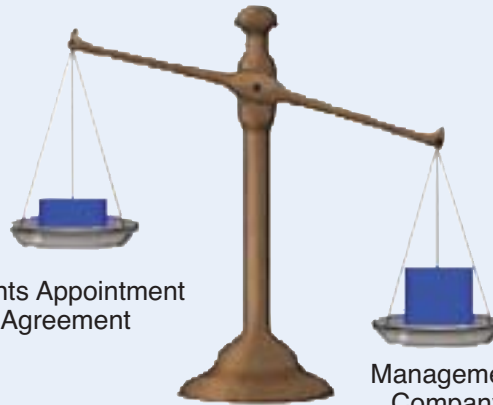


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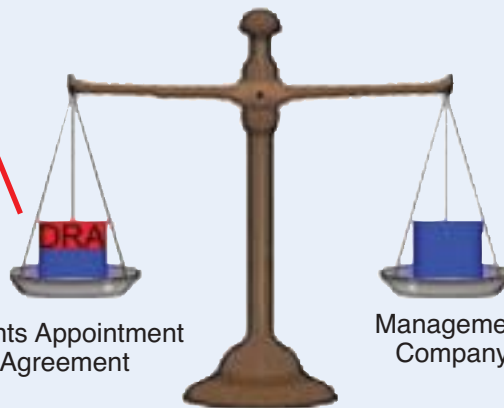
Voice



Agents Appointment
Agreement

Management
Company

Declaratory Relief Action



Agents Appointment
Agreement

Management
Company



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





UNITED FARMERS AGENTS ASSOCIATION
9785 Mackenzie, Suite 104 • St. Louis, MO 63123
314-631-7898 • FAX 314-631-7963

RALPH BUCHANAN
PRESIDENT

Dear Agent,

Let me ask you a question.

Do you really feel you should be paying the management company every month to access your policyholder's records?

Whether you have an antiquated System 36, an old AS/400 or you subscribe to IVANS, you are paying monthly to do to the work the management company used to do and, in fact, is contractually required to do. Even today, if you try to turn in the 36 or the AS/400, you are told you MUST sign up for IVANS even though you can access Dashboard using a personal computer.

One agent recently answered the question by saying, "If they quit charging for the access they would just make it up another way, like reducing commissions." That is incredible! What he was saying was, "I'll just keep paying every month because I am scared they will be mean to me later." The management company sends a billion dollars a year to their parent company Zurich. Why do they need money from the agents?

Another agent suggested that removing the monthly access fees would help the smaller agents. I guess he felt that if the money wasn't taken from smaller agents it would help them survive. What a caring individual!

The point is, the Agents Appointment Agreement says THEY (the management company) will provide agents access to policyholder records. It does NOT say agents will have to pay for the access. So why do we pay?

In the mid 1990's, UFAA sued Farmers over the computers. In open court, Farmers' lawyers said that agents had been overcharged \$75,000,000. How much has that number increased since then through monthly "access fees"?

If you, as an individual, wrote Mr. Feinstein and asked him to, "Please stop charging me every month." you may get a reply but you won't get them to stop. But, together, we can get an answer. We can get a court of law to decide if we must pay to access our policyholder's records or if the management company must provide it as the AAA clearly states.

Ask the court? We have. It is called a Declaratory Relief Action. We are asking the court to declare and to give us relief. We are not asking for damages just relief from the monthly access fees. And we are right and our cause is just. Whether you are a member or not, you will benefit when we win. And you can help us either openly or secretly by supplying the money we need to finance the legal action.

Read on, ask questions, make a decision, and send that check today.

Thank you,

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

Ralph Buchanan, National President
United Farmers Agents Association

The DRA is Alive and Well

From the desk of Legal Affairs

By Larry Tencer

Recently retired Alameda County Judge Judith Ford nearly ended our Declaratory Relief Action (DRA) in 2002 when she ruled that UFAA had no "standing" to represent its members in a court case. After doing extensive research, we felt confident the California Court of Appeal would overturn the lower court's ruling. The Appellate Court did and they did it in what seemed like record time.

The five issues we have asked the court to address in the DRA are extremely important to our members and the agency force. However, the issues are only the symptom of the problem, a problem that affects every agent, and that is the management company's continuing attempts to redefine and modify our AAA. If you have read your AAA recently or any of the numerous DRA articles appearing in *The Voice*, you know your contract can only be changed with your written consent. It was the recognition of this problem that finally prompted UFAA to file the DRA, saying, "Enough is enough." I want to take this opportunity to provide yet another example of the Company's blatant disregard for the terms and intent of our AAA.

In 1968, Farmers introduced a new AAA with a number of significant changes. The first of the two changes was the right of first refusal, allowing agents to place business with other companies under certain circumstance (one the five issues in the DRA). The second change was the introduction of a Termination Review Board (TRB). This change gave every agent the right to a hearing if the Company terminated their AAA for any reason. It is this change that will illustrate my point, that Farmers, knowingly and intentionally, attempts to change our AAA.

With the introduction of the 1968 contract, the Company distributed a document entitled "Agent Appointment Agreement Explainer" to further clarify the provisions of the Agreement (available on www.ufaa.com). In introducing the TRB, the Explainer stated, "Any time two people disagree, there is a possibility of a misunderstanding. Although we hope it doesn't happen, it's possible an Agent may feel the termination of his Appointment Agreement was not justified. If that happens, the Termination Review Procedure gives the agent an opportunity to ask for reconsideration." The Explainer goes on to say, "Any active Agent, who has ever been a President Council member, can be selected by the agent who is appealing."

Based on the above quote, doesn't the TRB procedure sound like it is intended to be a fair and impartial opportunity to straighten out a misunderstanding? Well, I bet you know of someone who was terminated and described the TRB process as a kangaroo court of the worst order.

If you were terminated, reviewed the TRB provisions in the AAA and the very clear language in the Explainer, you would expect to receive a list of all the President Council members that were eligible to represent you on the TRB panel. Unfortunately, that is not the case. For some unknown reason the Company arbitrarily decided that only PC members in the last ten years could serve on a TRB panel. What is really insidious about the Company's action is that when an agent requests a TRB, he or she is sent a letter simply saying, "Attached is a list of current agent members of the President Council. The list however, only contains the PC members for the past ten years. You may be wondering how we discovered the Company's violation of our AAA. First, sometime in the mid 1990s, Ralph Buchanan, current UFAA President, recently retired Farmers Agent and former PC member, was not allowed to represent several agents at their TRBs because of the illegally imposed ten year limitation. It was some time later that we obtained written confirmation of the ten year imposed limit in the form of a letter from a State Executive to a terminated agent who had requested a TRB. Proof the management company has violated the provisions of our AAA, by arbitrarily changing words they themselves wrote, without our agreement or permission.

"Who cares?" "They have the right to change the rules." "UFAA is arguing something that doesn't affect me." "They only terminate agents that deserve it."

You had better care. The five issues in the DRA affect you and one day soon they will make another change that will affect you even more. When that occurs, you will be standing alone, without a prayer for help from UFAA, the only organization that actually cares about the agency force. Now you know why it is imperative to stop the management company now and we need your contributions to the DRA Fund to do it. Please help us help you.



Application for Membership

United Farmers Agents Association

9785 Mackenzie #104, St. Louis, MO 63123 Phone: 800-275-8668 Fax: 314-631-7963

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: _____ 03/06

96% of your membership dues may be deductible as an ordinary and necessary business expense but are not deductible as a charitable deduction.

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 ammount 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 included a voided check with this application.

(x) _____

A Call To Action

Dear Fellow Agents,

I am writing to you today because we need your financial support and we need it as soon as possible. On August 12, 2003, a California Appellate Court handed California agents its greatest victory since the Heston decision in 1983, which caused Farmers to issue a revised Agent Appointment Agreement that is still in use today. The Heston decision allowed agents to refuse contract value, keep their clients and rewrite them to other companies without inference from Farmers.

The August 12 Appellate Court decision was the result of the Declaratory Relief Action (DRA) that UFAA filed in October 2000. As you may know UFAA filed the DRA, to get the court to determine whether our interpretation of five points (briefly explained on the attached sheet) in our AAA was correct or was Farmers' interpretation correct. Farmers nearly succeeded in killing the DRA claiming UFAA did not have the right to represent its members. If that decision were not overturned it would have meant that any agent or group of agents wanting to take Farmers to court, to right a wrong, would have had to be individually identified in the suit. Because of our victory, UFAA can represent its members, eliminating the need to have an agent as a named plaintiff in the action, which could lead to almost certain termination for the named agent or agents.

As a result of our victory, we now have the opportunity of going back to the trial court to prove our interpretation of the AAA is correct. Going back to court is a great opportunity as well as a significant challenge. The challenge involves our ability to raise sufficient money to fund the balance of the trial court proceedings so we can have our day in court. To date, with the help of member and a few nonmem-

ber contributions we have no outstanding legal bills. However, considering the estimated two years of trial court action ahead of us we know we need to raise at least \$150,000, which is about what we have already spent on the DRA.

Raising that amount of money is not an insurmountable task, but it is certainly a challenging one. To do it, however, UFAA needs the support of all California agents and not just our members. If the court agrees with UFAA's position, rather than the Companies, every agent in California will benefit; not just our members. Not only will we save the money we now spend every month on the AS400, System 36 and IVANS, but anyone writing outside business during a moratorium or that is not eligible or acceptable, will not have to worry about being terminated for not rewriting that business back to Farmers when the company has a change of their rules. However, the most important reason every agent should support the DRA is to prevent Farmers from continuing to reinterpret our AAA to our detriment. That is why UFAA filed the DRA and it is why it's in your best interest to help us stop Farmers here. We are not suing for money, we are only seeking clarification of our contract from the court. Everyone wins!

This is my personal appeal to you and every other California agent to send in a \$100 tax-deductible contribution or more, so we can stop Farmers from shifting its costs to us and eroding our independent contractors status even further. Please help us help you.

Respectfully,

Larry Tencer, Director of Legal Activities
Petaluma, CA

What is the DRA?

Why did UFAA File it?

Why is it important to every agent?

When the parties to an agreement can no longer agree on the meaning of a provision in their agreement the legal system provides a method for having a court determine the respective rights of the parties. That method is called a Declaratory Relief Action (DRA). The five points we asked the court to review are:

Why are we paying to access our policyholder's records (the cost of the AS/400, System 36 or IVANs)? The Agent Appointment Agreement (AAA) clearly indicates it is the Companies' responsibility.

Why are we forced to rewrite outside business once it becomes eligible and acceptable to the Companies? Our AAA doesn't state that.

Why are we required to sell the Farmers Brand Products (LTC, MBI, HO Plus, Bonds and Flood Insurance) and only Farmers Brand Products? The AAA only addresses policies underwritten by the Exchanges.

Why are agents forced to pay for the classes necessary to take the exams for the Series 6 & 63 licenses? Our AAA says the Companies will make available education and sales training programs.

Why are agents forced to choose between the customer's needs and the Companies demands? The Company demands that all applications be submitted for eligible business regardless of the customers specific needs and desires. We do not believe the court will agree with the Companies' position on this point either.

Why Did UFAA file the DRA? Because the issues are extremely important and they impact each of us. If we allow Farmers to continue reinterpreting our AAA, we will shortly find ourselves as closely controlled as employees are, without the corresponding benefits employees enjoy. Remember our AAA says we are "independent contractors", so lets protect that right. That's what the DRA is attempting to do.

Why is it important to every agent? Do you personally, or even as part of a group, want to take Farmers to court and have your name and agency exposed to almost certain termination.

Remember, our AAA says it can be terminated on 3 months written notice and Farmers contends good cause is not needed, which is something else we disagree with them about. Doesn't it make sense to be represented by an Association that can act on your behalf, eliminating the fear of receiving a three-month notice of termination? Please help us help you.

DRA Legal Fund Donation Form

“Agents Helping Agents”[®]



YES, I want to help myself and other agents.

_____ I wish to contribute

\$300.00

\$200.00

\$100.00

_____ My check for the above amount is enclosed.

_____ Please charge my credit card (complete the section below).

OR

_____ I wish to increase my monthly PAC by an additional:

\$25.00 per month

\$20.00 per month

\$10.00 per month

Name

Address

City

State

Zip

Phone

Fax

Email

_____ Please charge my _____ Visa _____ MasterCard

Card Number

Expiration date

Name on Card

Authorizing Signature

Return to

**UFAA DRA Fund
9785 Mackenzie, Suite 104
St. Louis, MO 6312**

OR

Fax to: (314) 631-7963



UNITED FARMERS AGENTS ASSOCIATION

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02/04

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