vendors between 9 am and 11:30 am. Agents had a

great opportunity to talk to people in the computer and technology industry, along with health insurance brokers, a premium finance company, payroll service company, bonding companies, auto body shops, glass shops, and restoration service companies, just to name a few.

After the morning exposition and lunch, many of the agents and vendors took to the golf course for a four-man best ball tournament. Other agents attended a computer workshop on "The Paperless Solution" put on by UFAA technology expert Steve Todd. He also told us what hardware and software it takes to set up your office. Then he answered questions from agents to help them with their individual office computer setup and configurations.

The Exposition was not only a huge success, but it was a fun event and another example of "Agents Helping Agents."

— Ed Nordstrom and Dan Rahmatulla

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UNITED FARMERS AGENTS ASSOCIATION

8711 Big Bend
St. Louis, MO 63119

Office Hours: 9 am to 5 pm Central Time



E-mail: ufaa@aol.com

Phone: 314-968-3344

For Members: 800-275-8668

Fax: 314-918-1718

Executive Board

President—Ralph Buchanan
1861 E Baseline Rd
Tempe, AZ 85283
(P) 480-897-1081 (F) 480-839-8861
E-mail: rgbuch@aol.com
Treasurer—Rick Schlosser
10254 Central Ave
Montclair, CA91763
(P) 909-482-1333 (F) 909-482-1330
E-mail: ricks1429@aol.com
Legal Activities—Larry Tencer
450 Lakeville St, Ste D
Petaluma CA94952
(P) 888-763-5300 (F) 707-763-7084
E-mail: larryten@aol.com

Vice President—Chuck Simpson
8247 Levenworth Road
Kansas City, KS 66109
(P) 913-788-3110 (F) 913-788-5593
E-mail: csins@toto.net
Membership Director—Don Green
1612 Lee Trevino #D
El Paso, TX 79936
(P) 888-440-8322 (F) 915-593-2826
E-mail: dgiaep@zianet.com
Governmental Affairs—Frank Mortimer
11650 Iberia Pl #201
San Diego, CA92128
(P) 858-487-2241 (F) 858-487-2295
E-mail: flmortimer@aol.com

Secretary—Jim Beemer
2705 10th St
Greely, CO 80631
(P) 970-356-3252 (F) 970-353-6134
E-mail: jbeem356@aol.com
Media Relations—Ken Unreih
P.O. Box 5047
Tucson, AZ 85703
(P) 520-623-7000 (F) 520-624-8154
E-mail: farmersagent@uswest.net
Director at Large—Steve Lenard
13313 S W Freeway #215
Sugarland, TX 77478
(P) 281-242-0070 (F) 281-242-6818
E-mail: slenard@pdq.net

National Historian—Allen Yerxa 7651 W 41st Ave #95, Wheat Ridge, CO 80033 (P) 303-424-5068 (F) 303-424-1875 E-mail: yerxa9@idt.net
UFAA Technology Services—Steve Todd (P) 800-989-4268 (F) 916-332-5764 or through the website — www.ufaa.com

Chapter Presidents

ARKANSAS

(30) Bill Miller, Little Rock 501-223-2661
(31) Deanna Parks, Barling, 501-452-6491

ARIZONA

(16) Ed Nordstrom, Tucson 520-297-1337
(43) Dan Rahmatulla, Phoenix 602-973-3988

CALIFORNIA

(01) Lee Killian, Rio Linda 916-991-1711
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