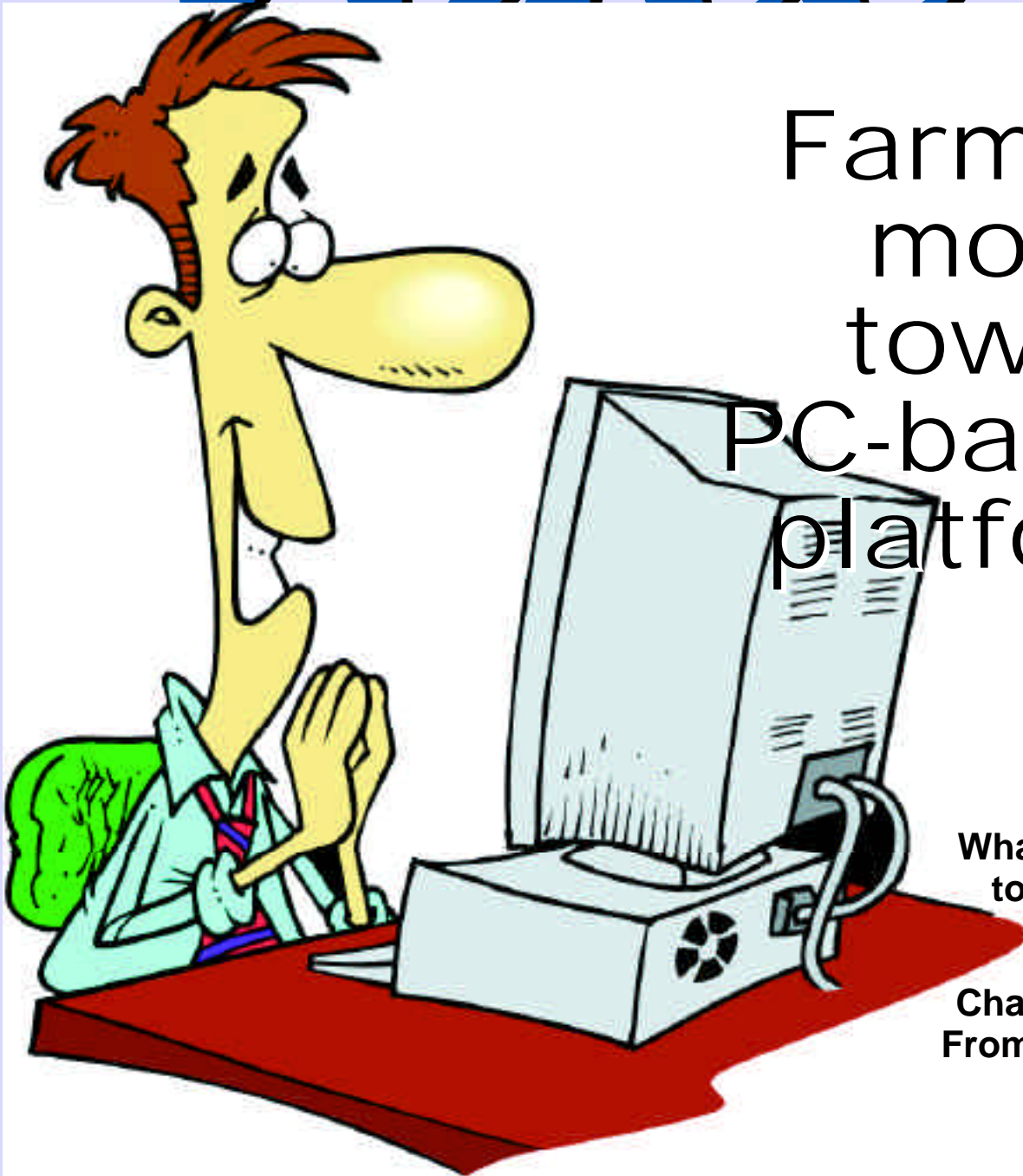


*The*

A publication of the United Farmers Agents Association

# Voice

Autumn 1999



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the Editor**

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**What happens  
to my dues?**

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**Chapter news:  
From CA to MN**

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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.



# McGraw Group

# The Voice



Autumn '99

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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.

From the director:

## Media Relations

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### *Taking it to the next level*

By Ken Unrein

Over the years, *The Voice* has progressed from being a forum where complaints about the company were expressed to becoming a professional magazine published to express the concerns and views of the Agents and our company. I have seen *The Voice* move from being a negative influence to a positive influence on the agency force and the company.

The introduction of the "Original E&O Deductible Buy Back Program" in *The Voice* helped the company make a positive move and modify their program to also include a deductible buy back endorsement. The introduction of UFAA technology has had the positive result of helping Agents move into the electronic future.

My goal is to expand *The Voice* to include information about our industry from insurance industry sources around the country. *The Voice* will contain articles from our industry leaders. We are not isolated on an island, and changes that affect our industry also will affect our agencies.

I want to expand our articles and information in the areas of technology, governmental affairs, legislation and the legal arena. I want to add a section for Agent news from around the country. I believe it is important for Agents in Illinois to be aware of what is happening in

Continued on p. 10



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

RALPH BUCHANAN  
PRESIDENT

Dear Member,

One of the things I enjoy the most, as President of the United Farmers Agents Association, is the opportunity to talk to members around the country. Many times, I share their comments with those of you who receive the weekly updates or can access the [ufaa.com](http://ufaa.com) website. Other times, their comments are the beginning of a UFAA project that will benefit our members sometime in the future.

One thing remains constant in all the calls and all the comments: Agents are more concerned about their future today than ever before.

In November 1998, the management company said that APPS and FPPS would be corrected in six weeks. I wrote then that the corrections would be a nice Christmas present to the agency force, but the present never arrived. It seems to be the consensus of the Agents I talk to that the management company needs to invest in a new database program that will get us into the 21st century and not require such a labor intensive investment by the agency force.

In May 1998, Mr. Feinstein, at Championship, announced that Long-Term Care and Mechanical Breakdown Insurance would be introduced as Horizontal Marketing Agreement products supplementing the auto loan and student loan programs. Months later, the products are being introduced but not under the HMA. They are, interestingly enough, called "Farmers Brand Products" or "under the Farmers name."

The HMA was designed so Agents could write insurance and non-insurance products not available from the Exchanges while the Agents Appointment Agreement was designed to cover Agents writing insurance products for the Farmers Insurance Exchange, Truck Insurance Exchange, Fire Insurance Exchange, Mid-Century Insurance Company, and Farmers New World Life.

And this is the gist of what many of the callers are asking: If they write a Mechanical Breakdown Insurance policy offered by and underwritten by Universal Underwriters in Mission, Kan., is it a part of the AAA? Just because the management company puts the Farmers logo on the dec sheet, does it make it a product offered by one of the Exchanges? The same thing goes for LTC, where the application is sent to CNA to underwrite. Or the flood policies sent to Bankers (Insurance Management Solutions Inc. is part of Bankers) to underwrite?

The management company takes 11.5% (approximately) of every premium dollar going into the Exchanges. The Exchanges now buy reinsurance from a subsidiary of the management company as opposed to an outside company. Do the policies written with Universal Underwriters, CNA and Bankers (not American Bankers) produce revenue for the Exchanges or just the management company?

Does the Agent in Texas getting 20% commissions on flood insurance have to roll the business to the Farmers program and cut his income by 25%? Does the Agent in California writing LTC with Blue Cross have to start writing the CNA product? Do the agents around the country writing MBI with other companies have to start writing with Universal Underwriters?

Did our Agents Appointment Agreement get amended and the words "it's successors and or assigns" added? We'll let you know.

Sincerely,

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

Ralph Buchanan, National President  
United Farmers Agents Association

# Convention '99

*Speakers, reports, issues, and updates  
— all designed to make better Agents*

UFAA's 32nd National Convention convened June 14 at the Golden Nugget Hotel in downtown Las Vegas.

The President's Meeting began June 14 with a continental breakfast at 8 am. Giovanni Zappetta and Don Green facilitated the meeting.

The meeting was very well organized and the Chapter Presidents discussed their views on the Butler/Higgins v. Farmers Group Inc. lawsuit, restricted access to the UFAA website, opportunity to bid on and buy

agencies for sale, adequate compensation for computer input, ways to get the Company to fix or adjust the Marshall & Swift program, marketing strategies UFAA could implement to sell more Farmers products and help Agents make more money. These are only some of the subjects discussed.

The National Board and Presidents greeted the delegates in the hospitality room from 3 pm until 10 pm. The vendors — who displayed their products — sponsored the room: A New Horizon

Inc., Better On Line Solutions, CBIC, The McGraw Group, BCA & Associates, Superior Access, Paine Webber, and UFAA Technology.

Our compliments go to Don Green and Giovanni Zappetta on a well-run meeting.

## *Day One*

Opening day, June 15, began with a breakfast at 7 am. The meeting began promptly at 8:30, with the invocation by Ron Couch and the Pledge of Allegiance led by Deanna Parks.



### *Speakers*

After delegate count and standing rules were adopted and approved, CEAA President Don Cassell spoke on updates and contemporary issues that face CEAA members. He detailed the activities of the CEAA and expounded on the specific issues agents across the country are facing. He explained some of the current legislation changes that are being introduced as law changes.

Gary Gasper, CEAA lobbyist, spoke on current legal and legislative issues at the national level. [See article, p.22]

### *Reports*

Jeff Ryan gave a report on the updates and changes that have taken place with UFAA Technology Services over the past year. Steve Todd gave a presentation "PCs in the year 2000".

Bob Jasak presented the nomination report and the meeting was adjourned.

The afternoon was filled with the delegates attending various workshops.

### *Day Two*

The second day began with Keith Turnbaugh giving the invocation and Ray Horine leading in the Pledge of Allegiance.

### *Speakers*

The day continued with Bill Meeker, deputy project director of the California Partnership for Long-Term Care, speaking on the necessity of long-term care insurance. He made it very clear that government is not, and will not, be prepared to cope with the long-term care problem,





which will be caused by rapid growth of the elderly population as Baby Boomers age. [See article, p.26]

Major Langer, California Farmers Agents Association's attorney, spoke on the Butler/Higgins action in California and the problems caused by EasyPay. He also addressed the issue of independent contractor versus employee. His presentation was followed with a question and answer session.

### *Bylaw changes*

After lunch Ralph Buchanan opened the discussion of the proposed bylaw changes. The delegates worked through the proposed revisions brought to the floor by the Bylaws Committee. Delegates passed a change in Section 2 of Article 1, which allows dues to be remitted to the National Office by check, money order, credit card or automatic bank draft. Minor house-keeping changes were passed

as amended to Article II Sections 1, 2 and 3 and Article V Section 3. Article IX was amended to allow the convention delegates to change the 30-day notice requirements for bylaw changes to 20 days with a two-thirds vote.

### *Reports*

Larry Tencer gave the Treasurer's report. He detailed the income and expenses for the fiscal year 1998-1999.

Steve Todd, UFAA Techno-

## **HELP WANTED**

Your National Board of Directors now has a standing committee to work with each of the nine (9) elected officers. We are looking for volunteers to fill positions on these nine committees.

President  
Vice President  
Secretary

Treasurer  
Membership  
Media Relations

Legal Activities  
Governmental Affairs  
Director At Large

We are asking you to come forward and donate a small amount of your time to help UFAA become a more professional organization. To volunteer to serve on one of the committees, please contact Barry Bowden, National Standing Committee Volunteer Coordinator, at 216 East Main St., Young America, MN 55397; telephone 612-467-3450.



logy director, presented some of the technology currently available to UFAA members. He also presented the legal CD, which stores the legal documents compiled by Allen Yerxa, after which the meeting was adjourned for the day.

### *Day Three*

The third day continued with reports after Giovanni Zappetta gave the invocation and Steve Hooper led in the Pledge of Allegiance. Frank Mortimer reported on the governmental affairs issues that have taken place within the last year. He requested that each person get involved with the state insurance commissioners and to send the information to him from each state.



### *Newly elected officers*

Ralph Buchanan welcomed the newly elected board members: Don Green - Director of Legal Activities; Steve Lenard - Secretary; Jim Beemer - Membership Director; Larry Tencer - Treasurer; Frank Mortimer - Governmental Affairs; Chuck Simpson - Vice President; Ken Unrein - Media Relations Director; Jeff Ryan - Director at Large.



### *New Business*

EasyPay problems were discussed in detail and views from one end of the spectrum to the other were expressed. There was no consensus on how the problem should be approached.

The Pilot Zurich program, in which a select few Agents participate, was discussed. This is the financial services program Zurich wants Agents to sell. Some of the processes and functions of the program were discussed in detail.

Ralph Buchanan adjourned the meeting at 11:50 AM.

# From a wife's perspective

By Susan B. Schuster

Sometimes a year seems like a long time — especially when you are this UFAA wife. For the past four years, I have attended the UFAA National Conventions with my husband, Steve. While I may not always enjoy the long, hot drives to Las Vegas, nor the bumpy flights, the end result has always been completely rewarding.

It was either Ralph Buchanan or Chuck Simpson who said I have more fun at these conventions than anyone else. That is probably true, and I will not apologize for it.

Bill Sherman, Tucson Chapter member, once said that to be successful in the insurance business you needed to work only “half days” — 12 hours! While Steve and I work in unrelated careers, we both tend to work “half days” throughout the year, sometimes six days a week.

I am a speech-language pathologist working in a rehabilitation setting. I spend the majority of my days working with people of all ages who have sustained a traumatic brain injury or cerebral vascular accident (stroke). My demeanor at work is serious and conservative. I am completely focused and professional.

My life changes, however, once I step into the packed car or airplane headed for the UFAA National Convention. Out come the fake tattoos, the bright tie-dye outfits, the stacks of ankle bracelets, the short shorts, bright colors, etc. Out also comes that youthful, college-years spark that sometimes got me in trouble.

I absolutely love Las Vegas. (Does this surprise anyone at the convention?) From the “entertainment,” to the buffets, to the lights, to the overall ambiance, Las Vegas is my favorite place. One can easily get lost in the hustle and bustle of Vegas. And it is the one place I know where the more “different,” the better.

But the city itself is only part of the attraction of the UFAA convention. Simply put, the people of UFAA are unmatched. In the past four years, I have not met one person at the convention who was not friendly, warm and “positive” — attributes I do not seem to always find in a group setting.

From talking Jayhawk basketball predictions with my fellow Kansan, Chuck Simpson, to sharing information on the proper number of fake tattoos to don at any one time with Ralph Buchanan, to discussing (their) daughter Meryl's college plans with Merle and Linda Johnson, memories and friendships form. (Where were you this year, Frank Cabasier?) No other week of the year do I laugh and smile as much as when I am in Las Vegas at the UFAA convention.

Then, of course, you have the air of celebrity at the convention. It is always a joy to see “Sam Drucker” (Larry Tencer) of my favorite television, show Green Acres. And who would not cherish the dances I had with “Al Gore” (Dave Flippen) and “Dick Gephardt” (Mike Hundley)? And I cannot forget “Phil Donahue” (Ralph Buchanan).

Nor can I forget to mention the information shared and learned at the UFAA convention. While I do not attend any formal convention gatherings, other than the banquet and hospitality rooms, I certainly have increased my knowledge base with regard to Farmers Insurance. Prior to the past four years, I had little background in this area. However, whether formally or informally, I always glean new information at the convention. Likewise, Steve always seems eager to apply new ideas, follow up on networking, etc.

About an hour ago we picked up our pictures from the convention. For a few minutes we were able to relive yet another wonderful UFAA convention. Chuck Simpson told me that next year the convention will be a week later than usual. That will be hard on this UFAA wife. . . .

Susan B. Schuster's husband, Steve Latham, is an Agent and UFAA member in Tucson, Ariz.

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***From talking Jayhawk basketball predictions with my fellow Kansan, Chuck Simpson, to sharing information on the proper number of fake tattoos to don at any one time with Ralph Buchanan ... memories and friendships form. No other week of the year do I laugh and smile as much as when I am in Las Vegas at the UFAA convention.***

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## Who watches out for the Agent?

Who watches out for the Agents?

Zurich? No, they watch out for their stockholders.

Farmers? No, they watch out for their parent company — Zurich.

Your DMM? No, he watches out for his employer - Farmers.

Your DM? No, he watches out for himself.

UFAA? Yes! The sole purpose of the organization is to look after the best interests of the Agent.

The Agent needs UFAA, and UFAA needs the Agent. There is strength in numbers and management will be more inclined to accept us as its business partner when the majority of the agency force are UFAA members.

Join today! \$25 a month is a small investment to make in your agency.

— Jim Beemer  
Membership Director



## Tribute to a lost friend and agent

Lauri Sanchez, a friend to us all, left us July 8, 1999. Wife, Mother, Grandma, Agent were among her many titles, but to me Caring, Giving Friend sums her up best. We knew her as a professional Farmers Insurance Agent of 17 years.

Cut from the old cloth, she would place the client's interests first and foremost. This personal commitment and attitude made her a perfect fit in our UFAA Chapter, where she served in many capacities as Secretary, Treasurer, National Delegate, Christmas party coordinator, and so much more.

The knowledge you are in a better place, free from the pain, comforts us, but even so we'll miss you.

— Mark O'Donnell

# EasyPay

## It's Farmers' problem, too

**By Gary Mealer**

I attended the UFAA National Convention in Las Vegas this year and came away with a good feeling about many of the issues discussed. I am, however, concerned about EasyPay.

The EasyPay stories scare everyone, including myself. Agents are losing long-time policyholders because of EasyPay. We must remember the management company also is very aware of this problem. For every policy an Agent loses, Farmers must be losing a thousand. They know there is a big problem and they have delayed EasyPay implementation into new states while they try to fix it. We are a stock company and stockholders are looking for a return on their investment. Farmers and Zurich also want to grow and increase their assets.

I strongly disagree with the idea of exploring legal options against the management company over EasyPay. I know at this time the Board is only asking for specific examples of lost policies from the agency force so they

can determine if any legal action needs to be taken, but please keep an open mind.

As an agent from Arizona, I can tell you we were one of, if not the first, state to go on

APPS. Much like EasyPay, there were many problems when APPS first came out.

Some were created by the company, and some by the Agents' lack of knowledge of the program. Problems still exist today, but it is much better.

Did the Agents in Arizona lose any policies over the introduction of APPS? You bet we did. I wish I had a dollar for every letter I sent out to my clients stating something like this: "You will be receiving a facesheet within the next few days with incorrect information. I have already corrected the problem and you

should receive the corrected facesheet within a week." The problem was so widespread that data programs like ABS (WinTrack) created a new letter to deal with the APPS problem.

The banner above the Board members' table at the Convention said "Agents helping Agents" and our exchange of knowledge is excellent. I am proud of that. Let's take the information gathered from the EasyPay Agents and let that information be known to the entire

agency force. Then we can ask them to join UFAA and work with us to help the management company solve the EasyPay problem.

Farmers will listen to us if 35% to 45% of the Agents are members of UFAA.

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***Please keep  
an open mind  
about EasyPay.***

***Let's take the  
information  
gathered from  
EasyPay Agents  
and share it with  
the agency force.***

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## Taking it to the next level

Continued from p. 2

California or Texas. I am inviting Agents from all areas to send me your letters and comments to be included in the December issue of *The Voice*.

I also want to add a section for Chapter news. This will be a forum for the Chapter Presidents to let everyone know what they are doing at the local level to help their members.

With your help I want to

make *The Voice* the magazine that Agents, Farmers employees and Farmers management will anxiously anticipate receiving. I invite all Farmers Agents, Farmers employees, and Farmers management to send me your letters, comments, articles, and news from your area.

I intend for *The Voice* to be an open forum that will promote communication between Agents,

employees, and management. It is my belief that this flow of information will help make Farmers Insurance the premier insurance company it aspires to be.

You can contact me at: (voice) 520-623-7000; (fax) 520-624-8154; (e-mail) farmer-sagent@uswest.net; (US mail) P.O. Box 5047, Tucson, AZ 85703. I look forward to hearing from you.

*[Editors Note: This is the first article in a four-part series that will examine ways in which, through a team approach, significant sales production can be achieved by meeting the estate planning needs of your clients. The authors, Terry D. Wheeler and Wes Nielsen, estate planning attorneys and the founding partners of Wheeler & Nielsen, will systematically explore specific sales opportunities that exist in both foundational and advanced estate planning techniques.]*

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## Estate planning and financial services

# A powerful combination!

*Beyond the basics in revocable trust planning  
... a new paradigm*

Since the estate planning boom based on living trusts in the late 1970s and throughout the 1980s, many sophisticated financial and insurance professionals have become acutely aware of the need for their clients to do estate planning.

Traditionally, two very important reasons existed to do this type of planning. The first reason was to avoid the time delays, the heartache, the invasions of privacy, and the high costs associated with probate (averaging about 3% in California). An estate plan based on a living trust, when properly designed and executed (funded), can significantly avoid these hazards of probate.

The second reason was to enable the clients to do some powerful estate tax planning. Through utilizing what is commonly referred to as "A/B Trust Planning," an estate-planning attorney can shield up to \$1.3 million of a married couple's taxable estate from estate taxes. Without estate tax planning, a similar estate would usually suffer estate taxes in excess of \$210,000.

Numerous articles and publications encourage the public to do estate planning because of these two very powerful reasons. Unfortunately, many opportunities in living trust planning are lost due to poor execution of the

planner and under-utilization of the tools available in living trust plans.

It is not uncommon for taxable estates, with a poorly designed and executed living trust plan, to suffer estate taxes in excess of \$200,000. This is especially true in estates where a large percentage of wealth is held in retirement plans, annuities, life insurance, and other designated beneficiary accounts. A detailed explanation of these problems is beyond the scope of this article. You are encouraged to contact your attorney or the authors if you are interested in learning more.

A third area that always should be addressed in planning based on living trusts, but which is usually ignored, is disability planning. Detailed disability planning in a living trust can provide tremendous benefits to your clients during their lives.

This process spells out, in great detail, how a client wants to be cared for in the event of a physical or mental disability. The clients should give thought and directives concerning their desires regarding in-home care versus nursing homes, medications, life support, how and for whom they want their financial resources spent, etc. Detailed planning can avoid the need for the high cost, the embarrass-

ment, and the time delays of conservatorship and guardianship hearings.

Additionally, properly counseled disability planning always includes a discussion about meeting both the costs associated with the inability to continue working (the broken money machine) and the costs associated with long-term care needs. This is where the needs for disability insurance and long-term care insurance are discussed. Each client should be educated as to his or her long-term care needs and choices.

Experienced financial professionals know that a client who is educated as to his needs — especially when educated by a non-biased third party — is an easy client to sell.

Understanding some of the problems and deficiencies that may be found in existing plans presents a powerful opportunity for you to distinguish yourself as the financial professional your clients can rely on. In the long run, this means greater client retention and more referrals.

Action Plan: First, locate a counseling oriented estate-planning attorney, who understands the importance of the team approach.

Second, simply ask both existing and prospective clients if

**Continued on p. 12**

## From the director: Legal Activities

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# A \$150 million judgment

By Don Green

Since being elected Director of Legal Activities several months ago, one thing has become very apparent: This isn't an easy job! Averaging two to three hours a day with some weekend work to keep abreast of the many aspects of the job is the norm.

As many of our brother and sister Agents are being terminated around the country for a myriad of reasons, one thing has become obvious: You cannot stand alone. UFAA cares and can help.

So far, in these scant few months, many Agents have contacted me. Most are not UFAA members, and by our bylaws I am restricted in what I can do for them. Those of you reading this who are not members — join now! Those of you who are members, don't wait until you receive your termination notice. Contact UFAA or me early in the process.

In addition, we all signed a contract agreeing to abide by the rules contained in it. If you have not followed the rules, it is very hard to offer you any help. You

will need to look elsewhere in the legal arena for assistance if you choose to. UFAA and I are not attorneys; we are facilitators and can help those who choose to help themselves. I am pledged to help Agents but I must work within the aforementioned guidelines.

Our case law library is growing, with many attorneys around the country contributing to it, and I have obtained the Vizcanio v. Microsoft case, in which independent contractors used by Microsoft were granted certain benefits usually reserved for employees.

I also have obtained the Bellott v. State Farm case, in which an Alaska jury awarded Bob Bellott \$150 million in punitive damages. I have summarized this case with the help of the Consumer Insurance Guide, and it is presented for your review.

State Farm Insurance Co. has to pay \$150 million in punitive damages to one of its former agents, who refused to market life insurance products as "good investments." An Anchorage, Alaska, jury ruled on March 4. Bob Bellott says he lost his State

Farm agency — which he ran for 21 years — because he told his clients the truth about State Farm's life insurance products.

Bellott maintains that State Farm trained agents to market and sell certain annuities and life insurance policies as investments for the future, even though the rate of return was lower than stocks, bonds and other investments.

The company maintains it advertises its insurance products only as insurance products. Instead of giving his customers State Farm's marketing brochures, Bellott, who is a licensed financial planner, advised his customers to buy other investments.

State Farm asserts that Bellott violated his contract with the company because he used unapproved marketing materials to do business. As part of the agency contract, State Farm has control over which brochures an agent can use to sell policies. Bellott said he was not in violation of his contract with State Farm because he didn't sell insurance from other companies.

Paul Wylde, a spokesperson for State Farm, says the company will appeal the decision. "We believe the jury was wrong," he says. The company is looking for a reversal of the decision or at least a reduction in the amount of punitive damages it must pay. Wylde could not say when the company plans to file its appeal.

[Editor's note: On July 19, 1999, Bob Bellott settled with State Farm for \$7.5 million, thereby eliminating a State Farm appeal.]

## A powerful combination

Continued from p. 11

they have done estate planning and, if so, when the last time was they had their plan reviewed. T

Third, arrange for the attorney to review the plan or arrange for a joint appointment for you and the client to meet with the attorney to explore both estate planning and associated financial needs.

*Wheeler & Nielsen is an estate planning firm with offices in Sacramento and Fairfield, Calif. Contact them with estate planning questions or to ask about their services: 1028 Second St., 3rd Floor; Old Sacramento, CA 95814; (916) 325-0130; e-mail [twheeler68@aol.com](mailto:twheeler68@aol.com) needs.*

[Editors Note: Attorney Embrey's letter was written as a result of a letter this DM sent to his Agents, saying he would withdraw support from them if they did not write 70 life count per month. This action was especially harmful because Agents were only allowed to call their DM for assistance on EasyPay problems during this time period. UFAA also has sent Zurich and Farmers management copies of Mr. Embrey's letter to inform them of illegal practices occurring. All of these letters can be viewed by visiting [ufaa.com](http://ufaa.com). UFAA will not accept or tolerate unfair and illegal business practices.]

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8-3-99

Farmers Insurance Group  
Richard C. Hoover, District 79  
15545 Devonshire Street, Suite 110  
Mission Hills CA 93145

Dear Mr. Hoover,

I am in possession of a letter you sent to District 79 Agents dated January 8, 1999. I was astounded that a District Manager for Farmers would send such an obviously unprofessional and illegal letter.

Having been an agent for 29 years and having represented District Managers in my legal capacity, I am well aware of your duties, responsibilities and obligations. None of your duties give you the right to set quotas, demand production, or threaten to withhold support from the agents in your District. The Agents Appointment Agreement clearly outlines the duties and responsibilities of the parties and meeting quotas or productions goals are not requirements or even addressed in the Agreement.

UFAA will not tolerate unfair, illegal business practices. Unless you or Farmers are prepared to provide the agents with the same benefits that Farmers employees enjoy, including, but not limited to, office and clerical expenses, health, life and disability coverage, retirement and profit sharing benefits, you may not exercise the type of control your letter attempts to exert.

I seriously doubt that the Company has any intention of trying to legally change the status of the agency force from independent contractor to employees. Therefore, I strongly suggest you refrain from sending any further threats or demands to your agents. If you fail to heed this warning, my clients may next contact the Internal Revenue Service, the California Department of Insurance and the National Labor Relations Board and exercise other legal remedies that are available to them.

It will be regrettable if you are terminated for not meeting the goals set for District Managers, but you should have considered those requirements carefully before accepting the position. I recommend you review the Bennett (D.M.) v. Farmers lawsuit, which is presently before the Supreme Court of Oregon.

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## Coming events

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### October 1999

CEAA Board of Directors meeting in Washington, D.C.

### November 1999

UFAA National Board meeting in St Louis

### December 1999

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

### February 2000

UFAA National Board meeting in Las Vegas

### March 2000

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

### June 2000

National Board meeting, Convention in Las Vegas

# Repeal this out-dated law

*A century-old law in 30 states requires in-state agents to sign so an out-of-state insurer can sell a policy.*

*Georgia repealed part of the law; other states may follow.*

## By Don Green

In an increasingly competitive world, insurance products are being marketed by a varied group of conveyances and institutions. Many, like Internet sales, did not even exist 20 years ago. One of the greatest impediments, although not insurmountable, is the requirement to have out-of-state insurers obtain a signature from in-state agents when selling a policy in that state.

So, promising great convenience and lower prices, an insurance industry trade group is lobbying to remove a law from the books in 30 states. The National Association of Independent Insurers wants to get rid of a law requiring out-of-state insurers to obtain a signature from an in-state agents when selling policies in that state. Repeal of the law could make it easier and less expensive to purchase insurance.

"The law serves no purpose,"

says Michael Duncan, an NAII spokesman. "Anything that creates an additional cost and puts up a barrier to getting insurance will then be added to the insurer's cost and be passed on to the consumer." Along with making insurance less expensive, repeal of the laws could help consumers on-line, Duncan said.

States passed the law to protect consumers early this century. Legislators were worried about an insurance salesman from, say, Pennsylvania not knowing Virginia's insurance regulations. Getting a local agent to sign off on a policy ensured the consumer the policy would meet local regulations.

Naturally, circumstances have changed since 1900. Now an agent can check a state's insurance regulations in a variety of ways, including the Internet. The NAII feels the law should keep current with the times.

The NAII successfully

repealed part of the law in Georgia. "The state didn't oppose its repeal," says Jeffrey Skelton, a spokesman for the Georgia insurance commissioner. Along with the state, the Independent Insurance Agents of America also did not oppose the law's repeal. In the coming session, the state will not oppose repeal of the rest of the law.

Meanwhile in Florida, the Department of Insurance is still reviewing whether or not the repeal of the law will be a positive for consumers. As for other states, it remains unclear how they will deal with the law.

Clearly the NAII has taken a position that will impact the traditional way of selling insurance products by the down-the-street, hometown agent.

*[Parts of this article were taken from NAII releases and Insure.com, The Consumer Insurance Guide.]*

# ABS

# Too good to be true?

*Help your clients with credit counseling and debt consolidation*

**By Larry Tencer**

Reduce the number of Prematic/EasyPay cancellations and help your policyholders at the same time? Sound too good to be true? Well it's not.

Every Agent has policyholders who are always late or missing their monthly Prematic/EasyPay payments. Obviously, not having sufficient funds to pay all current obligations is the main reason. Most policyholders in that situation are living from paycheck to paycheck and are paying a substantial amount on very high interest credit cards.

How can you help? Well, if you could help them reduce their monthly credit card payments from 20% to 60%, do you think it might make paying their Prematic/EasyPay account easier?

To accomplish this minor miracle, suppose all you had to do was to arrange to reduce the interest charges your policyholder was paying on their credit card accounts? That's the answer, and it's amazingly easy to accomplish.

Before going into the specifics, let me explain that when I first approached this very intriguing and beneficial proposal, I was skeptical, to say the least. After doing some digging, I was so impressed with the program I recommended my son take advantage of it.

Two years ago, my son decided his future as an Air Force jet mechanic was limiting his opportunities to settle down in a spot of his choice, buy a home and raise his four kids outside of the military environment. While in the service and trying to raise four kids, my son and daughter-in-law ran up an impressive amount of credit-card debt.

If you have ever lived from paycheck to paycheck, you know fate is never very kind to you. More times than not, when you are in that position you will have one or more major unexpected expenses and they will occur at the absolutely worst times. My son had accumulated about \$20,000 in credit card debt while in the service and wasn't making much progress in reducing it.

Enter A New Horizon (ANH), a nationally known, non-profit, credit counseling and debt consolidation service. My son was paying interest rates on his credit cards ranging from 13.15% to 20.65%. His monthly payments on the five credit card accounts totaled \$441. Of that amount, only \$115 was going to reduce the principle, which meant the balance of \$326 was going to pay the interest. Unless my son increased his payments on each card, which wasn't practical at the time, he

wouldn't pay off those cards for 16 years.

After entering ANH's program — and without increasing the amount he pays each month — he will have those accounts paid off in 5 years. That means ANH was able to reduce the interest rates to the point that \$362 a month was going to reduce the principle, rather than only \$115. While my son had the option of reducing the amount he was paying every month because of drastically reduced interest rates, he chose not to, in order to pay those accounts off sooner.

And the benefit of ANH's program doesn't end here. UFAA is proud to announce that we have entered into an agreement with ANH, as a National Account Broker, which will allow all Farmers Agents who are UFAA members to offer their policyholders quality credit counseling and debt consolidation services, while earning an attractive commission.

For details of how you can take advantage of this beneficial program, and receive a referral fee, please see the item on the opposite page.

## *Direct Writer Blues*

Frustrated with your current markets or need additional markets? Tired of dealing with your District Manager, who is only interested in his bottom line?

American Casualty Insurance offers over 50 preferred personal and commercial lines markets. In addition to a very competitive commission program, we offer assistance with CLUE, MVRs, Insurance Credit Scoring and a comparative rating package.

Only agents licensed to do business in Texas need apply. *All inquiries are confidential.* Call for more details (800) 766-2478 or (512) 338-8100. Ask for Gary.

# A New Horizon

Retain more accounts and  
make additional commission too!

UFAA is proud to announce an alliance with A New Horizon, Credit Counseling Services Inc., which will allow all UFAA members the ability to offer their clients a debt consolidation and credit counseling service. ANH is a licensed, bonded, 501(C)(3) non-profit, national organization.

Are any of your clients having problems paying their "Prematic/EasyPay" account?

Is it because they are over their heads in debt?

Do you want a more appropriate way to retain these accounts and, at the same time, make additional commission income?

Look no further! You are automatically eligible to offer ANH's debt consolidation service to your clients just by being a UFAA member.

For further information on how you, as a UFAA member, can offer this service in your community, call ANH's National Representative, Robert J. Jimenez, at 208-867-8589, or e-mail him at [JimenezCPA@aol.com](mailto:JimenezCPA@aol.com).

Please visit ANH's on-line training web site at [www.anewhorizon.org/training.htm](http://www.anewhorizon.org/training.htm).

When contacting ANH, identify yourself as a UFAA member, office location #32.



# Magents and More

# LETTERS

## ***Conditioning us to be surrogate employees***

I read with interest your article in June concerning the question, "Are you an employee?" It seems Agents have been subjected to an ongoing conditioning to be "surrogate employees," which may have its beginning the day of appointment and continues and is all around us.

During my first days as an Agent in 1978, I was surprised at my District Manager's monthly publication of a little news circular mailed to the district's Agents. It listed each Agent's sales count for the month, broken down into category. Although I thought this totally disregarded my privacy and independence, I did not object, because I knew I would be using my DM's office space for a while.

Similarly, at some district meetings, our DM would pass out a list of the district's lapse ratio, showing each Agent's ratio and auto PIF count. I viewed this as more disrespect for the business independence my contract said I had. I believe that DM regarded us simply as employees with contracts. That DM has since retired, but his replacement continues to publish the sales count on his "team" each month.

Do these actions cross the line on employee relationship with the company? If not, it is close. They seem to be a part of the process of exercising control over how Agents do their job.

Then, there is the "team." DMs will say their district is a "team". I do not have any problem with this, in general. However this, too, is a control technique, when Agents are routinely placed into a sales contest for which they do not volunteer. Then the results of the contest and each Agent's contribution become public information.

My sales are not public information. Nor should I be forced or intimidated into a "team" contest. I should be asked. None of my private business should be publicized without my authorization. I am not an employee. I am an independent franchisee.

Yes, I think we are very much a brand of franchisee.

In comparison to other franchisees, notice what McDonalds says in their advertisements when they have a special deal on a menu item. They will state the deal is available at "participating locations." Because some of their units are franchised, while others are owned by McDonalds, some may not be participating.

Now, look at the Horizontal Marketing Agreement, which I did not sign up for, for obvious reasons. In Farmers' advertising, is there any statement saying these services are available only from participating Farmers Agents? I have not read any. Is this, then, an attempt at even more forced participation?

—Oklahoma Agent

## ***California DM's threat unbelievable, unethical***

It was unbelievable — except it was real — the story in the last issue of *The Voice* about the California DM who notified his Agents they wouldn't get any help from his office on EasyPay problems unless they had 70 life count per month. This is sick. Can anybody imagine what the repercussions would be if an Agent was refusing service to his insureds who hadn't bought a life policy from him? No Agent would do this, of course. I think a copy of that letter should go to that state's insurance commissioner's office.

Aside from that, in Oklahoma we have continuing education requirements, of which we are required to complete two hours of ethics each year. I think this kind of conduct calls for some strong ethics education for management. This also demonstrates a lack of professionalism. Finally, it is a shameful treatment of Farmers' customers. My opinion. Thank you.

—Midwest Agent

# Application

# Application

# 'Trust me!'

## Why didn't the management company tell the truth about reinsurance?

By the time you finish reading this, you may never trust the management company again.

There was a time when the management company called the Agents who represent the Exchanges their "Partners in Pride" — "Partners" who worked together for the benefit of the Exchanges, which in turn benefited both the management company and the Agents. We were all working together to solicit, sell, and service insurance, which is what we do. In good times and bad, we all worked together and, at the end of the day, our clients benefited. Those were the good old days.

But today, the relationship has lost much of its luster. People have a basic expectation of being told the truth.

Sit back and remember what the management company, and possibly your District Manager, may have told you about reinsurance after the 1994 Northridge Earthquake: "There was no reinsurance." Because of the tremendous losses incurred and because there was no reinsurance, California Agents were denied the ability to write new fire policies for two and one-half years. In Texas, south of Interstate 10, Agents were only allowed to write fire policies to replace what was lost. In Colorado, Agents could not write policies on homes with wood shake roofs.

"There is no reinsurance."  
"There was reinsurance."

Who do you believe? In both the 1997 and 1998 State of California Department of Insurance Filings on the Farmers

Exchange, the management company disclosed that the Exchanges received more than \$1.24 billion for the treaty years 1993 and 1994 — when Agents were told no reinsurance existed. (To see this on-line, go to [www.ufaa.com](http://www.ufaa.com)).

Why did our former "Partner in Pride" decide not to tell the Agents the truth about the reinsurance? Could it be political expediency? The management company needed to create what turned out to be an artificial crisis in order to extricate themselves from future earthquake losses. They needed legislation passed in California and, without this "crisis", there was no chance of passage.

And our former "Partners" did not stop there. Since that "crises," they have introduced APPS, FPPS and EasyPay. With each new change, the management company increases their bottom line while the Agents lose money because of increased staffing costs. And the original "nickel per month per policy" has never changed, in spite of the promises from our "Partner."

The next break with the past came when the management company started offering Farmers products through independent agents in the eastern states. Why is this so different? To keep clients, brokers have to compete on price. Remember, the broker is shopping for the best buy every renewal, so the management company must keep premiums (artificially) low. But since there is only so much



surplus, they cannot afford to lower the premiums for the Agents. Your agencies are being treated as a disposable commodity for the benefit of brokers.

To get a clearer picture, look at it from a financial standpoint. The management company paid a very small price to acquire the business you placed with the Exchanges. The independent contractor (you) paid for all the overhead of the office and continue to do so. They pay you a nickel to do the service work they used to do. They get 11.25% of every dollar paid to the Exchanges, whether you are there or not. And, if you leave, they only have to pay less than 50% to the next Agent to service those clients. That means when you take your contract value, it is paid back to the Exchanges in less than two years. And the commission savings go back to the Exchanges to help the brokers compete.

Want to change this? It's very simple and costs just \$25 per month. When all Agents work together for their collective futures, change will come. But as long as you decide to go it alone, you are at the mercy of whatever direction the management company wants to set. The choice is theirs — until you decide to take control of your destiny.

From the director:  
**Governmental Affairs**

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# ***National legislation update***

**By Frank Mortimer**

At the recent UFAA National Convention in Las Vegas, all Agents in attendance were brought up to date on national legislation by attorney and CEAA lobbyist Gary J. Gasper as follows:

**Banks in Insurance (H.R. 10) Legislation:** CEAA supports a "level playing field" by requiring bank insurance operations to be regulated by state insurance commissioners ("functional state regulation") and by imposing other reasonable restrictions on banks that sell insurance (e.g., licensing). The bill is still in debate over consumer privacy, and there is a threat of veto by the President.

**Independent Contractor - Tax Legislation:** CEAA is watching this action to be sure that any independent contractor legislation keeps insurance agents truly independent. The Houghton/Klecicka bill contains three tests: (1) lack of control by service recipient; (2) availability of service to others; and (3) entrepreneurial risk. The Houghton/Klecicka bill would repeal the common law facts and circumstances test but would replace it with a control test, so a company could not control an agent and still get favorable tax treatment. One area, which needs further review, is the test that an agent would need to make substantially similar services available to others. CEAA opposes the Senator Bond bill, which he has introduced each year for the past three years.

**SECA Tax Issue:** CEAA supports a further change to tax leg-

islation sponsored by Congressman Weller. This would extend legislation passed in the Taxpayer Relief Act of 1997 to agents negatively impacted by the Schelble case. The legislation codifies the Gump and Milligan tax cases, both of which held that "extended earnings" or "termination payments" were not subject to self-employment tax.

The additional change would extend this favorable tax treatment to agents negatively impacted by the Schelble case, but it appears that there will not be an approval until the House and Senate resolve or get approval of the major tax bill.

**100% Deduction for Self-Employed Health Insurance:** CEAA supports efforts to accelerate the phase-in of a tax deduction for health insurance purchased by self-employed taxpayers, including agents. Now only 60% of the deduction is allowed in the current year (with an increased percentage allowed over the next four years). CEAA also supports clarification that the deduction is only limited if the self-employed individual is eligible and participates in another health-insurance plan. If the individual is merely eligible but does not participate in another plan, there is no limitation on the self-employed health insurance deduction. Again this will be on hold until the major tax bill is approved.

**Auto Choice Legislation:** This bill offers drivers low-cost auto insurance equivalent to no fault. State Farm and the U.S. Chamber of Commerce strongly back the plan. CEAA has not taken a position on the bill.

**Summary:** Our Washington counsel and the CEAA will continue to monitor and lobby these issues to provide services that

benefit all agents. **California Legislation:** It appears that our Senate, Assembly and the new Governor are attempting to change many past laws approved by the prior Governor. The important Senate Bill No.

1237, if approved, would change the existing Royal Globe Bill, which did not allow third-party, bad-faith lawsuits. It is apparent the trial lawyers have demonstrated their influence on the Senate and Assembly, which have both passed the bill, so now it is up to the Governor to approve or veto. If this legislation passes, it will allow drunken drivers and uninsured motorists to collect unlimited damages plus punitive damages if insurance companies refuse to pay those damages in an original claim. Estimated costs, if the bill passes: Auto insurance costs may increase \$1.5 billion per year, which could cause a 14.5% increase in rates. Mothers Against Drunk Drivers were very vocal in opposing the bill, with no success.

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***Gary Gasper  
updated Agents  
on national  
legislation  
during the  
National  
Convention in  
Las Vegas.***

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# Paine Webber

## What is the CEAA — and what is it doing for me?

By Ken Unrein

The Coalition of Exclusive Agents Associations is a national organization of exclusive agent associations whose companies insure over 60 million families. The CEAA is dedicated to the exchange of information and ideas and the articulation of consistent positions of professional exclusive agents that best serve our customers through education of consumers, agents, legislators and regulators.

In this role, the CEAA "Promotes Fair and Equitable Legislation" at the state and national levels by the encouragement of professional and ethical conduct of agents and all other members of the insurance industry.

The members of this association are agent associations. The membership is composed of the agent associations for State Farm, AllState, Nationwide, American Family, Farm Bureau, Mutual Service Insurance Companies, and Farmers. Only captive agent associations can be members of the CEAA. Individuals or other associations are not eligible for membership. These agent associations represent more than 30,000 captive agents.

The primary purpose of the CEAA is to represent the interests of all captive agents at the state and federal level and to represent them in the meetings held by the National Association of Insurance Commissioners. We need, and are getting, representation in both of these arenas from the CEAA. Don Cassell is the current President of CEAA, and Gary J. Gasper is the lobbyist for CEAA in Washington, D.C.

See the article by Frank Mortimer, Director of Governmental Affairs, on opposite page for details about current activities of the CEAA.

# Better ways to do business

## *Zurich testing life, annuity, mutual fund products with selected Farmers Agents on a trial basis*

The Zurich acquisition may be showing signs of improvement to business as we know it. None of us knew what to expect in changes last year when we heard the news of the Merger, but it seems Zurich has brought some much-needed computer improvements and resources, new products, and definitely some better ways to do business to our agency force.

We are starting to hear announcements (and rumors) that will definitely change the way we do business.

Besides the products that have rolled out on a national level (loans, mechanical breakdown, etc.), Zurich, with Scudder Kemper Investments and Investor Brokerage Services, is currently testing variable universal life, variable annuities, and

mutual fund portfolio products that are being sold by selected Agents on a trial basis.

The experience with Zurich Kemper on these new products has been very refreshing compared to past rollouts. Accessibility of personalized customer service, expedience of getting materials as needed, and correspondence via the Internet are things we are not used to.

The Farmers products are being developed to eventually replace the test products, but no word on when or how they will be rolled out to all Agents. It is our hope that we get the same service at that time.

The license required to sell these new products are the Securities 6 and 63. IBS (Investor Brokerage Services) is the current broker-dealer. You

must fill out the appropriate securities application and obtain both licenses before any commissions can be paid on these new products.

The fact that Zurich uses e-mail and has forms available on the Internet is not such a big deal for most large corporations, but it is a big deal if Farmers doesn't have the same technology in order to communicate.

There was an announcement at a District Meeting that Farmers forms are already in place to be accessed by the Internet, pending approval. Management was not specific on exactly what would be available initially, but we believe it's a step in the right direction.

We think Farmers Agents will start to see more access to information, forms, and communica-

## Industry news

*from New Orleans City Business, July 19, 1999.*

### **Car insurance options expanded**

Auto insurance choices multiplied in June when Farmers Insurance Group, the nation's third largest property and casualty insurer, was approved to sell auto insurance in Louisiana. Farmers merged with Zurich Insurance in September 1998, and Zurich sold auto insurance in the eastern U.S., including Louisiana. Farmers had been licensed to sell auto insurance in Louisiana since 1954 but had never filed to have rates approved.

"The merger opened the way for Farmers to enter the state", says Debbie Hester, Farmers' regional vice president for Louisiana, Mississippi, Georgia and North Carolina. The company plans an aggressive push to beef up its business here, Hester says. It will begin selling policies in Louisiana on Aug. 1.

Hester says Louisiana is an attractive market, but rates must remain "on the high side." She

says, "It takes about three years for insurance reforms like 'no pay, no play' to make a difference in rates."

### **Insurers balk at coastal coverage**

A request by Farmers Insurance Group to sell homeowners coverage in Louisiana was deferred by the Louisiana Insurance Rating Commission in June. Farmers had requested that it be allowed to charge a 2% hurricane deductible in some parts of the state and refrain from selling homeowners insurance at all in coastal areas.

"We'll be back down there in a couple of weeks trying to get that through," says Debbie Hester, Farmers' regional vice president for Louisiana, Mississippi, Georgia and North Carolina. Hester says that if the company is, "forced to write policies in all parts of the state, it will have to sell less insurance overall to keep it's risk manageable."

tion via the Internet in the very near future. Usually when we are told "in the near future", that can mean just about anything. It appears that this is different and things are getting done faster since Zurich is initiating them.

Zurich is a huge, technologically advanced corporation. They have kept up with the computer industry and they know firsthand how to get it done.

Rumors regarding the AS/400, that we will be able to communicate direct via PCs, have not been confirmed. We already know the AS/400 has a lot of capabilities that are not being utilized, and one AS/400 can support multiple users in different locations. (An AS/400, at a District Office, sharing to Agent workstations, has been mentioned in previous articles in *The Voice*.) We are talking now about

PC sharing direct to home office via the Internet without the AS/400.

Real e-mail (not e-notes) should not be far off, considering the other Zurich companies, like Kemper and Scudder Investments, all use e-mail to communicate. E-mail reduces long distance and postage costs and allows the various companies to be on the same page. We've heard that Farmers was slow to get on the Internet bandwagon because of Agent reluctance. UFAA welcomes the current trend to get the agency force and Farmers "pushed" into current technology.

There are more Agents who are proficient on their PCs for rating, word processing, and using the Internet than there are Agents who are able to use our current Farmers programs. I am

sure there will be some Agents (and Farmers employees) who will be kicking and screaming all the way as these new services become available. Many Agents use the Internet already, for business or personal use, and these numbers grow each day.

In the initial rollout of the financial products, they assumed Agents already knew Windows and how to use the Internet. Since this is the direction we will be going, it would be a good idea to get some basic skills if you don't have them already.

Some people don't like change and may resist the PC environment. There is always challenge with change, and this is step forward should have happened way before now to keep us current. Remember the PC revolution was in the mid-80s, and this is 1999!

# Chuck Horne

# Competitive Technologies

# The secret is out!

*Californians facing the costs of caring for aging parents want to know more about Partnership long-term care policies*

**By P.M. Costanza**

When *Consumer Reports* referred to The California Partnership for Long-Term Care as "the best kept secret," I don't think anyone expected consumer demand for information about this long-term care insurance product to grow as rapidly as it has since 1995. Now that the "secret" is out, insurance agents are being asked more and more to explain the Partnership Long-Term Care Insurance options to their clients.

This program — a partnership between state government, insurance companies whose policies meet stringent standards, and individual consumers — offers Californians the opportunity to plan ahead to meet their needs for nursing home or community care without fear of impoverishment.

Since more than half of those who are 65 or older, plus a significant number of adults under 65, will at some point need help performing basic daily living activities, long-term care insurance can provide valuable help to millions of Californians.

Consumers are becoming aware of the potential crisis created as a large number of Baby Boomers begin to incur long-term care costs. The news media are talking about the need to develop a personal plan to pay for long-term care needs — needs that seem to be inevitable. It is clear federal and state government programs, when inundated with millions of Baby Boomers clamoring for long-term care benefits, will be stretched to the point of significantly diminished services.

Unfortunately, Medicare and health insurance policies only pay for skilled care, such as that provided by nurses, when they pay at all. The majority of long-term care, however, is not considered skilled. For example, a long-term care provider could be someone who helps a person move around the home or bathe and dress.

Long-term care insurance policies endorsed by The California Partnership for Long-Term Care offer Californians a more affordable option to pay for long-term care costs and protect their personal assets. An individual who buys a Partnership policy from a private insurer is entitled to keep assets equal to the amount his or her insurance pays out and still receive Medicaid/Medi-Cal benefits if they exhaust their private coverage. This protects individuals needing long-term care from having to "spend down" assets to the poverty level to receive Medicaid/Medi-Cal assistance.

This partnership model provides one dollar of asset protection for each dollar paid out by a state-endorsed long-term care insurance policy. Also, when the policyholder seeks Medicaid/Medi-Cal eligibility, his or her estate also is protected for life from any estate recovery that would otherwise be required.

Consumers can choose policies to cover long-term care services for a year up to a lifetime. This program encourages people to plan for long-term care and gives people of different means the option of choosing quality protection they can afford.

The poverty protection

offered by the Partnership should be an especially strong incentive for modest- to middle-income Californians. These consumers cannot afford to buy lifetime coverage, but they are most at risk of depleting their resources when the need for care arises.

They also are the most likely candidates to spend down to the poverty level to qualify for Medicaid/Medi-Cal. According to the Congressional Subcommittee on Aging, 70% to 80% of nursing home residents deplete their assets within 12 months. The extra protection the Partnership program offers makes purchasing protection more meaningful and more affordable to these middle-income elderly.

As Californians realize the costs and challenges involved in caring for their parents, they begin to look for answers to provide for their own long-term care needs. Successful insurance agents are prepared to guide clients through the many options.

Note: Similar Partnership programs are available in New York, Indiana, and Connecticut. Federal legislation OBRA 93 stopped several other states that were in the process of initiating Partnership programs similar to California. There is renewed interest in Washington recently to change the law to permit more of these innovative programs. You can reach the California Partnership for Long-Term Care at [www.dhs.ca.gov/cpltc/](http://www.dhs.ca.gov/cpltc/) or at 916/323-4253.

*P.M. Costanza is a marketing consultant to The California Partnership for Long-Term Care Program.*

# CBIC

# Farmers' PC future

*The company will have to move to a PC-based system and will have to become proactive and do business through Internet connections.*

## By Steve Todd

Do you hear it? The sound of a ticking clock, of the millennium fast approaching? For some, it will come quietly in the night and continue quietly into the dawn. For others, it is a fearsome time that will come crashing into their world.

Things, they are a-changing. The company is a cat, beginning to show the spots UFAA Technology has been trying to tell you would begin to show. It only makes sense that the company has to change. It is only through this change that the company will survive and hopefully even prosper. It is because of this hope for both survival and profitability that you go forward with UFAA into tomorrow's technology today.

For the last year, one of the questions I have heard most often from many of you, near and far, is "Where do you think the company is going to go with technology?" I have told many of you to hang on — "It's going to be a bumpy ride." Others I have told to get on board with technology today, because that is the only way you will survive.

Many of you have wanted to move from the System 36 to the AS/400. I have tried to guide you through all of the options available and take advantage of what is available. For others, there is a steadfast reliance on the System 36. I have tried to explain to both sides that for the

company to move ahead and remain competitive, they will have to move to a PC-based system and in doing so will need to become a company that becomes proactive and does business through Internet connections. It appears the cat is beginning to show those spots.

I have advised many of you to stay the course and perhaps take advantage of the Technology Lease, as Zurich, the new owners of the Farmers Group of Companies, is a technology-based company and will make changes. I didn't then, nor do I now, believe they will make drastic changes until after Jan. 1. I believe this because the Y2K issue is in the forefront, and everything done today to solve potential problems is speculative in nature. We need to pass this milestone, and once behind us Zurich will begin to focus on the future.

What do I base all this on? I base it on trends that appear across the insurance industry and the technology industry. The paradigms clearly illustrate that technology is changing faster and faster, by leaps and bounds. You have two real choices: get aboard or step aside. If you think technology will fade away, or that it can't really help you, you are only fooling yourself.

You need to partner with UFAA and help the Farmers Group of Companies by being a guide. Like a harbor pilot to the



captain of a supertanker, we need to help Farmers become a technology company, one that no longer needs to play catch-up but one that can compete on equal ground.

You may be thinking, "What do you mean?" It's simple. For you to become the best you can possibly be at your business, you need to embrace technology and go boldly forward. Your competition is doing so. Have you been to [www.farmers.com](http://www.farmers.com)? What do you see there — anything that says "this company is high tech and I want to do business with them because they give me many ways to work with them" or does it say "ho-hum"?

To see the difference, look at the following sites and feel the difference they are trying to make for their customers:

- [www.statefarm.com](http://www.statefarm.com)
- [www.progressive.com](http://www.progressive.com)
- [www.allstate.com](http://www.allstate.com)
- [www.geico.com](http://www.geico.com)
- [www.fb.com](http://www.fb.com)
- [www.travelers.com](http://www.travelers.com)
- [www.firemansfund.com](http://www.firemansfund.com)
- [www.metlife.com](http://www.metlife.com)

So, where do we go from here? We will continue to do business through the Internet. You have [www.ufaa.com](http://www.ufaa.com). You can call me at 800-989-4268 or e-mail me at [ufaamis1@aol.com](mailto:ufaamis1@aol.com). I am there to advise, to help and,

most importantly, to guide you toward the millennium.

I encourage all of you to look at the technology articles available on our website. I will be visiting many of you in the next couple of months and will give some seminars and hands-on assistance. I believe in technology; I believe in each and every one of you; and I believe that, given the right information, you will be a positive force guiding Farmers into the next century.

Just a final note about UFAA Technology. There are many who are not sure what to do and what questions to ask. Let me give you some guidelines. Visit the website. Register on the website, but only once please. If you forget your password or want to change your password, please don't register on the website

again — just send me an e-mail, and I will let you know it's taken care of.

If you call me, chances are you won't get to talk to me on the first call. That's OK, because I'm usually on the phone with other Agents. When you leave your name in the voice mail (I check my mail between calls, at least once an hour), I add you to a list. You are taken care of on a first-come, first-served basis. I will get to you. If you have an urgent problem, tell me so in the voice mail, and I will move you to the front of the list, but please make sure it is urgent. You can send me e-mail, I will respond to you that way as well.

Most importantly, remember that when I am on the line with you, my time is yours. I don't worry about the next call, nor do

I worry about the last call, you are the one who is important. I will generally work with you until we have the problem solved. Sometimes it is 10 minutes, sometimes six hours or more.

I thank you for supporting UFAA Technology and hope you will continue to find it useful. Get involved in your Chapter, recruit new members, and know that you will get the best technology help available.

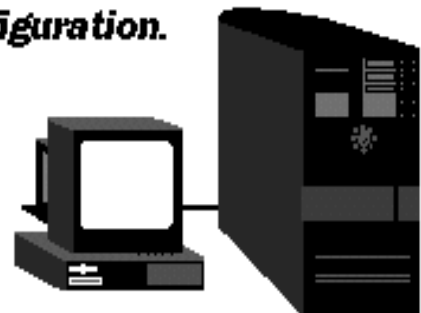
I encourage all Chapters to help me create a web page that tells the members of UFAA, and indeed the non-members, what your Chapter is doing. Make it exciting, give it some pizzazz, not just words. Let's add graphics, give me pictures, make it so folks are excited to be in your Chapter. It can be fun, and it will be a great communications tool.

*As Farmers Agents, time spent configuring computers is money lost and time wasted.*

## **Connect to your Farmers AS/400 System the Easy Way...**

- 1. We identify the right solution for you.**
- 2. We walk you through each step of your configuration.**
- 3. We get you working more efficiently.**

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# UFAA Tech, ufaa.com update

By Jeff Ryan

Most of you are now aware ufaa.com has secure areas, which require a password for entry. Those areas are Long-Term Care, Legal & Legislative, UFAA Technology and Archives. It is easy obtain your password, just go to the Home Page and follow the instructions. Tip: Please keep your password simple. Your pet's name, nickname, favorite drink, or anything you will remember will work for you. We all have the tendency to get tricky with our password.

Many Agents have asked how can they find the Farmers News Alert site, which is a collection of litigation cases concerning Farmers Insurance. Farmers News Alert can be found by going to our Related Links icon, then Insurance Resources, and the first listing is Farmers News Alert. Note: This

is not a UFAA-hosted site.

There are some interesting postings on ufaa.com. Two postings all Agents should read are "They say there was not any reinsurance during the Northridge earthquake" and "Has the true meaning of the HMA agreement finally been revealed?".

Steve now has a toll-free number for members, which is 800-989-4268.

We are starting to get information that Farmers may be moving to a PC platform. Please go to [www.ufaa.com](http://www.ufaa.com), then go to UFAA Tech Articles, and then the article "Breaking News on the AS/400 and System 36".

The UFAA computer manual is posted on ufaa.com and can be accessed by clicking on the Computer icon on ufaa.com.

Remember: Jump in and participate on the Bulletin Board and take a look at the classifieds on

ufaa.com.

Also, if you missed President Ralph Buchanan's recent update, you can find it on the Home Page.

We have covered, in previous articles, the ability of remotely accessing your office PC from home or another location with a program called PC Anywhere. Another feature of PC Anywhere that Steve Todd, UFAA Technology Director, utilizes is the ability to go into Agent's computers anywhere in the country and fix problems. I have watched Steve do this many times, and the first time I saw him do this, I had a hard time believing he was actually inside someone's computer in another state and correcting problems. If you have questions on PC anywhere, read up on it on ufaa.com, e-mail Steve, or give him a call.

## Midwest technology tour set

Steve Todd is getting ready for his second major road trip. He will be bringing his show to the Midwest in September, starting in Houston and ending in St Louis. The Chapters believe the exposure to UFAA's ability to assist the Agents with their PC problems will encourage the Agents to become knowledgeable of advanced technology.

The timing couldn't be any better. The year 2000 is fast approaching. We have all heard Farmers is exploring possible changes with their current computer structure. This is probably due to a combination of at least a couple of items: (1) Farmers is still dealing with the Y2K issue and (2) Farmers' is struggling

with the need to introduce advanced processes while being limited with the current systems.

The agency force needs to have knowledge in this arena. Take advantage of this opportunity being provided by UFAA and the participating Chapters.

The schedule:

- Houston, Texas, Sept. 27
- Austin, Texas, Sept. 28
- Dallas, Texas, Sept. 29
- Tulsa, Okla., Oct. 1
- Ft Smith, Ark., Oct. 4
- Kansas City - Oct. 5
- Omaha, Nebr., Oct. 6
- St Louis, Mo., Oct. 7

Steve will be bringing his laptop and projector to give a hands-on, direct demonstration. It is well worth the time. Some

Chapters have made arrangements for some "in-office" appointments for members. For more information, contact your Chapter President, whose number is on *The Voice* back page.

A recruiting meeting will be held in Austin, where currently there is no Chapter. For information, contact Steve Lenard or Don Green. Be looking in your mail for more information. If you are in the Austin vicinity and would like to see, firsthand, what UFAA has to offer its members, please make plans to attend.

If your Chapter has not been included, contact your Chapter President and let him or her know you're interested in bringing Steve Todd to your town.

# Perle Systems

# What happens to my dues?

*UFAA accounts for its share of your annual dues.*

*The rest of the story is what your Chapter does with its 25%*

## **By Steve Lenard**

As members of the UFAA, we know that we pay annual dues of \$300 per year. At the National Convention, we were fully briefed on where the National Office spent last year's collections.

But this is only part of the story. What about the rest of the money?

Did you know that 25% of the dues you pay are reimbursed to your local Chapter? That's a lot of money! That's a lot of responsibility.

One of the main benefits and purposes of UFAA is to disseminate information relating to Farmers and offer practical application of this information to enhance our agencies. We've seen the value of a national association, but our predecessors saw the benefits of local Chapters representing the areas they serve. They were to be a major mechanism to help collect and distribute the information.

History has proven this to be very effective. Look at all that we've accomplished over the years. However, in order for us to continue to benefit, we need informed and active members.

Presently we have 36 Chapters governed by very broad rules. Because of this, one Chapter may operate in a completely different manner from another. This has advantages, as well as disadvantages.

What are the advantages? A substantial amount of your dues goes back to your local area to be used, as your Chapter determines, to benefit the local members.

What are the disadvantages?

A substantial amount of your dues go back to your local area to be used, as your Chapter determines, with no assurance of being used in a beneficial manner to the local members.

There are some who feel the National Board should step in and micromanage the Chapters. Why was there so much talk of this at the convention? Because a small number of these local Chapters are not helping the local membership. They don't gather and disseminate information or hold meetings. Where do they spend your money? There's no telling.

You need to know how little the National Bylaws control the Chapters.

1. In order to have a Chapter, you must have at least 10 members.

2. Each Chapter is required to elect officers during the year.

3. Each Chapter will elect Delegates to the convention each year. They are allowed one Delegate per 10 members. At least one Delegate from each Chapter must attend the convention, and the Delegate must give a report to the members.

4. And finally, they must give a written audit of the rebated funds. No proof is necessary. They need only to claim how the money was spent.

That's all! It doesn't take much. But, clearly, that's not all that a Chapter should do.

Most Chapter Presidents take their job very seriously. They aren't paid for their time. They may not even be thanked. They receive weekly updates from the National Office. They relay that information to their

members by holding regular meetings, broadcast faxing, or using newsletters to distribute the information. Most use e-mail to distribute the information in a much quicker fashion. They actively seek new members and manage their Chapter's recruiting efforts. They may offer continuing education. They report, to the National Board, the concerns of their local membership. They're dedicated to the motto, "Agents Helping Agents". They strive to increase the benefit of membership. And they do all this while trying to run a successful agency.

It's a wonderful working relationship. However, if you happen to be in one of the few Chapters that aren't providing these services, you may want to find out what they've been doing with your money. Perhaps your Chapter has determined the money can best be used for other purposes. What is it? How are yours being used?

Many Chapters have seen the need for local controls. They have set up Chapter bylaws. They require two signatures on the Chapter's checking account to offer some security. What about the future? While your current Chapter President may be ethical and committed, what happens when he or she, leaves office?

Get involved! If anyone would like a copy of our current Bylaws, contact me and I'll e-mail or fax them in their entirety. Look to future articles in *The Voice* on what some of the successful Chapters are currently doing. Let's work together to make a difference!

# After the election ...

## *What is a Chapter President's responsibility?*

**By Steve Hooper**

Consider this: "What should be the responsibility of a Chapter President after he or she has been elected?"

Some Chapter Presidents are content doing as little as possible, and others feel a commitment to hold meetings, communicate with members, actively recruit new members, and, lastly, to volunteer some of their pre-

cious time on a committee or to actually speak their mind.

Which are you? If you are the latter, thank you and keep up the good work! If you are the former, why?

In order to make UFAA so strong that we truly stand united, we need all of you to participate and to promote UFAA. We need each and every one of you to actively recruit those Agents who

should be members.

Every Agent should be a member of UFAA. After all what is UFAA? UFAA, quite simply, is a "Professional Association for all Farmers Agents Nationwide". Our goals should be every Agent's goals, every UFAA member's goals and every Chapter President's or Board Member's goals!!

It is time to stand up for what we stand up for — "Agents helping Agents" Let's get on with it! Procrastinators not needed.

*Steve Hooper is President of Chapter 51, Montana, Wyoming, North & South Dakota.*

**UFAA**  
**Agents helping Agents!**



**BOS**

## Chapter news

# From CA to MN

### **Chapter 22, Idaho**

We hold monthly meetings the last Tuesday of each month. We find that evenings work best for us. The Chapter pays for a private dining room and generally offers continuing education credits. We also have an annual symposium held at various resorts around the state. This year it will be on the West Coast in Moclips. Enterprise Rent a Car has been hosting our hospitality suite and does a fine job. We have continuing education and a fun outing and then wrap up Saturday evening with a banquet. This year our dates are Oct. 8-10.

— Bill Eimers, President

### **Chapter 1, Sacramento**

Lee Killian has taken over as Chapter President. Chapter meetings are centered on PC training for the remainder of 1999. UFAA nonmembers are invited to attend and have lunch with the Chapter. (Free of charge, one time only.)

### **Chapter 16, Tucson, Ariz.**

It is with sadness that we report a UFAA member received the following notice from the Arizona State Office: "Enclosed please find legal three (3) months written notice of termination of your Agents Appointment Agreement effective September 21, 1999. The termination is due to continued unacceptable business results of the agency." This is the first unacceptable business results termination notice we have ever seen in Arizona. This 47-year-old family agency was established in 1952 and purchased by a family member in 1985 under the family purchase provision of the agency contract.

We are disheartened and alarmed by this ruthless action of Farmers Insurance Group management.

— Ed Norris, President

### **Chapter 24, New Mexico**

In New Mexico, Fire Underwriting told us Sept. 1 that we will no longer underwrite based on age, size or value. This means an older, small, well-kept home that meets acceptable maintenance requirements can be written. Also, mobile homes over 5 years old will be acceptable. This change means the agent will need to inspect those types of homes carefully to be sure they meet the acceptable maintenance requirements.

— John Burlingame, President

### **Chapter 35, Houston**

Chapter 35 is finalizing plans for the Technology Conference in Houston at the end of September. We also are taking the Technology Conference on the road for a meeting in Austin in an attempt to organize a Chapter in that town. We will have at least two National Board members present. We will address agents' concerns and recruit nonmembers (See article, p.30). Additionally, we have completed the setup of our broadcast fax to complement our current e-mail notifications. Be watching for good information!

— Steve Lenard, President

### **Chapter 34, Irving**

Chapter 34 had a meeting July 23 and was honored with the presence of National President Ralph Buchanan. This

meeting was very informative. Chapter 34 will be part of Steve Todd's UFAA Technology Tour and also is helping Steve Lenard and others in trying to restart the Austin Chapter.

— Ed Ferguson, President

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### **Chapter 22, Idaho**

### **Chapter 1, Sacramento**

### **Chapter 24, New Mexico**

### **Chapter 16, Tucson**

### **Chapter 35, Houston**

### **Chapter 34, Irving**

### **Chapter 10, Vacaville**

### **Chapter 17, Young America**

### **Chapter 13, Kansas City**

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### **Chapter 10, Vacaville**

Steve Todd, UFAA Technology Director, attended our August meeting and presented the current Technology Advancement to the attendees. This was a dinner meeting and everyone had a good time.

— Giovanni Zappetta, President

### **Chapter 17, Young America**

The 6th Annual United Farmers Agents Association Summer Picnic was held Aug. 19. This was another tremendous opportunity to get together for a fun-filled evening with other Agents and their families and enjoy all of the wonderful food.

— Barry Bowden, President

### **Chapter 13, Kansas City**

Chapter 13 held a three-hour life & health (long-term care) CEU course Aug. 26. We held our monthly meeting prior to the class. Contact Tom Schrader for information on future classes.

— Tom Schrader, President

# Superior Access



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*For information, contact the Chapter President nearest you or any Board Member*

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