

The

A publication of the United Farmers Agents Association

Winter '02

Voice

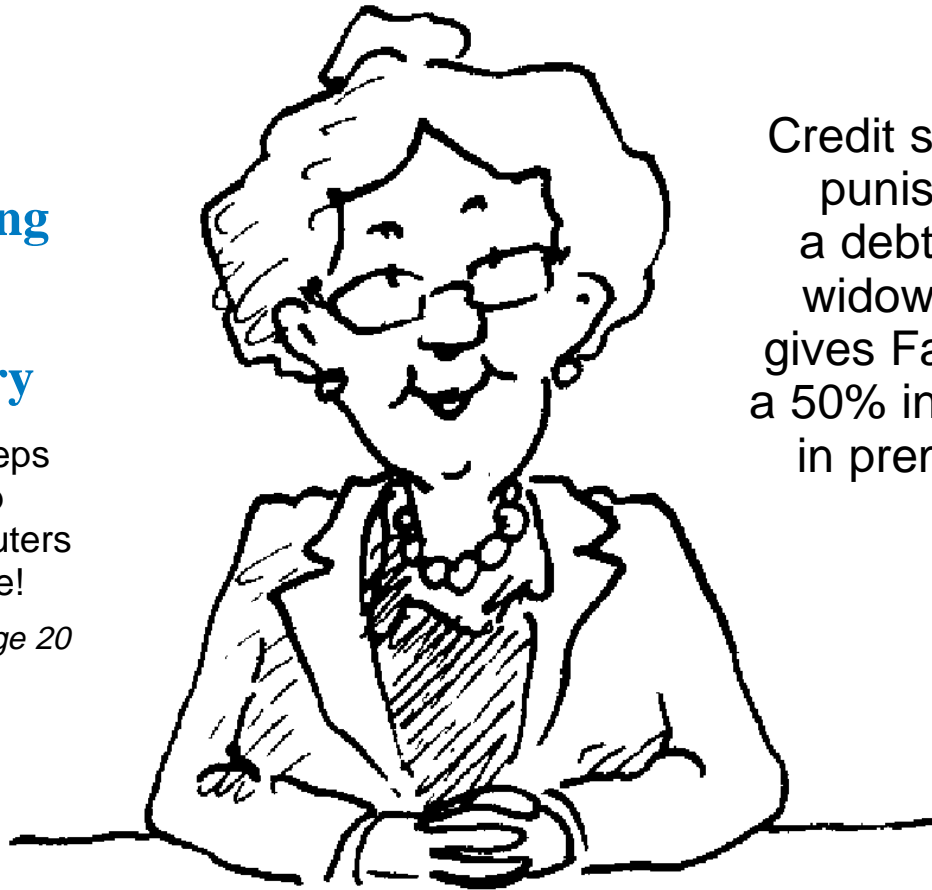
The insurance story of Mrs. Elderly

Plus!

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punishes
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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.



WE ARE UFAA!



An Association of
Professional Farmers Agents

AND JUST WHY ARE WE SO PROUD OF THAT?

- ★ Our quarterly magazine, *The Voice*, is published with you, the member, in mind. It regularly addresses issues, reports current events, and provides you, the member, with a chance to freely express your opinion.
- ★ Our past legal endeavors now allow you to have that PC on your desk.
- ★ Our nationwide activities opposing agent-owned ACA accounts led to the management company creating a company-owned ACA — saving you money.
- ★ Our efforts on the national level, in conjunction with the CEAA, effectively eliminated the 15.3% SECA tax on your contract value.
- ★ Constant questions from our members nationwide led to lower E&O rates for all agents.
- ★ We introduced the "Original" E&O Deductible Recovery Program to help you earn more money from outside business without the worry of a large deductible.
- ★ Our outside legal opinion of the HMA agreement was designed to assist you in making decisions about your future.
- ★ Our efforts on the national level defeated legislation designed to change the IRS definition of independent contractors — a change that would have adversely affected our livelihood.
- ★ Pro-agent legislation has been introduced in many states — and passed in several — that benefits all exclusive agents.
- ★ UFAA Technology Services, a subsidiary of UFAA, now is available to all members. UFAA Technology Services will assist members with computer hardware and software questions and problems, recommend computer programs to assist members in operating their offices, and recommend hardware configurations.
- ★ We are a member of the Coalition of Exclusive Agent Associations (CEAA) and, through our Washington, D.C., lobbyist, we have played a major role in protecting the interests of our independent contractor exclusive agents through national legislation.
- ★ We have produced and made available our UFAA Technology Video, which provides information valuable to your agency's success.
- ★ Weekly updates are e-mailed to our members to keep them informed about the latest developments.
- ★ We have made available the information you need to set up a paperless office.
- ★ We have made available a 401K Retirement Plan for you and your employees.

Our association is forging ahead — assisting our members in developing their agencies, providing valuable information, and being active in the legislative arena to promote and protect our members interests. Join with us now in this exciting endeavor.

It truly is a great time to be a UFAA member!

*The Board of Directors
The United Farmers Agents Association*

95% of your membership dues may be deductible as an ordinary and necessary business expense but is not deductible as a charitable deduction.

The Voice



Winter '02

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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

DECEMBER

2% commission reduction on Fire business

FEBRUARY '02

3-5 Chapter Presidents, National Board meetings, Golden Nugget Hotel, Las Vegas, Nev.

MARCH

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

JUNE

Summer issue of *The Voice* mailed to the agency force.

23 National Board meeting, Chapter Presidents arrive, hospitality room, Luxor Hotel, Las Vegas

24 Chapter Presidents meeting, delegates arrive, hospitality room, Luxor Hotel, Las Vegas

25-27 2002 National Convention, Luxor Hotel, Las Vegas

We need your eyes and ears!

Farmers agents are taking strong action to correct inequities in the current captive agency scheme.

We are asking UFAA members to be prepared to write to legislators and make phone calls when pro-agent legislation is on the agenda in your state capital.

We must have your help, your eyes and ears, and your support in order to make positive progress. If you are aware of pending insurance legislation in your state, please forward that info to us by using the legislative alert e-mail address: govaffairs@ufaa.com.



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RALPH BUCHANAN
PRESIDENT

Dear Agent,

Have you seen this article from the Associated Press?

COLUMBUS, Ohio (AP) — Farmers Insurance Group will pay \$4.3 million to settle an Ohio case that claimed the company refused to insure homeowners [emphasis added] in minority neighborhoods, Attorney General Betty Montgomery said Monday.

The Los Angeles-based company will spend \$3 million for grants and low-interest loans to develop, build and repair owner-occupied homes throughout the state and will pay a total of \$1.3 million to the Ohio Civil Rights Commission, the Toledo Fair Housing Center and Housing Advocates of Cleveland.

The settlement stemmed from a 1999 Lucas County lawsuit that accused the company of discriminating in its insurance practices.

The Toledo Fair Housing Center sued the company after two black women said it wouldn't sell replacement insurance policies for their homes because they were built before 1950. The policies pay for the replacement of a home if it is destroyed.

The company through its Ohio division or corporate headquarters in California instructed agents to apply these restrictive guidelines, said Lisa Rice, the Fair Housing Center's executive director.

Agents "were given the message over and over again, over a protracted period of time, that they were supposed to use these guidelines, and they did," she said.

A message seeking comment was left Monday with the insurance company.

The company changed its guidelines in 1998, officials have said.

Since the October 30, 2001 "Dear Colleagues" letter, we no longer have to assume that this lawsuit is the cause of the Fair Access testing that was "mandated by the federal government" or by "the courts" depending on which DM was talking. Do you think Marty could have mentioned the "problem" in Ohio sooner? Do you think he could have told the agency force the truth?

Does he have the slightest idea how many agents were threatened for not taking the test? Does he know how many agents were threatened with termination for not taking the test?

Does he realize the inconvenience caused by his underlings' demands that it be taken on the dashboard as opposed to the System 36 or AS400? Does he realize the amount of time spent by agents traveling to their DM's office just to take the 25-question test? Does he really think a 25-question, self-correcting "test" will do anything to eliminate any alleged discrimination in the agency force?

He should know the answers. He's the President and CEO. But that doesn't mean he cares. After all, he is the one that promised the agency force increased money for doing all the computer work (once called Interactive Shares), told the agency force he couldn't give us "cheap term" just months before the new products were introduced, and told us that being within 19% of the competition was acceptable.

And, adding insult to injury, the Oct. 30, 2001, letter blamed the agency force for the problems in Ohio.

"Caring" and "truth." Words apparently lost forever.

Sincerely,

A handwritten signature in black ink that reads "Ralph".

Ralph Buchanan, National President
United Farmers Agents Association

The insurance story of Mrs. Elderly

Credit scoring punishes a debt-free widow and gives Farmers a 50% increase in premium



By William G. Sherman

In 1987, Sada and Andy Elderly bought a home in Sun City Vistoso (Oro Valley, Ariz.).

The home was insured under a homeowners policy issued by the Farmers Insurance Co. of Arizona. The policy has been in force continuously since its inception in 1987. Mr. Elderly died a few years ago, and Sada has lived alone in the home since his death.

Over the years, the policy premiums have increased as the replacement cost of the home increased, requiring the amount of insurance to be raised. There have been no claims filed against this policy in the 14 years it has been in force.

The policy renewed in October 2001. The premium required for the renewal period went from \$221 to \$333. This dramatic increase in premium was explained to Mrs. Elderly by saying that insurance costs are rising because of higher costs of repairs and building replacement.

Mrs. Elderly, a loyal Farmers customer, asked the agent what she could do to make the premium more manageable. The agent recommended a higher deductible for the property coverages. Mrs. Elderly selected a \$500 deductible (previously the deductible was \$250) and received a premium credit, which lowered the premium to \$287.

A small inquiry in Sun City Vistoso revealed that at least one Farmers insured received a substantial renewal premium reduction.

An investigation of the situation revealed the following:

(1) The insurance company used a credit history check on Mrs. Elderly that resulted in an insurance score of J (on an alphabetic scale from A to Z; A being the best and Z being the worst).

(2) The insurance company did not have Mrs. Elderly's Social Security number.

(3) Mrs. Elderly does not have or use a credit card.

(4) Mrs. Elderly owes no money

to any creditor.

(5) If the undersigned were to buy Mrs. Elderly's home and insure it with the same coverages, the policy premium would be \$135 less than Mrs. Elderly pays. The reason is that the undersigned has an insurance score of C.

(6) At no time was it explained to Mrs. Elderly that she could get better homeowners insurance rates by providing her Social Security number to the company and establishing a credit history by going in debt.

It can be concluded that Mrs. Elderly and others like her are being penalized by the insurance company's credit-based underwriting. Further, the Company has not properly explained to Mrs. Elderly what she can do to change her lifestyle and again enjoy proper coverages at preferred rates.

William G. Sherman is a retired insurance agent with Farmers Insurance Group.

Allstate hit with class action

Suit alleges credit scoring a civil rights violation

A class-action lawsuit has been filed against Allstate's use of credit scoring, claiming the use of credit scoring is a violation of federal civil rights statutes.

The suit contends Allstate used flawed research and statistical analyses to support its discrimination. Allstate has defended its use of credit scoring as actuarially sound and has refused to disclose the actuarial basis for its methods. Allstate has resisted every attempt to uncover the assumptions underlying its credit scoring system.

Allstate has never disclosed its computer modeling, research, algorithms, or statistical comparisons to anyone outside the company. The lawsuit contends Allstate's algorithms, research, computer credit

scoring models and statistical comparisons are a pretext for racially discriminatory practices.

Allstate conceals its credit scoring methods and underlying assumptions from its agents and thereby deliberately prevents and prohibits its agents from providing information to clients, the suit says.

Since implementation of the Strategic Risk Management system and Insurance Financial Stability score in more recent years, Allstate has used its allegedly racially discriminatory methods to place non-Caucasians into the substandard groups, which are charged higher premiums for property and casualty insurance.

Rather than establishing premium cost based upon the risk that

claims will be made by the prospective insured, Allstate establishes its premiums based upon the economic profile and financial stability of the insured, the suit alleges. Allstate has identified the characteristics of individuals it considers to be "High Lifetime Value" customers and charges its best, most favorable premiums to these customers.

Customers not considered "High Lifetime Value" to Allstate are charged higher premiums. Allstate also allegedly uses its system of identifying "High Lifetime Value" customers as a pretext to discriminate against non-Caucasians.

Several other class-action lawsuits involving the use of credit scoring currently are being contemplated, including one against Farmers.

Georgia insurers summoned

Commissioner launches credit scoring investigation

By Jim Strickland

ATLANTA (WSB-TV) — Do you really know whether you're paying a fair price for your auto and homeowners insurance? State regulators say your insurance company may have tapped your credit history to figure the price and you didn't even know it.

Insurance commissioner John Oxendine tomorrow will summon six of Georgia's largest insurance providers to a public hearing. He wants to know whether they're using credit reports to decide if you get coverage and how much you'll pay.

Should you care? A Douglasville woman says yes.

"I was in the process of buying this house, and I needed to get homeowners," said Jeanne Cochran. She called the local Allstate agent. Applying over the phone, they told Jeanne that since her 31-year-old son Geoff would be living there temporarily, Allstate had

to have his Social Security number and birth date. She found out why the next day, when Allstate refused to write the policy.

"I just couldn't believe what they were saying. I just couldn't believe it," she said. Cochran had been rejected for coverage as a bad risk. She says Allstate told her that her son's credit score was too low. "It's like a friend kind of stabbing you in the back type of thing," she said.

Insurance commissioner John Oxendine has called a special hearing. He's issued subpoenas to the state's six largest companies, representing at least 60 percent of the market.

"We are concerned about individuals being denied insurance or being charged higher rates because of their credit score," said Oxendine. He says he wants answers about credit score accuracy, how scores are used to determine insurance coverage, and whether consumers

privacy is at stake.

"I'm not sure consumers have the entire picture," he said.

Geoff Cochran says he never okayed running his credit.

"I knew nothing about it until after my mother was denied," he said. "I had no clue of it."

Allstate wouldn't speak specifically about the Cochran case. And wouldn't go on camera. Their fax says: "Allstate's goal is to offer insurance coverage at a fair price. Analyzing the information contained in one's credit report is one tool that allows us to achieve that goal."

So Allstate lost a customer?

"They've lost me and I'm sure they'll lose other people as well," Jeanne Cochran said.

Oxendine says he'll use the hearing to craft legislation to either regulate credit scoring in insurance or abolish it all together. He says Georgia could serve as a model in dealing with this issue.

a.k.a. FARA, FPRA

Credit scoring and insurance

By Jeff Acklie

I have often expressed my doubts, concerns, and frustrations about the use of credit scoring in relation to insurance. So far I have yet to get answers to my questions.

We are asked to accept, on blind, faith that credit scoring is a better, more accurate way of predicting who will have a claim. Only time will prove or disprove the actuarial soundness of the relationship between credit and claims.

My main concerns center around the secretive nature of credit scoring. What specific items determine the score? How far back in a person's credit history do they look to calculate the score? Why does the credit score for the head of household count for all members of the family? If credit scoring is such a great predictor of future claims, why not use individual credit scoring, the same way we use individual MVRs?

Much of my frustration comes from the credit scores for my own family. My wife and I have been married 22 years, with joint credit the entire time. She has a FARA code C and mine is G. Why is that?

I requested both our credit files from Trans Union and, except for the names at the top, the files were identical.

There were no errors. The reports provided an accurate picture of our financial life with mortgages, car loans, credit cards, etc. There was no accounting of why

my score was different from my wife's, only a disclaimer saying I should contact my agent for more information.

Since insurance companies are not willing to explain why such differences exist, I propose we lobby our legislatures to change the law. I'm not asking for an all-out ban on the use of credit scoring — yet. I'm just suggesting a change that will force insurance companies to give the specific reasons for a score.

Montana has an excellent set of laws dealing with credit scoring.

Please visit the Montana Insurance Department web site. I urge you to pay special attention to www.discoveringmontana.com/sao/Other/csmemorandum.htm. Then contact your respective state senators, urging passage of similar laws requiring companies to reveal the specific reasons for the credit score they assign to each person, not just a copy of the credit file.

Please come see our Chapter newsletter, which we now distribute electronically. It can be found at <http://www.acklie.net/UFAAChapter19/index.html>.

Jeff Acklie is president of Chapter 19, Nebraska - Iowa.

Sample letter to send to your representative

Dear (Senator or Representative),

Please take a look at the following pages from the Montana State Auditor's Office concerning credit history and insurance.

<http://www.discoveringmontana.com/sao/Other/csintro.htm>

<http://www.discoveringmontana.com/sao/Other/csmemorandum.htm>

<http://www.discoveringmontana.com/sao/Other/cstips.htm>

I especially like the part that requires insurance companies to provide the specific reasons, not just a copy of the credit report, when there is an adverse underwriting decision.

Would you introduce or co-sponsor similar legislation in (your state's name here)?

I'm willing to help lobby for its passage. The secretive nature of the credit scoring results in unjustified increases of insurance premiums for the citizens of our state.

I welcome the chance to meet with you to discuss the issues surrounding credit scoring and insurance.

Consumers oppose use of credit scoring by insurance companies

Practice called 'off-base' at public hearing

By Jane Hadley

One after another, consumers went to the microphone Nov. 2 at a Seattle public hearing to complain about the use of credit scoring by insurance companies.

"As it currently exists, I don't believe it should be used in any way," said Mike Duncan, an independent insurance agent, who was shocked to learn his own credit score.

"I'm aghast at the number of errors and mistakes," he said.

Duncan is one of many consumers on a warpath against "credit scoring," the use of personal credit ratings to set auto, home and renter's insurance rates and to determine whether to insure people at all.

"Well over 90 percent of companies employ it," says state Insurance Commissioner Mike Kreidler, who held last night's stand-room-only hearing.

Earlier this year, Ryan Malane and his wife received a notice from Safeco Insurance that their auto insurance rates would increase by 20 percent.

The reason? The company told them it was in part because of their credit history.

"We have excellent credit," Malane says. He believes their credit score suffered because at the time, they were in the middle of several large home-financing transactions.

The scoring starts with a credit report, often from a national credit bureau.

Secret formulas weight various factors to come up with a "credit score."

Most insurers get initial credit scores from a California company called Fair, Isaac and Co. Many add other information to come up with an insurance score that determines a consumer's rates or whether they'll be offered insurance.

Earlier this year, Safeco issued non-renewal notices to the 2 percent of its policyholders with the lowest credit scores, said Frank McConnell, Safeco's personal insurance director.

"The reason we did that is that credit is highly predictive of future losses," he said.

After that exercise stirred controversy, Safeco said it would no longer use credit scoring to drop existing customers, but would use it to evaluate new ones.

Organizations of agents for Allstate, Farmers Insurance and the National Auto Agents Alliance have spoken out strongly against the use of credit scoring.

But at least one agents group, the Professional Insurance Agents Association of Washington, vigorously supports the practice.

No state completely bans it, although a number of states regulate or are considering regulating its use. California does not allow credit scoring for auto insurance.

Kreidler is considering requiring companies to submit their scoring criteria to his office and to adjust premiums if consumers can show their credit reports are erroneous.

He also may propose a ban on credit scoring. Or he could seek legislation barring companies from using it to deny insurance renewal.

Insurance companies use credit scoring not to determine whether people will pay their premiums on time, but rather to determine how likely a person is to file claims.

"Research has shown that drivers with good credit histories tend to be very responsible in their driving habits," Pemco says in letters to customers explaining why their credit records disqualify them for discounts.

But Michael J. Brennan, a Bellevue clothing salesman who got such a letter from Pemco, storms: "My credit report is none of their business."

Brennan says his credit report "had me living at an apartment in Bothell that I never lived at, had my birth date wrong, my phone number wrong." It also contained another error: a \$1,500 judgment against him.

Ed Mierzwinski, an advocate for state PIRG organizations in Washington, D.C., says, "We know that credit reports are full of mistakes."

State Rep. Sharon Tomiko Santos, D-Seattle, fears that credit scoring will deny insurance to many of her low-income constituents, either through higher rates or through non-renewals. It is particularly objectionable, she said, because auto insurance is mandatory in this state.

But the Washington Insurance

Council says credit scores often mean lower rates for consumers.

Karl Newman, the council director, said, "If we can give people a fair price based on statistically valid factors, we want to do that."

He said the industry offers advice to consumers on how to improve their credit ratings.

And the industry insists that credit scores do not discriminate on the basis of race or income.

"A low insurance score has nothing to do with income and everything to do with how people manage their money," an insurance council fact sheet said.

"In fact, some of the best insurance scores appear among low-and moderate-income groups."

But Birny Birnbaum, consulting economist for the Center for Economic Justice and former assistant insurance commissioner in

Texas, says the facts say otherwise.

A 1999 study by Freddie Mac, a federally chartered mortgage agency, found minority borrowers are more likely than white borrowers

to experience credit problems. It also found that significantly higher percentages of consumers with incomes under \$45,000 had bad credit than did consumers with higher incomes.

Poor money management was often the cause, but so were unemployment, medical bills and divorce.

Birnbaum and others question

whether the industry has demonstrated a strong correlation between claims losses and credit records.

But Birnbaum says, "The biggest problem with credit scoring is it doesn't do anything to promote less risky behavior." If a consumer's insurance goes up because he's in accidents or gets traffic tickets, he

has an incentive to drive more prudently. But raising his rates because of his credit rating has no such effect, Birnbaum said.

"All it does is redistribute premiums from one group to another. It can't lower overall claim costs."

Birnbaum says credit scoring has less to do with predicting loss than predicting the profitability of customers. "It's not a competition that benefits the public," he said. It's not competition based on providing better or more efficient service, but rather competition that screens out what are — often erroneously — perceived to be less profitable customers.

Newman said many insurers are mutual companies owned by their policyholders.

"All profits go into lower rates," he said.

Kreidler said, "I will feel a lot more comfortable when I find out it is not racist, not sexist, not disadvantaging the low income and not increasing the number of uninsured motorists."

http://seattlep-i.nwsourc.com/local/45145_creditscore02.shtml

Credit scoring is not used to determine whether people will pay premiums on time, but rather to determine how likely they are to file claims.

A history of insurance credit scoring

By Ken Unrein

The use of credit scoring as an underwriting tool began with a study conducted by Fair Isaac, Equifax, and four national insurance companies. The sample was comprised of 250,000 insureds who were grouped into 10 score ranges (25,000 per group). The results of the study showed there is a correlation between insurance losses and credit scores.

The study made a comparison between those in the lowest credit score group (under 620) and those in the highest credit score group (over 849). The study revealed the lowest scoring group filed more than twice as many claims as the highest scoring group.

As a result of this study, credit scoring has become a popular indicator of future losses in the insurance industry. The justification of this practice is based on the concepts of "moral hazard." The moral hazard concept implies a person with credit blemishes will not maintain the proper upkeep of his/her property and will not exercise due caution to protect that property. Moral hazard implies a person with credit

blemishes is more likely to exaggerate the dollar amount of damages or to file fraudulent claims.

Somehow, the credit score has become more important than driving record, stability, and claims history. When credit scores were first introduced into insurance underwriting, they were a secondary factor that enabled exceptions to be made for people with marginally acceptable driving records and claims histories.

Now the applicant's driving record, stability and claims history are not even considered if the credit score does not make the grade. Now people with no claims, perfect driving records, and stability are being labeled as high risks because of their credit score.

Credit scoring has gone beyond its legitimate use as an underwriting tool and is now being used as a rate-making tool. A person who has been with the Company for 10 years, lived in the same house for 10 years, has not had any claims during that 10 years, is now being charged up to 300% more due to the report generated by a credit bureau.

Continued on p. 11



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RALPH BUCHANAN
PRESIDENT

Mr. Joel Ario
Administrator, Oregon Insurance Division
350 Winter Street NE
Salem, OR 97301

October 23, 2001

Dear Sir,

The United Farmers Agents Association (UFAA) is a professional organization representing Farmers Insurance agents throughout Farmers operating territories. At our 2001 National Convention the delegates voted overwhelmingly to oppose the use of credit scoring for underwriting or rating of insurance until the consumer can be protected.

In 1997, the National Association of Insurance Commissioners (NAIC) published a White Paper called "Credit Reports and Insurance Underwriting" in which they cited insurance industry claims that credit history allows them to predict future losses. The industry claims they can statistically prove "a correlation exists between credit history and loss experience." Statistics, incidentally, gathered by Fair Isaac and Co. (FICO), the major provider of the scoring models used by the insurance industry to determine scores. And, because FICO claims their programs are proprietary, they will not divulge the underlying data used to compute the score. UFAA believes consumers, regulators, and state legislators should be extremely skeptical of programs using "proprietary" (read secret) criteria.

Farmers' agents have been told for months that credit scoring "predicts future losses." We have been told about statistics that "prove" a person with a FARA score of "A" will have less losses than a person with a score of "V." (Farmers takes the credit information and converts it to a letter grade called FARA in auto and FPRA in fire insurance.) That may or may not be true. David Birnbaum, executive director of the Center for Economic Justice, recently said, "There has been no comprehensive independent [emphasis added] study of a link between credit problems and car accidents." The industry is accepting "statistics" from the company that provides the information and programs!

Here are some additional problems and/or questions we have with the program:

1. A consumer cannot find out what causes his FARA score to fluctuate. A consumer finds his FARA score of "A" suddenly changes to an "F" and his rates go up. Why? We are instructed to tell the consumer to call Trans Union, the credit bureau that supplies information to Farmers. They tell the consumer to call the agent but will, if asked, supply the consumer with a free credit report. Does that answer the consumer's question? No. Re-contacting the agent serves no purpose. The consumer can contact the company underwriting department, but they will not or cannot answer the question. What happens? The consumer is left with higher rates because of the "F" score.

2. When a consumer gets an "I" or an "N" score, what can the agent do? ("I" indicates incomplete information and "N" indicates a "no-hit") All the information you put in the computer is correct, yet the credit bureau cannot find the person's information. The consumer pays more for insurance because of the technical problem. Or, an older gentleman with no credit cards or house loan is charged more for his insurance because of his frugal spending habits.

3. A person has been insured with Farmers for 20 years and has had no claims. His motor vehicle report shows no tickets or violations for five years. Yet he gets a FARA score of "K," and he pays more for his insurance.

4. In the past, we used tickets and accidents to "predict future losses." A driver with multiple tickets or accidents was deemed a "bad" risk and charged more than a "clean" driver. The theory was good because most people could not or would not change their driving habits overnight. Today we use credit history (a snapshot in time) to "predict future losses." Yet a person's credit can turn sour overnight due to medical bills, a divorce, being laid off, or any other number of reasons beyond his control - and he is charged more for insurance. A proven history of "bad" driving habits has less weight in insurance rating than a snapshot of one instant in time in a person's credit history.

5. Although FICO denies "income" is a rating factor, can a family with a \$20,000 annual income possibly have a credit score equal to a family with an \$80,000 annual income? You could guess that the answer would be "No" but cannot prove it because of the secrecy imposed by FICO. Thus the program could be discriminatory.

All these issues need to be addressed by the state regulators, legislatures and the industry.

A recent article from the Associated Press states, "About 20 states have introduced legislation to prohibit or restrict the use of credit scoring, and several have ruled it cannot be the sole determining factor in premium decisions. It quotes Colorado Insurance Commissioner William Kirven: "It may work from a statistical standpoint but it has to be used judiciously, and you have to not penalize people just because they have low scores." The industry will claim they do not penalize someone for a low score, which technically is true. But they have raised the base rates of insurance to such a degree that they can offer discounts to all but a few and tell regulators and legislators they don't penalize consumers with low scores.

Our industry struggles with a bad reputation already. The misuse of credit scoring will further erode consumer confidence. It's time for the industry to step up and commission an independent study of the relationship between credit and future losses. It's time for the industry to force the release of the rating factors in the FICO programs. It's time to change the rules so consumers can get specific answers about their FARA/FPRA scores. Unfortunately, it will be regulators and legislators that force the industry to do what is right for the consumers

Sincerely,
Ralph Buchanan

National Membership Director

Welcome aboard, Steve Hooper!

Steve Hooper is a truly professional insurance agent whose agency is located in Kalispell, Mont. — sometimes referred to as “God’s Country.”

Steve has been married to his wife, Nancy, for 40 years. They have three grown children residing in Montana, California, and Washington. Nancy and Steve are blessed with six grandchildren, 10 llamas, two dogs, and three cats.

He became a Farmers agent in 1990 after more than 20 years in a Midas Muffler franchise. To this day, Steve says he was not recruited by



time, because they were far superior in training programs and support and the Farmers management team treated agents fairly and with respect.

Steve became a UFAA member

anyone in particular. He spent his time investigating which type of insurance (product sales?) he wanted to pursue and which was the best company. Steve chose

Farmers, at that

because he felt all agents needed support from their peers and only UFAA had the structure to provide that.

He is confident that by supporting UFAA, both as a National Board member and a Montana Chapter member, he will make a difference on behalf of all agents.

Steve truly supports the belief that Farmers Insurance may again be able to boast of “Premier” status to its loyal agents, clients, and the industry.

Welcome aboard, Steve! We wish you the greatest success!

A history of credit scoring

Continued from p. 9

This report, which was generated by the credit bureau, can contain errors, which the insured is required to correct. It is a time-consuming project to obtain and correct your credit report. Even after the report has been corrected, it may not change your insurance score, and the insurance industry will not provide you with the specific reason for your insurance score.

Here are some real-life reasons people are being denied coverage or being charged 300% more than others for their insurance.

53 Absence of revolving accounts

The prudent person, who does not believe in purchasing on credit and pays cash for his/her purchases, is considered a high risk for future insurance losses.

52 Recent delinquency or too few current accounts

Anyone who has found themselves in a temporary financial crisis and is late on a payment is now an undesirable insurance risk.

If a person has only one or two credit card accounts, he is more likely to have future insurance losses.

69 Date of last credit check too recent or unknown

If the person’s credit has been recently checked or it is unknown if it has been checked, he/she is a bad risk.

59 Unfavorable or unknown amount owed on revolving accounts

If the credit bureau does not know how much is owed on revolving accounts, it is held against the insured, and will be rejected for insurance or will be required to pay higher premiums.

58 Proportion of revolving balances to revolving credit limits it too high, or no revolving credit accounts

A single credit report notation can be counted as more than one reason for rejection (53, 59 & 58).

66 Delinquency, derogatory public record or collection

A 30-day late pay or collection agency account causes as much damage as a judgement, a lien, a foreclosure, repossession, or a bankruptcy.

64 Recent derogatory public record or collection

Single credit report notation counted as two reasons for rejection of higher premiums (66 & 64).

Motorists are required by law to carry liability insurance. Therefore it is not a luxury; it is a necessity. No one should be forced to pay artificially inflated premiums in order to comply with the law

On a final note, let me state the following premises:

If in fact the insurance score is a reliable predictor of future losses, we should be able to see the following as a result of the industry utilizing credit scoring as an underwriting tool:

(1) selection of clients who have high insurance scores results in a pool of insureds that will have losses, which are 50% lower than those who have low insurance scores (results of the study).

(2) the company will only allow risks with high insurance scores in this pool.

(3) this loss ratio for this pool will be 50% lower than it was when the pool did not use insurance scoring.

(4) the insurance premiums should be reduced by 50% as a result of the use of insurance scoring.

(5) the insurance company should file for a 50% premium reduction with the state department of insurance.

When was the last time the insurance industry, as a whole, filed for lower insurance rates with the Department of Insurance?



UNITED FARMERS AGENTS ASSOCIATION
8978 Watson Road, Suite C • St. Louis, MO 63119
314-729-0727 • FAX 314-729-0598

RALPH BUCHANAN
PRESIDENT

Rolf Huppi
Chairman and CEO
Zurich Financial Services
Mythenquai 2
8002 Zurich
Switzerland

Dear sir,

In an effort to initiate an open and honest communication between the agent members of the United Farmers Agents Association and our parent company, we once again attempt to correspond with you.

It has been close to three years since you acquired Farmers Group, Inc. and it's then 14,000-member agency force, which has since unfortunately declined. We would like to ask again ...has your investment yielded all that you envisioned? Are we making progress towards the goal of truly becoming a Premier insurance company?

Change, as we are all aware, is a constant in the business world and it has obviously been a constant in the insurance industry. Change is not inherently good nor inherently bad, even bad things can result from attempts that had the best of intentions. We will attempt to address a few of these issues in hopes of working together to make us a better organization.

(1) The use of credit in the insurance underwriting process, referred to as a FARA or FPRA score has been the subject of lively debate. It would appear this tool was developed to help us write and retain a more profitable book of business, both for the agent and company. But, the scoring module used by Fair Isaac to determine our scoring appears to be flawed and too inflexible. When a long time insured with Farmers cannot qualify for our preferred rates due to the fact he has paid cash for all or most all of his possessions and thus has no credit to speak of, he is determined to be a high risk for automobile or homeowners insurance. Or if someone has the misfortune of an illness that causes unexpected out of pocket medical bills, or loses a job due to a downturn in the local/national economy and thus causes undue financial hardships suddenly could find themselves labeled a bad insurance risk according to the system. If an adverse score is produced, we have no way of knowing why as the information is proprietary. Just doesn't seem fair. Additionally, as the insurance industry succumbs to increased public scrutiny, this type of discrimination can lead to the label of "bad corporate citizen" and it appears that it might end up causing more negatives than the positives initially envisioned.

(2) It appears Farmers is moving in the direction of a P/C based computer system because of its tremendous potential for increasing all our efficiency's. For this we applaud the effort and plead for a timely deliverance from APPS and FPPS, as we currently know them. Unfortunately, the AS/400 is not Internet accessible. Therefore, as "captive" agents we have to purchase a separate computer system in order to access the Internet based program that has been established by Farmers. This is another additional cost of doing business that doesn't seem to make sense to most business people. Why do we need two systems to do one job?

(3) Value Added Products — A Baptist preacher once commented, "The more lines you have in the water, the more sinners you will catch". This same thing can be said for our value added lines of business. While there currently exist service and claims issues that should be resolved, it would appear this is a worthy opportunity if an agent chooses to market these additional lines of business. We would like to recommend the adoption of truly premier products, at a fair price, and implemented in the easiest possible manner because our business is becoming extremely complicated. That could make the difference in a booming success or a mediocre acceptance.

(4) The teams of travelers that were sent into the field by home office this year initially appeared to be a sincere effort towards finding out what the "man/woman in the trenches" was dealing with on a daily basis. We imagine this was done at considerable expense on the company's part and the visitor's time away from home and work. However, it would seem the information the travelers submitted to the home office and the information that the agency force received as a report of the visits differs a great deal. It's a shame to have spent that much time and money only to have that valuable information "spun" in the manner that we witnessed. You deserve better, the Exchanges deserve better and the Agents deserve better.

(5) The introduction of a competitively priced level term policy has been a good thing and we are thankful that the company has changed its opinion of that type of product. The desire to have those agents that choose to get the series 6 and 63 licenses and pursue the financial services business with quality funds also would appear to be a plus. However, it appears as though the "choice" is beginning to cease to be just that and the underlying whisper seems to be that agents better get on board. If these licenses are going to be a requirement to remain a Farmers Insurance agent, wouldn't it be better to reveal that strategy now so the agency force can deal with the realities? If this program is going to remain a choice, wouldn't it be better to put those underlying whispers to rest?

(6) The desire to enhance our customers claims experience could hold tremendous advantages to everyone and we applaud your efforts to transform the service our customers receive when accidents happen. It is clear that you are making some changes to better position our company and we look forward to turning these goals into realities by working together. Unfortunately, as we've noted, good intentions can often result in flawed outcomes. We would like the opportunity to share some of our concerns so that we can ultimately benefit from our new Claims direction.

As we stated earlier, our industry seems to be changing at a faster pace than ever before. How can we as an agency force and you as an investor make the changes we need to get this once great company back to a place that is mutually beneficial to both of us if we are unable to calmly sit down with one another as professionals, discuss and work together as the team we can be?

Teamwork between Farmers and the agency force built this great company into the billion-dollar empire that it was when we caught the industry's eye. Teamwork can once again make the industry take notice of what we are accomplishing. Teamwork requires more than one individual entity. We hope, for the Exchanges and for the agency force that you will take us up on our request to get together and work on solutions we can all be proud to support. We will ask again, "Will you make the decision to talk about our mutual future?"

We look forward to your response.
UFAA Officers

From the director: Governmental Affairs

News from all over

By Mark Martin

Credit scoring was thought to be an innovative idea in the underwriting process when the program was first rolled out. But for many agencies it has caused more problems than solutions.

With little or no information to back up your best insured's negative credit score, the agent is left to give a shrug of the shoulder and wave goodbye to the client as the client drives down the road to the agent's competitor.

Some states are taking action as we speak. In no certain order (and I hope I don't leave anyone out): Arizona, Georgia, Idaho, Montana, Oklahoma, and Washington.

These states either placed stringent requirements on the insurance companies if a credit score has an adverse effect on the insurance premium, or are engaged in hearings to determine if this use of credit is legitimate or just another form of redlining.

These agents are on the front lines making contacts, testifying in committee's, writing letters. They are our true champions. Hang in

there folks!

Many other states have had or will have legislation introduced to investigate how credit information is used and/or how an insurance score is determined. There has yet to be an independent comprehensive study that can link a person's credit history with driving habits and or losses. The companies are relying solely on the study done by the company (Fair Isaac) that writes and sells the program to the insurance companies. *No one is opposed to giving the best rates to the most deserving of their clients.*

Unfortunately for too many agencies, the most deserving clients do not get the best rates because of an adverse credit score.

CEAA News

With Sept. 11 still fresh on everyone's mind, the main focus of our country's leaders is, as it should be, primarily focused on national defense and related legislation.

There has been a House bill (HR 3139) filed by Sam Johnson (R-TX) and Jerry Kleczka (D-WI). The Fair Tax Treatment for Insurance Agents Termination Payments bill, if

passed, would clarify the tax code and do exactly what the title of the bill suggests: provide fair tax treatment for insurance agents' termination payments.

We need as many of our congressmen as possible to sign on as co-sponsors.

Please take a minute and write to your legislator and ask for support of this bill. Tell your lawmaker that termination payments should be taxed at a capital gains rate, which is generally a much lower rate than the tax on ordinary income.

Always the disclaimer: "Be sure to consult your tax adviser before making this or any other financial transaction of this type."

Texas legislative rallies

CEAA member associations UFAA, NAPAA, NASFA, and NIICA have joined to support statewide legislators friendly to agent/consumer legislation. Recent and very successful meetings have taken place in San Antonio, and future meetings are slated for the Houston area, El Paso, and Dallas/Ft. Worth.

This is only the beginning. We have many great things to look forward to as a member of CEAA.

Is our financial investment in this Coalition of Exclusive Agent Associations worth it? I believe it is, and it will be that much more true if each of you will involve yourselves in the legislative/political process in your given state and region.

I had a longtime district manager tell me, "If agents don't get involved in the process that most affects their pocket books, they may as well get out of the business." No truer words have ever been spoken, God rest his soul.

How about *you*? Get involved. Write a letter. Make a phone call. Develop a relationship with the captive agent down the street. Together *we can* make a difference.

Freedom of (agents) association

It's the law!

District managers and *all* management company personnel are prohibited by federal law from discouraging agents from joining, or threatening agents that belong to or desire to join, any organization (e.g. UFAA).

If your rights have been violated, contact the National Labor Relations Board, 2948 Jackson Federal Building, 915 2nd Avenue Seattle, WA 98174-1078. Reference Sections 7 and 71 under the National Labor Relations Act. (Most libraries have a copy of this law.) Also, please send us a letter about it.

The U.S. Postal Service has similar laws. If you are in a district office and do not receive your copy of *The Voice*, then contact your local postmaster. You have rights! Let neither the company nor an official thereof deny you your rights!

From the director: Membership

Time to choose your future

By Steve Hooper

Howdy, all you Farmers agents out there in America!

America — that is a subject special to my heart. Can you think of anywhere on this earth where you can raise a family in a free country and start a business where the sky is the limit for achieving all of your hopes and dreams? God bless America!

And now a question for all agents who have chosen not to join or support the United Farmers Agents Association: *Why not?* Is there any question that UFAA stands up for all agents? Of course not!

There also is no denying UFAA has and continues to do things that benefit all agents nationwide.

Just how hard do you think everyone in UFAA works for you on a daily basis?

In truth, all agents and members of UFAA have worked hard, some-

times sacrificing family time to represent our clients, the Company, friends, and neighbors. There is no question we have put in the time because of dedication to our agencies and the belief that by doing so we provide the very best of everything for our families and clients.

Professionally, we are facing very difficult challenges every day. We struggle to save our client base because of ill-advised models and programs introduced by the management company, many of which just are not working.

Our time has been compromised, requiring countless hours fixing problems created by an antiquated computer system.

At this time in our careers, we are being asked to be patient, trust the decisions of the Company, to blindly do what we are told, to not question anything.

How long are we willing to do

nothing? Is it time to truly unite in order to influence decisions about our future?

The United Farmers Agents Association stands for “Agents helping Agents,” standing up for what is right on any given day, always professional, stressing ethics, and caring enough about *all* agents’ futures to tell it like it is ... good or bad ... positive or negative.

As Membership Director — and fellow agent — I ask every agent nationwide, members and non-members, to give UFAA the chance to earn your respect and loyalty. We really do need your support!

Join us today — don’t hesitate! Give us a year, and join all agents nationwide in the belief we can and will make a difference by uniting.

It is time to make the choice about the future. After all, should your future be in your hands or someone else’s?

Most agents want to join. Why don’t they?

By Steve Hooper

Most agents I talk with say they want to join the United Farmers Agents Association. They think the association is doing good things and keeps them informed. When asked to join, it’s the same old story: “No money” (\$25 per month!), “I’ll join tomorrow,” “Why should I join? I’m getting *The Voice* free,” and of course the great line, “Farmers wouldn’t do that.”

Well, it’s time to set the record straight for all those who think it’s OK to ride the fence and let a few good agents stand up for them on a daily basis! To me, it’s not OK when I volunteer my valuable time for all agents, and they continue to procrastinate. I’m not asking for rewards, and neither are the other UFAA members, directors, and Chapter Presidents. The UFAA goal is simple: to help agents everywhere, keep them informed, listen to their situations, and attempt to give them needed support with technology and direction to solve whatever issue is facing them.

It’s not much, but we do it day in and day out. What have you done for your fellow agent lately? Oh, I know, we just don’t have the time! Well, make the

time! Step up to the plate and take some of the responsibility for every agent’s future. After all, each agent faces the same challenges each day, don’t we?

On another note, it’s time to discuss what is happening to the agency force, including UFAA members. UFAA is growing steadily. Not by leaps and bounds but similar to what we used to experience with our PIF growth. Many agents are quitting, retiring, or simply going independent. These agents include UFAA members. We are not immune to what is happening. But make no mistake, we are growing, and many more are joining than leaving. I envision enough membership to influence, or at least create an atmosphere of cooperation like we used to have with Farmers.

As UFAA Membership Director, it is my responsibility to establish new chapters. Currently, we are working on new chapters in Indiana, Alabama, Texas, Wyoming, and Washington. If you are an agent in any of these areas, give UFAA a call. We welcome any and all who want to commit to their future.

Get involved! Join UFAA today — because tomorrow may just be too late.



Application for Membership

United Farmers Agents Association

8978 Watson Road #C, St. Louis, MO 63119 Phone: 800-275-8668 Fax: 314-729-0598

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, Affiliate or Career annually

United Farmers Agents Association, Inc.

(Select one)

Enclosed is my check for \$ _____.

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

Charge to my credit card: Mastercard Visa

Credit card number: _____ Expiration Date: _____

Signature: _____

“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: _____

95% of your membership dues may be deductible as an ordinary and necessary business expense but are not deductible as a charitable deduction.

01/02

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) _____

'02 National Convention

Plan now to attend!

*Terrific lineup
will make this
convention
the best ever!*



By Don Green

The 35th UFAA National Convention will be held June 25-27, 2002, in Las Vegas, Nev. at the Luxor Hotel and Casino, 3900 Las Vegas Boulevard South, right on The Strip.

From the 10-story Sphinx guarding the entrance to the top of its 36 stories, the Luxor is a grand facility. It features the world's most powerful beam of light, more than 40 billion candlepower. Our convention will be held in the spacious convention facilities, located at the foot of the elevators in the West Towers.

Some of the many amenities the Luxor provides are a spa, fitness center, two heated pools, game room, shows, a nightclub, several lounges, shopping areas, beauty and hair salon, seven restaurants, and many more food outlets.

The attractions include "In Search of the Obelisk," a motion-based movie attraction ride, an IMAX theater showing regular and 3D movies. Various other films also are shown daily at the Luxor Live Theater. The hit show, Blue Man Group, also will be playing live at the Luxor.

Our convention events start Sunday, June 23, and run through Thursday, June 27. The National Board arrives on Saturday and meets on Sunday. Chapter Presidents arrive on Sunday, participate in a hospitality event starting at 6 pm that evening, and meet on Monday, June 24.

Delegates will be arriving on Monday and will start at 3 pm with a hospitality and registration event and the annual vendor display.

The National Convention begins with an opening

breakfast at 7 am on Tuesday, June 25, with registration and the meetings to follow. Tuesday evening is open for you to enjoy the atmosphere of Las Vegas on your own.

The National Convention continues Wednesday, June 26, with registration at 8 am and the meeting following. An open-bar cocktail reception is scheduled at 6 pm with our annual banquet at 7 pm. Plan to stick around and enjoy the festivities while you are entertained by a wide variety of music — chosen especially for you to dance, relax, and mingle with your fellow delegates.

Several choices for a keynote speaker currently are being investigated.

Workshops this year are scheduled to include computer technology, UFAA's own 401(k), and a legal gathering of attorneys. There will be more information in the next issue of *The Voice* as workshop leaders firm up their commitments.

We are receiving proposals from car rental agencies and should have several good choices for attendees to choose from.

We have several vendors lined up to display their products, but we always have room for more. If you know of a company that would like to participate, contact the UFAA National Office.

Plan now to attend the 2002 UFAA National Convention! We expect to keep and continue the fine traditions of previous National Conventions and proudly profess that we are "Agents Helping Agents."

Don Green is UFAA National Vice President.

30% and 70% fire surcharges?

Are agents in California and other states going to be put in another difficult claims handling position?

I just received my regular newsletter from my DM and I assumed more rate increases. You all know that my assumption was right. However, the paragraph of "Prior Losses for our Fire Policy Holders" really got my attention. It went on to state that Farmers was filing an action with the California DOI requesting them to approve their request to surcharge policies which have prior fire losses. Farmers is going to be asking for a 30% surcharge for a single loss and a 70% surcharge for two losses in a 3 year period, for existing business as well as new. FIG anticipates approval by the CA DOI. I have been hearing that Farmers is charging surcharges for losses in other states at much lower surcharges.

Claims handling can always be difficult under normal conditions. I decided to determine how this might play out in a claims handling situation that an average agent may experience. Pretending an insured called and had a claim that was valued at \$1,500, and a \$500 deductible. What would I tell my client? Trying to be as up front as possible, I would say you have a \$500 deductible and your \$700 home policy will be surcharged for an additional 30% or (\$210) for the next 3 years. The surcharge would be \$630 for a three year period and add your \$500 deductible to that, would mean that your claim would have to be over \$1,200 to see a net result from turning in your claim.

Well I probably would not stop there, I would then probably say, hey if you have another claim in the next three years your policy surcharge will be increased from 30% to 70%. Maybe it may not be in your best interest to turn in this claim. Most clients would probably say your right and leave very disgruntled about the procedure.

California has a "Fair Claims Settlement Act" and in section 2695.5 (d) "Duties upon Receipt of Communications" states: Upon receiving notice of claim, every licensee or claims agent shall immediately transmit notice of claim to the insurer. Failure of the licensee to immediately transmit notice of claim to the insurer shall constitute a separate and distinct violation of California Insurance Code Section 790.03(h)(3). Also Farmers Insurance Group has booklet 32-7203, Fair Claims Settlement Practices Regulations, which states that: "Report all claims immediately to the BCO. Even if you do not believe there is coverage or that the insured is at fault, the claim must still be reported." (Failure to do so shall constitute a violation of California law.)

Each and every year California Agents have to sign a State of California, Fair Claims Settlement Practices Regulations Annual Certification, which require every licensee to certify in writing, on an annual basis and under penalty of perjury, that he or she has read and

understands the regulations and any and all amendments. It also acknowledges that the licensee provide adequate training to all employees who have any involvement in claims handling.

Speaking with about a dozen agents, we all felt that if these surcharges are instituted, that they would put the agent in a difficult legal position regarding claims handling. We believe, that since the surcharge is so high that if an agent did present all the facts and the insured decided not to turn in the claim, that a disgruntled insured may just file a complaint with the DOI. The agent would quite possibly become the bad guy in this type of situation.

Understanding that Farmers Insurance Group has to find ways to become profitable in Fire Insurance, this should not be the way to discourage small claims under \$1,500.

We feel that FIG should strive for profitable business with their under writing guidelines, re-inspections, non-renewal policies and by premiums. If FIG would like to really discourage small claims, that they should strongly consider giving much better premium discounts for having a \$1,000 deductible or higher. Certainly, that would be a much better approach than extremely high surcharges to discourage claims under \$2,000. The agent really does not need to put in that box directly.

If you are in agreement with the above viewpoints, draft a letter to your regional office, FIG Home office, California DOI and The California State Insurance Legislative committee. All of these addresses can be found at ufaa.com.

If you are not a member of UFAA isn't it time?

"Agents helping Agents!"

— A Southern California Agent

Prudential terminates all captive P&C agents

Prudential Financial has terminated all its captive property and casualty agents, effective Oct. 19.

The company has determined its captive agent distribution model was ineffective and has opted to adopt the independent agency distribution system to sell and service its property and casualty products.

SPEEDING YOU ON YOUR WAY!

UFAA rolls out a new face lift on its web site! You get a more professional appearance as well as improved function!



By Steve Lenard

If you haven't checked UFAA's web site lately, you need to give it another look!

On Oct. 9, we announced the rollout of our new site to our Chapter Presidents, and the majority of the responses have been very positive.

You are cordially invited to pay us a visit at ufaa.com, and even non-members will be able to view most of the information. It's nearly an open house, but we do reserve a few areas for members only. If you decide you really want to view those areas, we can take care of that right online.

Hit the Membership link, follow the instructions, and have your credit card handy to join immediately online. In the Membership section, you also will find our Bylaws, Code of Ethics, Security Objectives, and history. Maybe you'd like to

refer a friend for membership. You can do that in this section also.

If you are a current member, you can also update your information, such as a change of address, new phone number, or maybe a new e-mail address. If we don't have your e-mail address, you are probably missing something important. Don't be left out of the loop!

We also would like to invite everyone to participate in our new interactive-polling question of the week. You'll find the question on the Home Page when you first enter. Once you vote, you will instantly be able to see the results tallied thus far. As you return each time, these numbers will be updated to reflect the newer votes. If the numbers appear to be the same, try hitting your Refresh button on your browser. That should do the trick. Also, don't be shy. We are not attempting to track any of the participants. Unless you feel compelled to hit the

Comments button and leave your name, nobody will know you were there.

For the big issues of the day, hit the Hot Issues link at the top of the page. You'll be taken to our News & Information section. You'll find the UFAA news at the very top. Industry news will follow below, and all of this will be surrounded by other areas of interest.

Back on the Home Page, you will find a link for Agency Ideas in the bottom right corner. We want you to have easy access to a weekly tip that just might help you become more effective — which will make you more money! Visit us and visit them.

As you begin to accumulate more money, you need to put some of those commissions aside for your future. Everyone is aware that UFAA has announced a UFAA 401(k) for our members. If you've investigated this when we first intro-

duced it, the fees and application process have both been greatly reduced! If cost was a prohibition before, this has been solved in a big way. You can get all the current information by clicking on the link in the middle of our Home Page.

Are you worried about computer viruses? You will find a wealth of current information from our Home Page and Technology Section. Would you like to make your office more paperless? We can help with that as well. When it comes to real technology, who are you going to trust?

As we all become more involved in the political process, you need to check out the Legislative link. UFAA will be combining some upcoming legislative efforts with the other captive agent associations via the CEAA. Although this section is currently under construction, by the time this issue hits the streets we hope to have launched the initial phases. You should find a map of the U.S. and you need to click on your state. You will find all the pertinent information of what's going on, what we need to do, and necessary local contacts to get the job done. This will guarantee better effectiveness in all states that are active. If your state doesn't have any information yet, contact your Chapter President and find out what can be done. This will be a focus area in the upcoming months.

Finally, I know you will want to visit the Bulletin Board. This is one of the most popular sections of the site, and we've left it basically unchanged. This is where we can let the Company know what's on our minds as well as release some steam built up from our pressure-filled days on the job. It's cheaper than a psychologist and better than kicking the dog.

I hope you enjoy your visit and know you're always welcome to come back. If you think there is something that could be done better, hit the Contacts link and let any of us on the National Board know. We're here to help. We're "Agents Helping Agents."

Steve Lenard is UFAA National Director at Large.

'Dear Colleagues' letter proves just how effective UFAA web site really is

By Steve Lenard

I suppose I should be flattered. After all, one of UFAA's general objectives is to create meaningful communication between the Company and the agents. This is certainly no easy task, as you can imagine.

But when I read the most recent "Dear Colleagues" letter, dated Oct. 30, I realized that via the UFAA web site we had achieved our closest semblance of communication with the Company than we ever had without filing a lawsuit.

The letter's five topics were the major topics on our web site's Home Page of that previous week. That couldn't have been a coincidence. There was no doubt management had been surfing our information, and there was no doubt our site's gaining popularity, combined with the truths we revealed, were the reason for their chosen topics.

One of the recent additions, the instant polling section, was conceived with the desire to someday increase communication ability for the agency force with the company. I must admit I never dreamed our second question, the one about the Fire commissions, would so quickly draw the Company's response. That was fast! That shows the power of the Internet ... and it's still only a glimpse of what can be accomplished in the future. It might have been faster, but the first question was whether the attendees liked the June National Convention. Since they refused our invitation for attendance, I suppose they had no comment about it.

Am I satisfied with this success? Definitely not! I am genuinely impressed that they feel our most recent communication medium has been elevated to the point that required a direct response. However, I'm also a little disappointed because of their inappropriate "spin" on the topics in an attempt to make it appear as though harm was meant to the Company.

Sure, they called them "rumors," but we know they really wanted to say, "UFAA says." I hope most agents could see through the transparent attempt. Maybe one day both sides can tone down the rhetoric and try to accomplish some things together.

Have you ever asked the question, "What can UFAA do when the majority of the agents won't join?" Check out the power of these small numbers. Fewer than 200 agents had actually taken the time to vote on the Fire Commissions question and yet the management company instantly felt compelled to respond. Were they concerned? Can one individual agent make a difference? You bet you can!

Imagine what we could accomplish with even higher numbers on our rolls and participants on the polls. Although membership numbers are certainly on a healthy rise, what would happen if we doubled in size? We'd have to make sure little Johnny was really looking before crossing that Information Highway — he might get hit by the management bus as it flies to the response pen.

Anyway, I look forward to doing a better job with each passing day and would like to thank everyone for their support and utilization of the web site. If you have any suggestions to make our site better, please let me know. You can email me at dal@ufaa.com.

Steve Lenard is UFAA National Director at Large.

Cracking the virus mystery

A few simple steps and some great information that will help you keep your computers virus free!

Computer viruses are mysterious and grab our attention. Every time a new virus hits, it makes the news if it spreads quickly.

Viruses can show us how vulnerable we are. A properly written virus can have an amazing effect on the worldwide Internet.

For example, the "Melissa" virus was so powerful that it forced Microsoft and a number of other very large companies to completely turn off their e-mail systems until the virus could be contained. The "ILOVEYOU" virus in 2000 had a similarly devastating effect. That's pretty impressive when you consider how simple the Melissa and ILOVEYOU viruses are!

So what exactly is a virus? There are primarily two types. The "traditional" virus and the newer e-mail viruses.

Viruses in general are on the wane, but occasionally someone with too much time on their hands or who wants to prove how technically adept they are finds a new way to create one, and that's when they make the news!

Computer viruses are called viruses because they share some of the traits of a biological virus. A computer virus passes from computer to computer like a biological virus passes from person to person.

At a deeper level, there are similarities as well. A biological virus is not a living thing. A virus is a fragment of DNA inside a protective jacket. Unlike a cell, a virus has no way to do anything or to reproduce by itself — it is not alive. Instead, a biological virus must inject its DNA into a cell. The viral DNA then uses the cell's existing machinery to reproduce itself. In some cases, the cell fills with new viral particles until it bursts, releasing the virus. In other cases the new virus particles bud off the cell one at a time and the cell remains alive.

A computer virus shares some of these traits. A computer virus must piggyback on top of some other program or document in order to get executed. Once it is running, it is then able to infect other programs or documents. Obviously the analogy between computer and biological viruses stretches things a bit, but there are enough similarities that the name sticks.

When you listen to the news, you hear about many different forms of electronic infection. The most common are:

Viruses — A virus is a small piece of software that piggybacks on real programs. For example, a virus might attach itself to a program like a spreadsheet program. Each time the spreadsheet program runs, the virus runs too, and it has the chance to reproduce (by attaching to other programs) or wreak havoc.

E-mail viruses — An e-mail virus moves around in e-mail messages and usually replicates itself by automatically mailing itself to dozens of people in the victim's email address book.

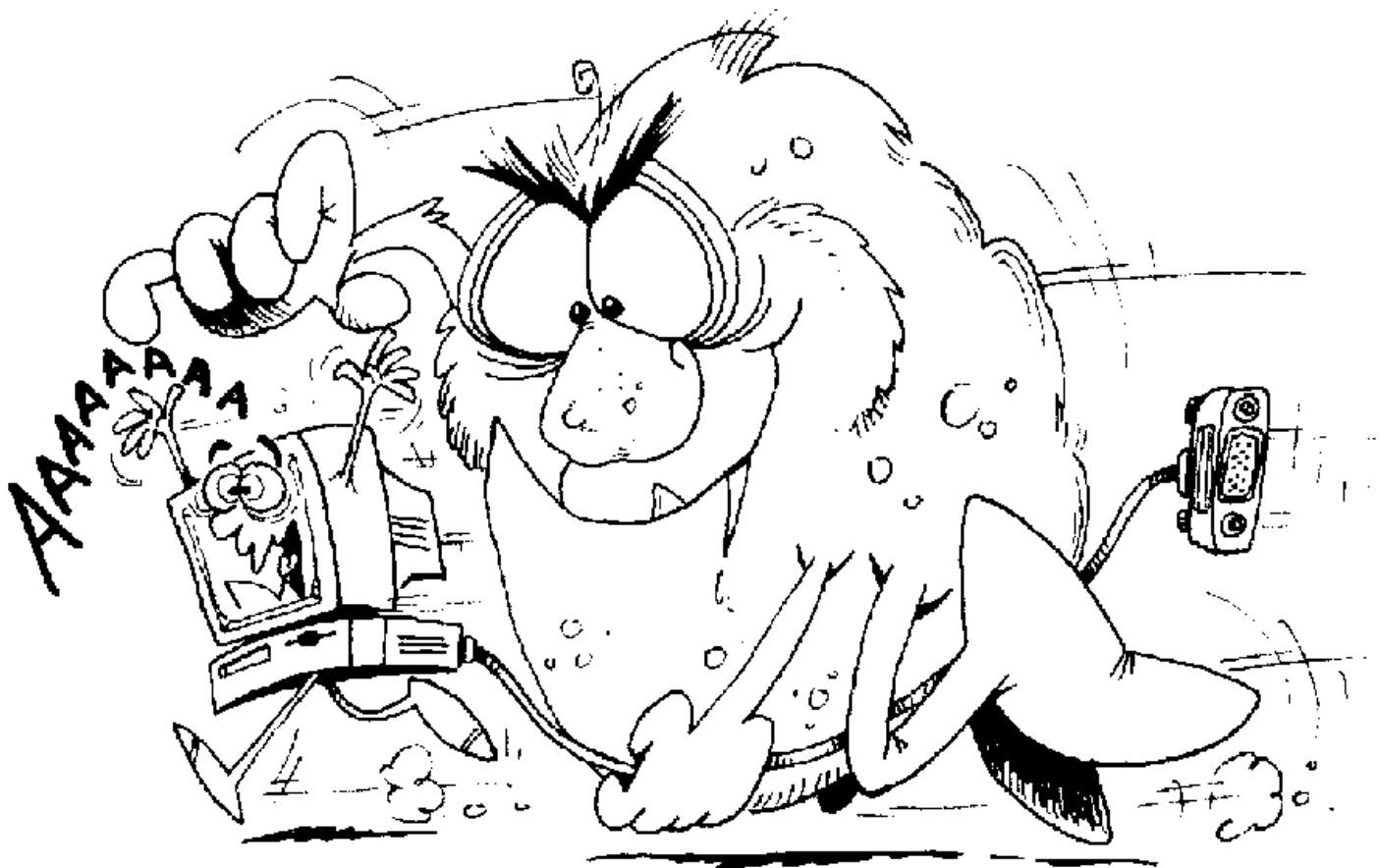
Worms — A worm is a small piece of software that uses computer networks and security holes to replicate itself. A copy of the worm scans the network for another machine that has a specific security hole. It copies itself to the new machine using the security hole, and then starts replicating from there as well.

Trojan horses — A Trojan horse is simply a normal computer program. The program claims to do one thing (e.g. it claims to be a file or program) but instead does damage when you run it (e.g. it erases your hard disk). Trojan horses have no way to replicate automatically.

Traditional computer viruses were first widely seen in the late 1980s, and they came about because of several factors. The first factor was the spread of personal computers (PCs). Prior to the 1980s, home computers were non-existent or they were toys. Real computers were rare and they were locked away for use by "experts." During the 1980s, real computers started to spread to businesses and homes because of the popularity of the IBM PC (released in 1982) and the Apple Macintosh (released in 1984). By the late 1980s, PCs were widespread in businesses, homes and college campuses.

The second factor was the use of computer bulletin boards. People could dial up a bulletin board with a modem and download programs of all types. Games were extremely popular, and so were simple word processors, spreadsheets, etc. Bulletin boards led to the precursor of the virus known as the Trojan Horse. A Trojan horse is a program that sounds really cool when you read about it. So you download it. When you run the program, however, it does something uncool like erasing your disk. So you think you are getting a neat game, but it wipes out your system. Trojan horses only hit a small number of people because they are discovered quickly. Either the bulletin board owner would erase the file from the system, or people would send out messages to warn one another.

The third factor that led to the creation of viruses was the floppy disk. In the 1980s, programs were small and you could fit the operating system, a word processor (plus several other programs) and some documents onto a floppy disk or two. Many computers did not have hard disks, so you would turn on your machine and it would load the operating system and everything else off of the floppy disk. Viruses took advantage of these three facts to create the first self-replicating programs!



Worms

The infections in the news right now are worms, so let's take a look at worms and then go into the details on all of the different types of infection.

A worm called Code Red made huge headlines in 2001. Experts predicted that this worm could clog the Internet so effectively that things would completely grind to a halt. The Code Red worm attacks Windows NT 4.0 and Windows 2000 servers running Microsoft IIS 4.0 or 5.0. Microsoft has released a simple patch that fixes the security loophole used by the Code Red worm.

A worm is a computer program that has the ability to copy itself from machine to machine. Worms normally move around and infect other machines through computer networks. Using a network, a worm can expand from a single copy incredibly quickly. For example, the Code Red worm replicated itself more than 250,000 times in approximately nine hours on July 19, 2001.

Worms use up computer time and network bandwidth when they are replicating, and they often have some sort of evil intent. The Code Red worm slowed down Internet traffic (but not nearly as badly as predicted) when it began to replicate itself. Each copy of the worm scans the Internet for Windows NT or Windows 2000 servers that do not have the security patch installed. Each time it finds an unsecured server, the worm copies itself to that server. The new copy then scans for other servers to infect. Depending on the number of unsecured servers, a worm could conceivably create hundreds of thousands of copies.

The Code Red worm is designed to do three things:

- replicate itself for the first 20 days of each month
- replace Web pages on infected servers with a page that declares "Hacked by Chinese"
- launch a concerted attack on the White House Web server in an attempt to overwhelm it.

The most common version of Code Red is a variation, typically referred to as a mutated strain, of the original Ida Code Red that replicated itself on July 19, 2001. According to the National Infrastructure Protection Center: "The Ida Code Red Worm, which was first reported by eEye Digital Security, is taking advantage of known vulnerabilities in the Microsoft IIS Internet Server Application Program Interface (ISAPI) service. Unpatched systems are susceptible to a "buffer overflow" in the `ldq.dll`, which permits the attacker to run embedded code on the affected system. This memory-resident worm, once active on a system, first attempts to spread itself by creating a sequence of random IP addresses to infect unprotected web servers. Each worm thread will then inspect the infected computer's time clock. The NIPC has determined that the trigger time for the DOS execution of the Ida Code Red Worm is at 0:00 hours, GMT on July 20, 2001. This is 8:00 PM, EST."

Upon successful infection, the worm waits for the appointed hour and connects to the assigned domain. This attack consists of the infected systems simultaneously sending 100 connections to port 80 of the target.

The U.S. government changed the IP address of the White House to circumvent that particular threat from the worm and issued a general warning about the

worm, advising users of Windows NT or Windows 2000 Web servers to ensure that they have installed the security patch.

Follow the trail

Early viruses were pieces of code attached to a common program like a popular game or a popular word processor. A person might download an infected game from a bulletin board and run it. A virus like this is a small piece of code embedded in a larger, legitimate program. Any virus is designed so it runs first when the legitimate program gets executed.

The virus loads itself into memory and looks around to see if it can find any other programs on the disk. If it can find one, it modifies it to add the virus's code to the unsuspecting program. Then the virus launches the real program. The user really has no way to know that the virus ever ran. Unfortunately, the virus has now reproduced itself, so two programs are infected.

The next time either of those programs gets executed, they infect other programs, and the cycle continues. If one of the infected programs is given to another person on a floppy disk, or if it is uploaded to a bulletin board, then other programs get infected. This is how the virus spreads. The spreading part is the infection phase of the virus.

Viruses wouldn't be so violently despised if all they did was replicate themselves. Unfortunately, most viruses also have some sort of destructive attack phase where they do some damage. Some sort of trigger will activate the attack phase, and the virus will then do something — anything from printing a silly message on the screen to erasing all of your data. The trigger might be a specific date, or the number of times the virus has been replicated, or something similar.

As virus creators get more sophisticated, they learn new tricks. One important trick was the ability to load viruses into memory so they could keep running in the background as long as the computer remained on. This gave viruses a much more effective way to replicate themselves. Another trick was the ability to infect the boot sector on floppy disks and hard disks. The boot sector is a small program that is the first part of the operating system that the computer loads.

The boot sector contains a tiny program that tells the computer how to load the rest of the operating system. By putting its code in the boot sector, a virus can guarantee it gets executed. It can load itself into memory immediately, and it is able to run whenever the computer is on. Boot sector viruses can infect the boot sector of any floppy disk inserted in the machine, and on college campuses where lots of people share machines they spread like wildfire.

In general, both executable and boot sector viruses are not very threatening any more. The first reason for the decline has been the huge size of today's programs. Nearly every program you buy today comes on a compact disc. Compact discs cannot be modified, and that



makes viral infection of a CD almost impossible, though if the virus exists in a file that is loaded to a CD then it can still be a potent enemy.

Both boot sector viruses and executable viruses are still possible, but they are a lot harder now and they don't spread nearly as fast as they once could. Call it "shrinking habitat," if you want to use a biological analogy. The environment of floppy disks, small programs and weak operating systems made viruses possible in the 1980s, but that environmental niche has been largely eliminated by huge executables, unchangeable CDs and better operating system safeguards.

E-mail viruses

The latest thing is the e-mail virus, and the Melissa virus in March of 1999 was spectacular. Melissa spread in Microsoft Word documents sent via e-mail.

Someone created the virus as a Word document uploaded to an Internet newsgroup. Anyone who downloaded the document and opened it would trigger the virus. The virus would then send the document (and therefore itself) in an e-mail message to the first 50 people in the person's address book. The e-mail message contained a friendly note that included the person's name, so the recipient would open the document thinking it was harmless. The virus would then create 50 new messages from the recipient's machine. As a result, the Melissa virus was the fastest-spreading virus ever seen! As mentioned earlier, it forced a number of large companies to shut down their e-mail systems.

The ILOVEYOU virus, which appeared on May 4, 2000, was even simpler. It contained a piece of code as an attachment. People who double clicked on the attachment allowed the code to execute. The code sent copies of itself to everyone in the victim's address book and then started corrupting files on the victim's machine. This is as simple as a virus can get. It is really

more of a Trojan horse distributed by e-mail than it is a virus.

The Melissa virus took advantage of the programming language built into Microsoft Word called VBA, or Visual Basic for Applications. It is a complete programming language, and it can be programmed to do things like modify files and send e-mail messages. It also has a useful but dangerous auto-execute feature. A programmer can insert a program into a document that runs instantly whenever the document is opened.

This is how the Melissa virus was programmed. Anyone who opened a document infected with Melissa would immediately activate the virus. It would send the 50 e-mails, and then infect a central file called normal.dot so any file saved later would also contain the virus! It created a huge mess.

Microsoft applications have a feature called Macro Virus Protection built in to them to prevent this sort of thing. If you turn Macro Virus Protection on, then the auto-execute feature is disabled. By default the option is on. So when a document tries to auto-execute viral code, a dialog pops up warning the user. Unfortunately, many people don't know what macros or macro viruses are, and when they see the dialog they ignore it. So the virus runs anyway. Many other people turn off the protection mechanism. So the Melissa virus spread despite the safeguards in place to prevent it.

In the case of the ILOVEYOU virus, the whole thing was human-powered. If a person double-clicked on the program that came as an attachment, then the program ran and did its thing. What fueled this virus was the human willingness to double-click on the executable.

Origins

People create viruses. A person has to write the code, test it to make sure it spreads properly, and then release the virus. A person also designs the virus's attack phase, whether it's a silly message or destruction of a hard disk. So why do people do it?

There are probably at least three reasons. The first is the same psychology that drives vandals and arsonists. Why would someone want to bust the window on someone else's car, or spray paint signs on buildings, or burn down a beautiful forest? For some people that seems to be a thrill. If that sort of person happens to know computer programming, then he or she may funnel energy into the creation of destructive viruses.

The second reason has to do with the thrill of watching things blow up. Many people have a fascination with things like explosions and car wrecks. When you were a kid there was probably a boy in your neighborhood who learned how to make gunpowder and who then built bigger and bigger bombs until he either got bored or did some serious damage to himself. Creating

Sys 3x



a virus that spreads quickly is a little like that. It creates a bomb inside a computer, and the more computers that get infected the more “fun” the explosion.

The third reason probably involves bragging rights, or the thrill of doing it. Sort of like Mt. Everest. The mountain is there and no one has climbed it, so someone is compelled to do it. If you are a certain type of programmer and you see a security hole that could be exploited, you might simply be compelled to exploit the hole yourself before someone else beats you to it. “Sure, I could *tell* someone about the hole. But wouldn’t it be better to *show* them the hole?” That sort of logic leads to many viruses.

Of course, all the virus creators miss the point that they cause real damage to real people with their creations. Destroying everything on a person’s hard disk is real damage. Forcing the people inside a large company to waste thousands of hours cleaning up after a virus is real damage. Even a silly message is real damage because a person then has to waste the time getting rid of it. For this reason, the legal system is getting much harsher in punishing the people who create viruses.

An ounce of prevention

Besides having an antivirus software, such as Norton Antivirus or McAfee Antivirus — doing the required smart updates and exercising due diligence — you can protect yourself against viruses with a few simple steps. If you are truly worried about traditional (as opposed to e-mail) viruses, you should be running a secure operating system like UNIX or Windows NT. You never hear about viruses on these operating systems because the security features keep viruses (and unwanted human visitors) away from your hard disk. If you are using an unsecured operating system, then

buying virus protection software is a nice safeguard.

If you simply avoid programs from unknown sources like the Internet, and instead stick with commercial software purchased on CDs, you eliminate almost all of the risk from traditional viruses. In addition, you should disable floppy disk booting — most computers now allow you to do this, and that will eliminate the risk of a boot sector virus coming in from a floppy disk accidentally left in the drive.

You should make sure that Macro Virus Protection is enabled in all Microsoft applications, and you should *never* run macros in a document unless you know what they do. No normal person adds macros to a document, so avoiding all macros is a great policy.

In the case of the ILOVEYOU e-mail virus, the only defense is a personal discipline. You should never double-click on an attachment that contains an executable that arrives as an e-mail attachment. Attachments that come in as Word files (.doc), spreadsheets (.xls), images (.gif and .jpg), etc. are data files, and they can do no damage (noting the macro virus problem above in Word and Excel documents).

A file with an .exe, .com or .vbs extension is an executable, and an executable can do any sort of damage it wants. Once you run it, you have given it permission to do anything on your machine. The only defense is to never run executables that arrive via e-mail. By following those simple steps, you can remain virus free!

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Farmers dropping Texas homeowners

By Terrence Stuts

AUSTIN — Farmers Insurance Group is abandoning comprehensive homeowners insurance policies in Texas and will not renew coverage for any of its 600,000 customers next year.

Agents were told Nov. 9 of the stunning decision to quit offering the most common type of homeowners insurance. Farmers is the first major company in the state to make the move.

Farmers, the second-largest property insurer in Texas, notified its agents in a letter Friday that as of Dec. 30 it will not renew any comprehensive policies.

The comprehensive policies — so-called HO-B policies — provide full coverage on a home, including mold damage. About 96 percent of insured homeowners in the state have such protection.

Consumer groups sharply criticized the Farmers decision.

“This is one more move in their effort to have their way on the mold issue and other important insurance issues,” said Dan Lambe of Texas Watch.

“The insurance industry is trying to hold the state and innocent families hostage,” he said. “This is another reflection of the serious problems in our homeowners insurance market, which are compounded by the insurance commissioner’s lack of authority and oversight over these companies.”

Consumer groups have acknowledged that mold claims are climbing rapidly, but they have urged Commissioner Montemayor to preserve some protection against mold damage. Some of those groups contend the industry has exaggerated the problem.

Montemayor is considering a mold policy that would limit such claims to \$5,000 per year, while allowing companies to sell extra pro-

tection against mold for an additional premium. He also is considering a plan that would leave unlimited mold coverage in comprehensive policies, but allow homeowners to opt out of such coverage in exchange for a reduced premium.

Most experts expect to see insurance premiums in Texas jump dramatically over the next year as companies try to offset past and future mold losses. Some companies have reported that the average loss on a home with mold damage is around \$38,000.

The situation also has alarmed state lawmakers, and House Speaker Pete Laney (D-Hale Center) last week directed a House committee to explore possible legislation on mold insurance for the next session of the Legislature in 2003.

[Editors Note: If Farmers can withdraw from the market in Texas, it can also withdraw in your state.]

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A brief history of the United Farmers Agents Association



*First 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



The 1945 contract

The seeds of the United Farmers Agents Association were planted in 1945, when the company created the first agent's contract. Like all the contracts that would follow, it was written without agent input and advanced the company's interests against the agent. The 1945 contract was a production contract that committed the agent to producing "a satisfactory amount of business"-a nebulous phrase subject to arbitrary changes of interpretation by the company- and gave the district agent (now district manager) control over the agent. The 1945 contract put agents in the unenviable position of being self-employed businessmen who were tightly controlled like employees.

Agents chafed under the tight controls over what and how much they had to produce and in 1956 a group from Oklahoma asked the National Labor Relations Board to determine their status. The NLRB ruled Farmers agents were employees under the existing contract and ordered an election to determine if agents wanted the new "union" to represent them in collective bargaining. Though the "union" faction lost the election, the 1945 contract had made it clear that the company no longer saw the agents as its partners but as employees to be marginalized to increase corporate profitability.

Blue, Yellow and Green Contracts

After the NLRB hearings and the failed union vote, the company introduced a new contract, known as the Blue contract for its color. The Blue contract eliminated requirements concerning production and obeying district agent rules but did not remove tight controls over the agents.

In 1967, the Yellow contract strengthened the company's hand against the agents even more, requiring agents to provide claims services for free, forbidding them to conduct outside business, and expanding non-competition requirements to from one to three years. It was accompanied by the Green contract for new agents, which withheld contract value until an agent had 1,250 policies in force-an unreachable goal in that era-or 15 years with the company. The main function of the Yellow contract, however, was to serve as a legal vehicle for the Agency Development Plan. The ADP allowed the company to take over terminated agencies, retain half the commissions and fund new agents by having them service the policies for the other half of the commissions. A wave of new agents saw this as a way to start their careers with instant agencies, but established agents recognized the dangerous precedent of working for less. At this same time, the company forced district agents to sell their agencies and become district managers, whose primary function was to recruit and train new agents. Agents were forced to move out of the district office, where rent, secretarial assistance and basic telephone services had been provided at district agent expense. Agents now had to deal with an enormous increase in overhead costs-and the company realized a substantial increase in profit margin. Relationships between agents and the company deteriorated quickly. Charges frequently arose that older, semi-retired or less "productive" agents were being terminated so the company could give their policies to new, hungry agents and keep half the commis-

sions for itself. The company also decreed that policy move-ins would come to the new agent on the same half-commission (#500 Series) basis. Because the average household moved every four to seven years, experienced agents recognized the company's confiscation-by-attribution policy of agent property would eventually erode agent security completely.

UFAA is organized

Irate California agents responded to the company's encroachments by organizing the United Farmers Agents Association in 1967. New members quickly swelled the ranks, and the new agents' association began exploring legal options for helping agents protect their businesses.

With input from DMs and President's Council members, the company introduced the Buff contract, which restored some measure of agent independence but left ADP and its takeaways virtually intact. CEO Robert Early refused to receive a delegation of UFAA officers, even though UFAA represented some 2,000 agents.

Seeing that the company had no intention of hearing UFAA's concerns, an appeal was taken to the NLRB, which ruled once again that, under the terms of the Buff contract, agents were employees, not independent contractors. The NLRB also held that UFAA was a union for the purposes of negotiating a contract. With that ruling, the NLRB handed the company a mighty weapon of disinformation. Using the "union" label, anti-UFAA elements painted a ridiculous picture of agents picketing their own offices. Though the label completely misrepresents what UFAA stands for, it is still used to scare agents away from the one association dedicated to protecting and enhancing their businesses.

In 1970 the NLRB ordered an election to determine representation for the agency force. This resulted in a vigorous campaign mounted by both UFAA and the company. UFAA polled an unheard-of 42% of the ballots, but it was not, of course, enough to gain official standing. At the same time, however, the NLRB ruling that agents were employees had not been rescinded, and was even reaffirmed when the company appealed the ruling in 1971. The result was a nervous stalemate that lasted until 1974, when the NLRB reversed itself without explanation and declared agents were independent contractors. Many agents speculated that company pressure in high political circles forced NLRB commissioners to reverse their stand. After the reversal, the company immediately halted all its campaigns to convince agents of its openness to their concerns and never again mentioned UFAA. Because the company had been forced to tear up the Yellow contract, cut back the #500 Series takeovers, and restore move-ins to the #300 Series, agents concerns were alleviated and UFAA began losing members.

Attention System 36 Users!

You were notified that the Company is substantially increasing the maintenance cost for the System 36 (35% to 56%), effective Jan. 1, 2002, and discontinuing all software support and maintenance effective Jan. 1, 2003. In light of this announcement UFAA is investigating the availability of another nationwide service provider to continue to maintain the System 36 until such time as the Company provides every user with free replacement hardware (AS/400 or PC) and access to the network. If you currently have a System 36 and are interested in continuing to use it beyond Jan. 1, 2003 please fill out coupon below and mail it to the National Office at 8978 Watson Rd., Suite C, St. Louis, MO 63119 or fax it to 314-729-0598. Another example of "Agents Helping Agents!"

Name _____ Agent # ____/____/____

Address _____ City _____ ST ____ Zip _____

Phone # _____ Fax # _____ E-mail _____

System 36 model # _____ Terminal Model # _____ # of Terminals _____

Printer model # _____

[Editors note: The Agents Appointment Agreement requires the Companies to provide agents with policyholder records. How will they accomplish it if the thousands of agents now using the System 36 are shut off?]

Why the reinspections?

Is the Company whittling down your contract value until they can afford to terminate you?

By Arizona editorial staff

Re-inspections, re-inspections, re-inspections. Why? Why? Why?

In Phoenix, the Regional Office had a re-inspection blitz where company employees and agents paired up, and each pair re-inspected about 75 homes. Then a month later, the district managers had their own re-inspection blitz, and the agents re-inspected about 75 homes each. And a month later, some agents were sent another 75 homes to re-inspect. A lot of these homes got re-inspected more than once.

At first, I thought it was just punishment for those agents who were blamed for causing all the losses last year. But why would the company be so anxious to cancel so many houses? A clue: Foremost paid for all the film used in the re-inspection blitzes.

Could it be the company would like to switch all the homeowners' insurance over to Foremost? The Management Company gets 18¢ of every premium dollar on a Foremost policy and only 12¢ on a Farmers policy. They still haven't found enough homes to cancel and rewrite, so I guess the re-inspections will continue until the Management Company has enough profit to satisfy Zurich and give Marty another large salary increase.

Some homes in southern and western areas of Phoenix have been re-inspected two, three, and four times in the last few months. South and west Phoenix have more minority people than north and east Phoenix. On renewal, one homeowner's policy on a home in west Phoenix went from under \$600 to more than \$2,000, with no losses and no Marshall Swift increases. The Foremost price was under \$1,000.

I guess the management company doesn't want this risk in

Farmers Insurance Company of Arizona, but it is all right for Foremost, even though any losses come out of the same surplus — supposedly.

The Company and DMs have always encouraged agents to move their offices away from the areas with more minorities, saying there is less money and you suffer more losses in these areas because of more crime. But most of the agents in these areas have been profitable.

So, what is the real reason? Could it be that if they cancel enough policies in these areas they can call them under-served areas and bring in their three other fire insurance companies? Is this what Marty meant when he said Farmers was going to serve the Hispanic communities?

And why are there three other companies and not just one? It can't be so that the Exchanges can make more money to add to surplus because the premiums are a lot lower and the commissions are a lot higher for the truly "independent" agents that can write these policies.

Could it be that the Management Company gets a higher cut of the premiums?

This is just another example of the Management Company hurting the Exchanges and their "captive" agents.

This brings up another question. Why is the Management Company being so nice to the independent agents and so rotten to its captive agents? The independents have lower premiums, higher commissions, lower computer costs, and even 800 numbers. To the captive agents, we get much higher rates, lower commissions, and complaints about losses. Could we be subsidizing the losses of the independent agents? You know the price of expansion.

The Management Company seems to want to get rid of most of the captive agents and most of their property and casualty business. Why? I bet that it has something to do with the agent's contract value that comes out of surplus. They can't afford to terminate all the agents' contracts, pay out contract value, and rehire some of us as independent agents like Allstate did.

They could terminate agents with small contract value now, and then wait until other agents lose so much business that their contract value drops below a certain point and they can afford to terminate them also.

Do you think they have thought about this scenario? Where are you on the list?

In the meantime, don't forget to do your re-inspections.

Attention UFAA members!

If you place insurance with companies other than Farmers and are worried about having your non-Farmers business audited, send a stamped, self-addressed envelope to UFAA.

UFAA National Office
8978 Watson Rd., Suite C
St. Louis, MO 63119

Meeting in Montana

District 70-11 talks turkey with the state office

By Klaas Tuininga

District 70-11 in southwest Montana got together and sent a letter to the state office concerning our current insurance environment with our recent increases in auto and fire rates, FARA, FPRA, 100% replacement cost, and unfair replacement cost calculations applied.

We addressed the fact that we are losing great numbers of loyal policyholders and the career agents cannot qualify. We asked for Farmers' help and honesty with this situation.

This letter was sent to our state executive, Pocatello service office executive Jerry Carnahan, and Marty Feinstein. About 75% of the agents in this district signed the letter. Those who didn't were either playing up to Farmers or felt it would be a waste of time.

Within a couple of weeks, we all received a call from the state executive for a meeting here in Bozeman. We had two from the state office, and Frank Soldano from home office.

They presented their side of the story — loss ratios and that fact their rate increase was the "right thing to do." They gave us the same story we usually hear —

the industry faces the same challenges we have and also will have to raise their rates or lose more money.

They said that in order to lower their rates 30% every agent in the state would have to write 33 policies per month (they currently are writing 13 per month).

I don't think they stopped to figure that if they lowered the rates 30% we could write 33 per month and also would not be losing them out the back door as fast as we are now.

Right now it's very difficult to write a lot of business, and it leaves faster than we can write it. When you are 25% to 50% above the competition, it's real tough.

We addressed the rates, the guidelines, and the system (APPS, FPPS, FARA, FPRA, EASY PAY, CRN, etc.). It's not that Farmers has all bad people working for them, but they get forced into working within a system that some brain child in home office got sold on — and we all suffer the consequences.

We went from 80% of RC (on special form) to 100%. We use Marshall and Swift, whereas most companies use Boeckh. On a 4 plex I had (past tense), FIG said we needed to write it for \$335,000. The insured just had it built for \$250,000. After I padded Boeckh, I finally got theirs up to \$272,000. This, plus the rate increases we have had, shoots us totally out of the competitive picture and causes people to shop when they get the drastic premium increase on renewal.

We told the state office we'd get them examples of how far Marshall & Swift were above reality, plus other examples for auto. The state office said they were trying to bring in an auto/life discount, they would suspend GUS on renewal, they'd check to see if they could change the bathrooms and kitchens back to economy from standard (which all are listed now on RC), they might look at mid-term rate reviews (if warranted), and they would check into the time problems we are having with CRN (claims).

Even though there was the normal Farmers arrogance on some issues, overall it was a good meeting. The next few weeks we'll be checking with our state executive and Frank Soldano to see how they are progressing on their side of the bargain. Then we'll know if this was a good meeting or "smoke and mirrors."

We all plan to do our part in providing the information they requested, although I suspect they already have that information. If we both jump through the hoops, then that will be team work and a real positive.

We have been told this is the first time an entire district got together, wrote, and signed a letter. So it did get the attention of Farmers, making them listen.

United we stand, divided we fall. They are not used to us being united.

Klaas Tuininga is president of Chapter 51, Montana-Wyoming.

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CHAPTER NEWS

Chapter 19 Nebraska - Iowa provides continuing education

Our current available courses have been updated, plus additional continual education courses and hours have been purchased. We now have a total of 68 hours for P&C, 21 hours for Life, nine hours for Ethics. These are self-study courses that you take on your computer at your own pace. Courses are *free* to members and \$3 per credit hour for nonmembers.

Contact Dave Strunc at 402-330-3333 for further information on lesson hours and names of the new courses.

— Jeff Acklie
Chapter President

Chapter 22 Washington discusses credit scoring

Our monthly chapter meeting was held Oct. 30. We had a very special guest speaker. Judy Ost, board director of NAPAA and CEAA, and 17-year Allstate agent, spoke to us about many subjects but, most importantly, credit scoring. Her opinion of credit scoring greatly reflects the opinion of UFAA.

We had a very good discussion with a turnout of about 25% of our statewide membership.

Washington state insurance commissioner Mike Kreidler, has recently had four public meetings around the state to give consumers a chance to voice their opinions on credit scoring. All four meetings had standing room only.

Four other UFAA members and I were in attendance at the final meeting on Nov. 1 in Seattle, as was Judy Ost. Because it was billed as a "consumers hearing," I did not sign up to speak on the record, and after hearing the very first consumer speak I realized there was no need for me to officially express my views. All, with one exception, lambasted the use of credit scoring.

One by one they spoke on the record about their disapproval of credit scoring: a low-income person, a woman who was a severely disabled victim of domestic violence, an independent agent who had a 'bad' score due to misinformation on his credit report, and a Farmers agent who recently suffered major medical problems that has affected his credit. One of the last to speak asked, "Since when did insurance company's start giving out loans?" The last speaker simply said, "It is un-American!"

I will keep UFAA advised of the outcome of these public meetings and the probable legislation proposed by our Department of Insurance.

— Steve Hall
Chapter President

Chapter 35 Houston talks computer viruses, hosts open house

Mike Rosen, owner of Computer Specialists, advised us about a virus that was supposed to activate on 10/16. He said it is remnants of the old Sircam virus. He also warned us not to open any jokes, photo, video e-mails, or attachments in the next two weeks, because there are new viruses embedded in these that can wipe out your hard drive.

He emphasized not to open terrorist-type emails. He said the old version of Norton Antivirus is not detecting or protecting against these new viruses and recommended upgrading to Norton Antivirus 2002.

He also recommended *not* resetting your computer if you lock up after opening one of these types of e-mails. This will cause you to lose the info on your hard drive. There may be a chance to save your data if you do not reset before getting professional help.

Two Houston area agents and myself hosted a computer open house. We demonstrated PC networks that emulate with the AS/400. We have a variety of PC programs we can use with the AS/400.

An example is that we can take an ID card from the AS/400 and WinFax it directly to a client without printing it first. We also can print it to our AS/400 printer, our PC network printer, or my CSR's local printer. We also can attach a copy of the ID card to the client file in our ACT! database to show that we faxed the ID card to them.

Tom Garcia has agreed to help set up the UFAA Chapter 35 software library. The library will consist of training disks on how to better use and utilize some of the more popular PC-based programs. The programs we have thought of so far are Outlook, Excel, Word, Internet Explorer, ACT, WordPerfect, Windows, PowerPoint, Access, Quicken, Quickbooks, and Paper Port. One of our member's has provided resources on purchasing the CD-ROMs. The idea is to have the disks available at each meeting to check out for a one-month period. We are open to suggestions on other programs that may be useful to our chapter members. These training disks will be available to UFAA members only!

— Gwen Foster
Chapter President

Just say no to 'employee' activities

As independent contractors, we cannot be required to participate in "employee" activities, but that doesn't stop our district managers from forcing the issue. Have you been told a report has been required from you?

We are not saying you should not participate in the processes, but we do feel you need to know it's your decision to make! As an independent businessperson, you can decide to use things that benefit you and discard things that don't. Some of the reports you receive from your DM make sense ... some don't.

UFAA has initiated the "Just Say No" campaign to assist the agency force to recapture their rights afforded under the "Independent Businessperson" status. After all, it was and is Farmers' business plan to utilize contracted agents rather than employees, and quite probably that's one of the major reasons you decided to join Farmers instead of another company.

But it's hard to say no to your DM the first time. Everyone has to start with that first no, and it can be very intimidating. That's why we would like to help you become more comfortable with saying no.

How can we do that?

Here's the plan. If your DM sends a project to your attention with a deadline and a report expected, fax or

e-mail a copy to the UFAA National Office. They will then send a notice to everyone in your district that will:

- (1) advise them of their rights as independent business owners,
- (2) let them know that everyone in the district received the same communication,
- (3) and offer a chance to participate, as a group, in standing up for themselves and not participate in the reporting process.

We hope that by providing an opportunity to help say no in a passive way, by simply not participating, agents will feel more confident in their decision. They'll know they aren't going to be the Lone Ranger, and that will make it easier to make that uncomfortable decision.

What are we trying to accomplish?

It is our belief that as a majority of the agents begin to participate in passive resistance by simply not participating, these inappropriate requests of our time and money will begin to fade. We also hope it will inspire more agents to feel confident enough to begin saying no again so we can be treated like true business partners, rather than uncompensated employees. That's just good business!

We think it's a good idea, how about you?

Sys One Support

From the director: Legal Activities

DRA issues going to referee

By Larry Tencer

In the last issue, I mentioned our case had been put on hold for 90 days because Farmers' legal counsel unexpectedly died and a new firm was brought in and needed time to get up to speed.

Our Declaratory Relief Action was filed in October 2000, and while a year has now passed we find ourselves still in the preliminary stages of discovery. It is obvious Farmers has no desire to see our case presented to a jury, and they naturally assume time is on their side.

The discovery process is a procedure where each side can ask the other side to answer certain relevant questions and provide certain documents or records. We submitted our questions, called interrogatories, and requests for admissions, along with a request for certain documents and records. Farmers did the same thing, and all of the filings can be viewed on our web site, *ufaa.com*.

Well, neither side was happy with the answers the other provided, or rather the lack of answers and proceeded to file motions to compel with the court. A motion to compel is a request to the court to decide if the other side's reasons for refusing to respond are valid or if the other party needs to provide more details or information than they provided.

The initial hearing on the motions was set for July 27, but was postponed to Aug. 13 due to change in Farmers' counsel. However, on August 13, the court, on its own, continued the hearing to Sept. 13. The court ordered both sides to meet and confer in an effort to resolve the outstanding discovery issues and advise the court, no less than five days before the hearing date, of the results of our efforts. If the parties couldn't resolve the issues before the hearing the court was going to appoint a referee to try to resolve them for us. Referees

normally are retired judges.

On Sept. 13, the parties advised the court they were unable to resolve the discovery issues. The court dropped the pending discovery motions from its calendar and ordered us to select a mutually acceptable referee and, failing to do so, the court would appoint one for us. We submitted names, they submitted names, and of course neither side liked who the other suggested. It was finally agreed that each of us would provide two names, which would be submitted to the court in alphabetic order asking the court to appoint one of the four names as our referee. As of this writing, we are waiting for word from the court telling us who has been appointed.

Ray Estabrook, our attorney, estimates that once the referee is appointed it will take four to six weeks for the referee to study the issues, hear verbal arguments, and make a decision. Once that is done and submitted to the court, either side can appeal the referee's decision to the court, who will then make a final ruling.

Once the current discovery issues are resolved, we anticipate serving Farmers with a second round of discovery requests. Farmers may also be planning a similar action. After that, both sides will start the deposition phase, where knowledgeable representatives from Farmers and UFAA will be asked, under oath, a series of questions. Hopefully, I will be able to report in the next issue that the deposition process is underway.

The five issues we brought to

the court are even more important today than they were a year ago. Ask yourselves why we are paying for access to our policyholders records (the cost of the AS/400, System 36, or IVANs) when the Agent Appointment Agreement clearly indicates it is the Companies' responsibility to provide them.

We are repeatedly told we must rewrite outside business once it

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becomes eligible and if it is acceptable, but we don't think our AAA requires that. We are told we must only sell the Farmers Brand Products (LTC, MBI, HO Plus, Bonds and Flood Insurance) and again we disagree. Our AAA says the Companies will make available education and sales

training programs, and yet agents are having to pay for their Series 6 & 63 licenses, only to be reimbursed if they sell a certain amount of financial products.

Finally, the Companies demand we submit every application, even if the policy form we have doesn't entirely meet our clients needs.

We think the court will disagree with the Companies' position.

I would like to thank all the agents, including the non-members who have generously contributed to the DRA Fund. I am personally appealing to those agents who have yet to donate, as your help is needed too. Your financial support of the DRA sends a strong message to the Company that we, the agency force, expect the Company to honor our AAA just as they expect us to.

Larry Tencer is UFAA National Director of Legal Activities.

The many 'benefits' of the 'new' network

By Voice editorial staff

Farmers Senior Vice President and Chief Information Officer Cecilia Claudio, in a breaking news bulletin, shared some "Great news!" with us about the "many" benefits the "new" Agent IP Network brings to all us agents.

The benefits include an "average" response time for transactions that is "about" one second faster. For a new system in a new millennium, almost a whole second faster. Wow! Look out, Bill Gates!

Second is improved service from the Help Desk. It could only get better.

The third benefit is the new capability a modern, IP-based network can provide. I thought it would be "Premier," but it is only "modern." Maybe modern is better than "Premier." E-Notes was "Premier."

Now the agents can connect with the Internet through their Farmers computer. Of course, you

can't do it directly. You have to purchase a PC.

The problem is that you still have to use Farmers' state-of-the-art System 36 or the \$400-a-month AS/400. (Now you know why they call it a 400!) We are still stuck with an antique computer system and the most user un-friendly programs in the industry. Now we will be able to get irritated "about" one second faster than before.

"All" this on a phone line that costs \$135 per month. I can get a DSL line and Internet access for about \$70 per month, and I'm not buying in bulk. With Farmers' modern system, you get "less for more."

With the "new" IP network, the Internet connection is always on. The old network was always on. The DSL system is always on. That is not the problem, and the speed is not the problem, although it is irritating. The problems are the "programs" and the fact we have to

have a "Farmers" computer as well as a "modern" PC — two systems to do one job.

Read your Agents Appointment Agreement. The Company is responsible for supplying us with policyholder records. It does not say we are required to purchase these records, and that is exactly what the Company is forcing us to do, at their inflated, profit-making prices.

Cecilia Claudio needs to have another title added to her name — "Spin Doctor."

[Editors note: If you elect to allow Farmers to be your ISP provider, you should understand they will have the ability to read everything you send or receive while you are on their service. They also will have the ability to scan your transmissions for key words and phrases. You have no privacy, and your ISP knows which sites you visit and how often you go to them.]

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Class certified in AA bonus suit

On Sept. 5, 2001, the Hon. W. Jeanne Meurer in Austin, Texas, certified a class action against Farmers on behalf of all current and former captive agents of Farmers in 29 states. Plaintiffs contend Farmers owes to thousands of Farmers agents amounts totaling as much as hundreds of millions of dollars as a result of miscalculating Achievement Award bonuses owed to the agents.

"We are gratified the court has certified this matter as a class and, as we have to this point, we will work diligently to insure all agents get the money they are entitled to under the bonus programs," said 25-year, highly decorated Farmers agent Michael Sawyer upon learning of the court's order.

In an effort at damage control, Farmers issued a "breaking news" Field Bulletin to all Farmers' agents,

stating its belief that the lawsuit has no merit.

"This is typical of the denial Farmers has engaged in from the beginning of this lawsuit," said class counsel Bobby Pryor, senior partner of Pryor & Bruce. "Farmers filed six separate motions, claiming every issue raised in the lawsuit was without merit. After reviewing the evidence, the court denied every single motion. For them to represent to the agents that the case has no merit is on par with the manner in which they miscalculated the bonuses."

In the lawsuit, Sawyer and Leonard claim Farmers has disqualified agents from receiving bonuses and underpaid bonuses to agents by miscalculating an agent's underwriting gain or loss.

They contend Farmers improperly charged certain expenses to agents, as well as double- or even

triple-charging other expenses in order to make profitable agents appear unprofitable or less profitable.

"Even common sense tells you something was amiss with how they were calculating the bonuses," said former Farmers' agent Michael Leonard. "Farmers is worth billions but is, year in and year out, through the bonus programs, claiming most of its agents are not profitable. That's just not credible."

The plaintiffs anticipate Farmers will appeal the judge's ruling, which could take months to be resolved.

"After that, we will move this matter to trial as quickly as possible," said Pryor. "We firmly believe the evidence shows thousands of agents are due thousands of dollars each, and its time to get that money out of Farmers hands and into the hands of the agents."

connectivity

AA bonus suit explained

Attorney answers key questions about class action

By Larry Tencer

We asked Bobby Pryor, lead trial attorney for the class of agents to answer some commonly asked questions about the class action and how it will impact agents who are members of the class.

1. What is the class action about?

For years Farmers has been sending agents Achievement Awards Booklets offering the agents various bonuses based, at least in theory, upon each agent's performance. The class that has been certified relates only to four specific bonuses: the Agency Profitability Bonus, the Auto Retention Bonus, the Life Performance Bonus, and the Underwriting Contract Value Bonus.

Plaintiffs have filed suit under a breach of contract theory, alleging that Farmers has miscalculated each of the bonuses to the detriment of the class members, by vastly understating their profitability.

I understand UFAA has posted a copy of the plaintiff's petition on its web page (ufaa.com), and I recommend the agent take the time to read the petition in its entirety. In doing so, you will see that some of the many breaches of contract are obvious from the face of the Achievement Awards Booklets.

For example, in the Auto Retention Bonus, the Achievement Awards Booklet (1999) clearly states that the bonus will be paid as a percentage of total Farmers Auto premium. It should come as a great surprise to the agents that premiums from 500/700 and Premier series policies were not included in calculating the amounts of bonuses paid.

Another illustration relates to the Life Performance Bonus. The Achievement Awards Booklets state, in the general qualifications, year after year, that each bonus is an annual bonus. Despite those representations and promises, Farmers admits calculating the Life Performance Bonus on a quarterly basis. Plaintiffs believe that the result has been the underpayment or nonpayment of thousands of bonuses.

Mike Sawyer and Michael Leonard brought this class action lawsuit more than a year and a half ago. Since that time, there have been numerous depositions, dozens of motions and hearings, and six separate motions filed by the Farmers lawyers asserting that our lawsuit is meritless. Yet plaintiffs have prevailed at every stage of the litigation, not only defeating each such motion but also in obtaining an order from the trial court in Austin, Texas, certifying a national class of Farmers agents.

UFAA has a copy of the class certification order on their web page. The trial court's class certification order presently is being appealed by the Farmers defendants to Texas' Third Circuit Court of Appeals, where we believe it will be upheld.

If you have any questions or comments about the class action, I encourage you to contact UFAA via their web page or e-mail me at PryorBruceLaw@aol.com.

2. Who are the class representatives ?

There are two class representatives, Mike Sawyer from Richardson, Texas, and Michael Leonard, who resides in Addison, Texas.

Mr. Sawyer is one of Texas' 50 largest Farmer's agents, with more than 4,000 policies in force. He has received virtually every award Farmers has to offer and has spoken at conventions and meetings of agents throughout his 25-year history as a Farmers agent.

Mr. Leonard is a former Farmer's agent who now operates an independent agency. He left his Farmers agency with a policy-in-force count of more than 3,000, which he transferred to his son.

Both of these men have been involved from the class action's earliest stages and have generously given their time, resources, and wisdom. They are both true heroes, sacrificing for the good of the agent class and the cause in which they both so rightly believe.

3. How much money will I get, and when will I get it?

We will not know how much an individual agent will receive, if anything, until after the appeal process is over and the court orders Farmers to provide production numbers for all the class members. We expect the appeal process to take less than six months and will proceed with discovering that information immediately thereafter.

Once the appeal is over, we anticipate sending notice to each of the class members to allow them an opportunity to stay in the class or opt out, and then proceed to trial. Texas has a trial shortcut called a summary judgment hearing that we believe will allow us to have many of the substantive issues addressed sometime before the end of 2002.

4. Do I need to do anything?

At this time there is no need for the agents to do anything in regard to the class action. If you are a class member, and the court of appeals upholds the certification order, you will receive a class action notice that will describe and detail your rights.

5. What if Farmers talks to me about this case?

Some communication is allowed under the court's class certification order. Intimidation or communication that attempts to persuade you not to be a class member is prohibited. If you feel you are being pressured by Farmers or are the recipient of inappropriate communications, please contact me immediately.

Larry Tencer is National Director of Legal Activities.



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