Allstate to Agents: Bulk Up
September 28, 2009, By Steve Daniels, Crain Communications

Allstate Corp. is setting ambitious new revenue standards for its massive sales force, sparking agent fears that a large-scale culling of their ranks is beginning.

The Northbrook-based insurance giant, addressing marketshare losses to online insurers such as Geico Corp. as well as lagging customer satisfaction, in recent months has set a new expectation that Allstate agencies have at least $4 million in annual premiums and 4,000 policies within the next three to five years, according to internal company communications obtained by Crain's.

With more than 14,000 agents in the U.S. who generated $27 billion in 2008 premiums and deposits, that $4-million standard is more than double Allstate's current average premium per agency of $1.9 million. It's also 60% higher than the $2.5-million average per agent at the country's largest auto and home insurer, Bloomington-based State Farm Insurance Cos., which has more than 17,000 agents.

No one forecasts that Allstate, whose premiums have been essentially flat in recent years, will double them in the next five years. So the agent initiative — dubbed the "ideal agency model" by the company — is likely to slash the number of agents.

"The agents are fearful their jobs are at stake," says Jim Fish, a former Allstate agent and executive director of the National Assn. of Professional Allstate Agents Inc. in Gulfport, Miss., a group representing more than 1,000 agents that has criticized the company over its treatment of its salesforce. "From the numbers, it appears as though the company wants to reduce the size of the agency force substantially."

Some agents privately say they think this will be Allstate's biggest agent initiative since the late 1990s, when former CEO Edward Liddy forced employee reps to become independent contractors, a move that provoked a flurry of lawsuits. An Allstate spokeswoman declines to comment other than to provide a statement: "Our goal is to help Allstate agencies grow and succeed by giving them the incentives and tools to provide superior customer service."

Allstate appears to be betting that larger, better-staffed agencies — albeit fewer of them — will provide better service to customers and keep them from straying to competitors despite rates that generally are higher than its rivals'. Larger agencies also could be better able to provide service to the growing number of U.S. consumers who prefer to buy insurance directly from insurer Web sites rather than agents, a trend analysts expect will persist.

"It is strikingly impressive that the company has so many feet in the street selling the Allstate brand," says Gregory Peters, an analyst at Raymond James & Associates Inc. in Chicago who has a strong "buy" rating on Allstate stock. "But the reality is some of those people are coasting...They're just drawing a renewal check."

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"(Allstate) is trying to consolidate them," Mr. Peters says. Allstate has suffered as the economy has tanked, spurring more consumers to shop for cheaper policies. Its number of auto policies has declined for six straight quarters, while those of Maryland-based Geico, Ohio-based Progressive Corp. and even State Farm, which pursues the same agent-led sales model as Allstate, have risen.

In Illinois, Allstate's auto-liability insurance revenue fell last year for the first time this decade, dropping 3.6% to $338 million, according to data filed with the Illinois Department of Insurance. Geico's, by contrast, rose by 15%, and State Farm's increased 2%.

"We cannot make just incremental progress, we need dramatic change," wrote Joe Richardson, Allstate's senior vice-president for sales and customer service, in an August note to agents. "Regardless of how we measure it, our customer loyalty is below average."

Allstate is betting improved customer service, and better integration of its Web site and call-center operations with its agents, will lure more customers despite its higher prices. Its refusal to match rivals' past rate cuts has made its auto insurance business the most profitable of the four biggest players in the business.

But some analysts believe Allstate will find it tough to reverse its marketshare slide in auto, by far its biggest business, accounting for nearly 60% of revenue last year.

Sales of auto insurance online or over the phone accounted for 24% of total sales in 2007 vs. 17% a decade earlier, New York-based Goldman Sachs Group Inc. analyst Christopher Neczypor noted in a Sept. 11 report. "Captive agents appear to be at the biggest disadvantage. Allstate is thus losing share in personal auto, a trend that may accelerate as consumer shopping remains elevated," he wrote.

He slapped a "sell" rating on Allstate stock, which has more than doubled since March — it closed at $29.23 on Friday — on improved investment results.

http://www.capitalresources.com/

Allstate to Discuss Third Quarter 2009 Earnings With Investors

The Allstate Corporation will conduct a conference call at 9 a.m. Eastern Time (ET) on Thursday, Nov. 5, 2009 to discuss third quarter 2009 earnings. The company will issue a news release announcing results the day before on Wednesday, Nov. 4, 2009 at or after 4:05 p.m. ET. In addition, the company plans to file its third quarter 2009 Form 10-Q after market close on Wednesday, Nov. 4, 2009. The news release and 10-Q will be available on Allstate's Web site at www.allstate.com.

Those interested in listening to the live call can access an Internet webcast on the company's Web site. Go to www.allstate.com, click on "Investors" and then click on the "Live Webcast" link. Supplementary financial and statistical information that may be discussed during the call can be accessed on the company Web site by clicking on "Quarterly Investor Info." For those not able to listen to the call live, the entire conference call will be available for replay via webcast or downloadable MP3 file on the company's Web site beginning shortly after the call ends on Thursday, Nov. 5, 2009.
A group representing Allstate agents across the United States is petitioning the Internal Revenue Service in protest of years of what it claims have been improper worker classifications -- designating its agents as independent contractors while putting them under restrictive employee rules.

The National Association of Professional Allstate Agents, a nonprofit that represents more than 1,000 of the company's agents, is asking the IRS to intervene in the contractors' dispute with Allstate Corp., forcing the insurer to change its practices. It has sent a petition to all of the company's independent contractors that each contractor can forward to the federal tax agency. The petition outlines all the ways the company exerts direct control on the contractors, and claims Allstate is in breach of an earlier agreement with the IRS to allow contractors to operate under their own business plans.

"The fact is that Allstate agents are treated actually worse than employees," said Jim Fish, the organization's executive director. "The company really controls almost everything they do. With an independent contractor-type relationship, that's not how it's supposed to be."

Almost a decade ago, thousands of Allstate agents were changed from employees to independent contractors. Since then, Fish contends Allstate has saved a great deal of money it hasn't had to pay in benefits or employee taxes, but it still controls the contractors as if they were employees. "The company doesn't have to pay FICA tax or unemployment tax. They don't have to have pensions or health insurance for their agents."

The organization claims that the independent contractors are forced into mandatory office hours, sales quotas, performance reviews, mandatory meetings, mandatory training and can be fired by Allstate at will.

Attempts to reach Allstate for comment were not immediately successful.

The agents' group cited the recent reports that the IRS intends to audit 6,000 companies to review employee tax issues, including evaluating whether they are placed under proper tax designations. The agents' organization is encouraging the IRS to include Allstate among those companies. "Our hope is to really involve the IRS in this situation, because the IRS is the one that has the power to correct this," Fish said.

The organization also raised the point that each agent's book of business was supposed to replace a pension as a final retirement investment the agent could cash in, but the group complains that Allstate puts too many restrictions on the sale of the independent agencies. "This isn't fair because for many of us, our book of business is the most important retirement asset we have," Fish said.

The petition went out to the Allstate contractors in the organization's quarterly magazine.

Recently, Allstate agreed to pay former employees $4.5 million to end a five-year-old age discrimination class-action lawsuit against it, according to the U.S. Equal Employment Opportunity Commission. Allstate continued to deny that a hiring moratorium it adopted in 2000 as part of its reorganization from employee agents to independent contractors violated the Age Discrimination in Employment Act. But the insurer said it chose to agree to the settlement to avoid further litigation costs.
IRS to Audit 6,000 Companies to Test Employment Tax Compliance
September 18, 2009, By Ryan J. Donmoyer, Bloomberg

The Internal Revenue Service will audit 6,000 U.S. companies to determine whether they pay all their required employment taxes to fund Social Security and Medicare benefits.

The IRS said the audits will provide data for its first statistical analysis since 1984 of how often companies misclassify workers to duck tax obligations, fail to pay taxes on fringe benefits such as personal use of company cars, and improperly pay taxes for company executives. The audits will begin in February, and the companies will be randomly chosen.

“We think businesses have significantly changed over the last 25 years,” John Tuzynski, chief of employment tax operations at the IRS, said in an interview today. “This will help us find out where there are real issues we have to address.”

The Treasury Department in 2005 estimated, based on the 1984 IRS data, that companies underpay employer taxes by about $14 billion annually. In particular, federal agencies have raised concerns about whether employers are properly classifying workers as company employees or independent contractors.

Employee misclassification “could be a significant problem with adverse consequences” because it cheats the government out of tax revenue and employees out of labor protection, the Government Accountability Office said last month. Employees who are improperly classified as independent contractors can be denied health benefits, overtime pay, and unemployment insurance.

Tuzynski said the IRS audits, to be conducted over three years, also will focus on fringe benefits such as company cars and personal use of corporate-owned vacation property, as well as the way salaries are reported for officers at so-called S-corporations.

Most of the audits will be conducted face-to-face, Tuzynski said, although the IRS also will gather information from internal sources and the Internet. “We’re going to try to make it as least burdensome as we can,” he said.

Employers are required to pay half of their workers’ 12.4 percent Social Security tax and 2.9 percent Medicare tax when the workers are classified as “employees.” Workers classified as “independent contractors” pay the entire levy themselves.

The Bureau of Labor Statistics reported that 10.3 million workers, or about 7.4 percent of the workforce, were classified as “independent contractors” in 2005. It’s unknown how many of those weren’t properly classified as independent contractors.

States uncovered about 150,000 workers in 2007 who weren’t receiving labor protection because they were misclassified, the GAO said. Improper worker classification costs state governments revenue used to pay unemployment benefits.

FedEx Corp. said on Sept. 11 that the IRS, following an audit of the company’s 2002 taxes, is proposing to assess tax and penalties of $14 million related to the misclassification of employees as independent contractors. The company said it would contest the IRS’s findings.

Please mail the petitions found in Exclusive focus Magazine...
Your petition will count, even if you don't sign it.
Allstate Agents Petition IRS for Review of Independent Contractor Status
October 8, 2009, By Stephanie K. Jones, InsuranceJournal.com

The National Association of Professional Allstate Agents (NAPAA) has published and is distributing a petition to the Internal Revenue Service, written by an unidentified Allstate agent, questioning whether Allstate has lived up to its side of the bargain since it converted the majority of its sales force from employee to independent contractor status in 2000.

The agents' association charges that the company has not. The non-profit organization, which represents the rights of Allstate agents, cites a Private Letter Ruling issued by the IRS in 1989.

The NAPAA, of which an estimated 10 percent of Allstate's agency force are members, asserts this letter gave Allstate tax-advantaged status by promising the IRS that the agents would become true independent contractors and be treated as such.

The agents contend that rather than being true independent contractors, with complete control over their businesses, they are in a sort of limbo, somewhere between a company employee and an independent contractor, because of the limitations Allstate places on the agents' operations.

According to the group, some of those restrictions include:

- Mandatory office hours.
- Sales quotas.
- Verbal and written warnings threatening loss of contract for not meeting company quotas.
- A requirement to forward office telephone calls to company service centers after hours.
- Subjection to a number of employee-like controls, including annual performance reviews.
- Mandatory meetings and training sessions.
- Submission of oral or written production reports.
- Risk of termination at-will.

"It's a situation where Allstate gets to have its cake and eat it, too," said Jim Fish, NAPAA executive director and a former Allstate agent. "Agents bear all of the expenses and risks associated with operating an independent business, but are controlled as employees. Meanwhile Allstate enjoys a huge competitive cost advantage by avoiding expenses associated with pensions, health insurance, 401k's, Social Security and, most importantly, federal taxes. You would think that alone would rate the IRS's attention, but that's not been the case."

NAPAA says that a planned IRS audit of some 6,000 businesses on employment tax issues should include Allstate, hence the timing of their petition drive.

IRS spokesperson, John Lipold, said that while the IRS has not published a news release announcing the audit, one of the organization's tax executives told Bloomberg news service in September that such an audit was planned. He said he was unaware of the NAPAA's petition drive.

Allstate's independent contractor agent policy has been confirmed many times, Allstate spokesperson Laura Strykowski told Insurance Journal, and the company stands by its policy. Numerous courts, as well as the National Labor Relations Board and the IRS have confirmed its legitimacy, she added.

Allstate has more than 14,700 exclusive agents under contract, according to Strykowski, and those agencies provide jobs for some 17,000 employees.

"I believe most agents would prefer the independence that comes with being a true independent contractor," NAPAA's Fish told Insurance Journal. "However, we are seeing more and more agents who long to return to the days of employee agents because there is little value in being an 'independent contractor' with Allstate. "Besides paying employment taxes, Allstate agents must pay for their own health insurance and provide for their own retirement," he added. "The bottom line is that if the company continues to treat them like employees, why shouldn't they receive employee-style benefits?"

Fish said most Allstate agents would be interested in selling insurance for other companies but there are restrictions on what and where they can sell.

"They can sell for other carriers in some instances, but these carriers must be pre-approved by Allstate and the commissions can be 50 percent less than independent agents earn," he said. "In addition, Allstate agents do not earn any contingency bonuses from these companies. The perception most agents have is that Allstate pockets any contingency bonuses along with the remainder of the commissions."

Basically, "Allstate agents can't sell anything that Allstate doesn't condone."
For instance, he said, the company doesn't sell coastal property in Florida but it has negotiated contracts with other insurers in that state who do. Allstate agents can place coverage through those five or six companies, Fish said, but he they don't get as much commission as true independent agents that place coverage with the same companies. He estimated that Allstate agents would receive commissions of 8 to 10 percent, while independent agents might get commissions in the 12 to 18 percent range for the same types of accounts.

**The National Association of Professional Allstate Agents, Inc.** is a nonprofit professional trade association for Allstate agents. NAPAA provides its members with reliable communications on issues that affect agency owners and their customers every week. NAPAA further serves its members by acting on their behalf and speaking with a distinct and unfettered voice on a wide range of issues. Our operations, including our publications, Website and office expenses are funded by **member** agents who pay membership dues.

Please support NAPAA with your membership today.

NAPAA is a professional trade association, membership dues are $350 per year, or $29 per month by EFT, and are tax deductible as an ordinary business expense.

[Blog] Free the Oppressed Allstate Insurance Agents!

American companies have made an art form out of cutting employee salaries while making them work longer and harder. Insurers are not immune. A recent survey by Claims magazine showed that “stunted wages, heftier workloads and shriveling benefits” continue to plague its members.

But occasionally these Les Miserables mount the barricades and revolt. That’s what’s happening at venerable Allstate Corp., where the normally good-natured good-hands insurance agents are taking on the country’s largest publicly traded home insurer.

The National Association of Professional Allstate Agents has published and distributed a petition to the Internal Revenue Service questioning whether Allstate lived up to its side of the bargain since it converted the majority of its sales force from employee to independent contractor status back in 2000. According to Insurance Journal the NAPAA represents about 10 percent of Allstate’s agency force, which is about 14,700 exclusive agents under contract.

The move to turn some of Allstate’s sales force into independent contractors was the brainchild of then CEO Ed Liddy, who is best remembered for his uncharismatic performance before Congress earlier this year as CEO of American International Group. Some could argue that the berating he took was vindication for what he did in 2000 at Allstate, while others would say it wasn’t nearly enough.

By renaming these Allstate agents “independent contractors,” Liddy effectively took away their pensions, 401k plans and health insurance, while at the same time giving Allstate a tax-advantaged status, according to NAPAA. This move made the property insurer more profitable, thereby enhancing Liddy’s bonus.

But Allstate didn’t exactly kick its worker bees out of the hive, says the NAPAA. In essence Allstate still controls these so-called independent agents by setting mandatory office hours and sales quotas, giving warnings for not meeting the quotas, doing annual performance reviews, and threatening termination.

In other words, “Allstate gets to have its cake and eat it too,” complains Jim Fish, NAPAA executive director and a former Allstate agent; it gets favored tax status, but total control.

Sure sounds like those agents still work for Allstate. Wonder what the IRS would think? One doesn’t have to wonder what the workers think. Looking in from the outside, it would appear that Allstate is not a happy company.
Allstate Says Treatment of Contractors Is 'Appropriate'

October 9, 2009; A. M. Best via COMTEX [Excerpt]

Responding to complaints from an organization of its independent contractors, Allstate Corp. said its treatment of the contractors, which it refers to as "exclusive agents," conforms to the law.

"That's been the belief of courts and administrative agencies across the country," said Allstate spokeswoman Laura Strykowski, though she didn't detail specific examples or citations of those findings. "We're proud of our role in creating opportunities for over 14,000 small business owners."

This week, many of those contractors are receiving a quarterly magazine of the National Association of Professional Allstate Agents that includes a petition the organization is asking recipients to fill out and send to the Internal Revenue Service and the Obama administration. The petition accuses Allstate of receiving the tax and benefit advantages of having converted their thousands of agents to independent contractors, but that the company is still treating the agents as full employees, with requirements for business hours, training, performance reviews, quotas and meetings. The association, which claims more than 1,000 members, says the controls violate an earlier agreement Allstate had with the IRS.

"The situation is just getting progressively worse and worse," said Jim Fish, the organization's executive director. "It's gotten to the point where it's actually just ridiculous."

Strykowski said Allstate has about 14,700 "exclusive agents and financial representatives" who employ "over 17,000 people." And, she contends, they are treated as contractors -- not employees.

In 2000, the company -- among the top U.S. property/casualty insurers -- switched the status of its employee agents to independent contractors. The petition claims that the company didn't cease treating those agents as employees, as is mandated by law. "Our hope is to really involve the IRS in this situation, because the IRS is the one that has the power to correct this," Fish said (BestWire, Oct. 5, 2009).

News from NAPAA

October 14, 2009, NAPAA Headquarters

NAPAA in the News

By now you have probably received the fall 2009 issue of Exclusivefocus magazine. NAPAA has received scores of calls and emails regarding the petitions we included in the magazine calling for the IRS to revoke Allstate's favorable tax status because of its ongoing employee-like treatment of its 'independent contractor' agents. AM Best, the Insurance Journal and others have picked up the story and contacted Allstate for response.

Speaking on behalf of Allstate, Laura Strykowski responded. Treatment of agents conforms to the law. Without detailing specific examples, she says "courts and administrative agencies across the country" believe this.

The only problem is that the agents don't believe this, and one has to wonder if Laura Strykowski has ever spoken with an Allstate agent, or seen the multitudes of documents that would have the courts and administrative agencies questioning the misclassification as well.

Don't forget to get your petitions in the mail today. See Hot News at www.napaausa.org for an electronic copy.
**Allstate in the News**

Last week’s Crain’s article, *Allstate to Agents: Bulk Up*, also generated quite a few calls and emails to NAPAA Headquarters. Many agents responded by saying they have not seen or heard anything from Allstate that indicated Allstate plans to slash the number of agents. One caller asked how he could locate the information on his Gateway and wondered when Tom Wilson had written the letter.

Let this be a reminder that everyone needs to pay attention to what is happening around us.

The “Road Ahead” Sales and Customer Service Roadmap letter was sent to agents last May. The letter, signed by Joe Richardson, introduced information about the **Ideal Agency Model** which proclaimed that agents will be expected to grow their agencies to $3 to $4 million within a few short years.

NAPAA then wrote an article about this subject in the summer issue of *Exclusivefocus* magazine. In case you missed it, go to [http://www.napaausa.org/Upload/2009%20Exclusivefocus%20Summer.pdf](http://www.napaausa.org/Upload/2009%20Exclusivefocus%20Summer.pdf). The story is on page 24 of the PDF. To us, it looks a lot like the Canadian model with one major difference; the company could exercise unfettered control over the agents and staff without paying a dime for FICA and FUTA taxes, Worker’s Comp or other employee benefits. Meanwhile, the ‘independent contractor’ agency owner would foot the bill for all of these expenses.

Could this plan lead to a reduced number of office locations, each with more staff? Is it possible that instead of 12,500 agents with 17,000 staff, there will be 6,500 agents with 30,000 staff? That’s a 25% increase in the number of feet on the ground selling Allstate products. Fewer agency owners and more control than ever. We expect that Allstate will train your staff and impose multiple mandates, including scripts, standardized processes, standardized office appearance and more. Your office will be forced to become a clone of what the company perceives is the Ideal Agency. Nonconformists and individualists beware.

Allstate followed up its May announcement with a newsletter, titled “Mapping our Strategy,” which was sent to the field last August. The newsletter specifically states that the plan is now for agencies to grow to $4 million in premium – so, they’ve already raised the bar. The information was published again in the September update to the Roadmap.

Now is the time to watch what the company is doing....If you do not have a $4 million book – you are going to either be a buyer, or a seller – but you will not be the same agent that you are today. Quote from a West coast TSL – “Get on board or you’re gone”. … The rules are changing – fast. Please pay attention.

**More Happenings around the Country**

**Simultaneous Hiring and Firing**

Last year, Allstate redoubled its efforts to terminate agents. A redesigned “process” was implemented by every region in the country. When an agent contract is terminated, failure to achieve “expected results” is cited. However, we believe that approximately 80-90% of agents targeted for termination are over the age of 50 with more than 20 years of service. Most started their careers as employee agents.

Hundreds of agents have been terminated or have been cajoled into voluntary terminations over the last 2 years - and there’s no end in sight.

Early in 2009, when the recession began to take its toll on unemployment, Allstate launched a new campaign to entice severed employees to bring their severance money to Allstate, and invest it in an agency of their own. Hundreds of new agents started agencies this year.

Reports are now coming in that the company will no longer hire scratch agencies. Newcomers must buy a book, and it must be larger than 750 policies.

In Florida it has been rumored that agents who have less than 1,000 policies at the end of 2010 will be terminated. Florida agencies with less than 750 PIF and who are trying to sell now, have been told they cannot sell to an outside buyer, they must find a PSA agent, or take the TPP.
Award Trips Reinstated
A September 1st email from Tom Wilson blurted out, “We will selectively reinstitute recognition trips in 2010. There will be fewer conferences and they will be held at domestic locations, which should mitigate any negative reaction from customers.”

Way to motivate the troops, Tom.

PSA – All over Again
To our knowledge, the ‘new’ PSA program is the first-ever recycled company program that has been re-introduced with the same name. The original PSA program was introduced in the mid 1990s and was rolled out with much fanfare by company management. The program died a quiet death, primarily because it was a lot of extra work and no real rewards for participating agents.

Now, the PSA criteria for 2010 have been established and you should have received the requirements. Why is this important?

High value web leads? No.

The cute pizza look-alike logo next to your name on the agent locator at Allstate.com? No.

If you are not a PSA agent, you will not be able to purchase another book of business. If you cannot purchase another book, how can you reach the magical $4 million premium you’ll need to continue operating your agency?

RFG for 2010
You will have your new RFG grids are on their way to you. Most agents will have them by December.

- The Growth Component is now called “Acquisition” – Auto and “Emerging Business” new items issued.
- Retention will only include Standard Auto.
- ALI, Agency Loyalty Index score now on the grid – earn up to .5 points on your RFG score.
- Policy growth has been replaced by Personal Auto New Issue Items. The $64,000 questions are:
  1. How many agents have been terminated in the last two years based on not achieving policy growth?
  2. How many more will be terminated on December 31st for a goal that will no longer exist on January 1st?
  3. How does any of this make sense?

CIC has started Cross-Selling your Customers
Beginning Sept 8th, customers directed to the CIC from your phone after hours have been “offered” more products. The CIC has officially begun “actively cross-selling agency customers”. If your marketing dollars prompt a prospect to call your office after 5:00 PM and the CIC closes the sale, you will receive 0% for new business commission and full commission for renewal – if the policy renews.

Agency Relationship Survey is underway
Once known as the “opinion survey,” agents continue to have an opportunity to answer questions designed to help the company understand its relationship with you.

The survey is open Oct 5-23. Several agents have received communications from their MSLs asking them to take the survey. The tone of these emails is hauntingly similar to the communications that agents now use to implore customers to give them a “good grade” on their Allstate survey in hopes of affecting the ALI.

Presumably, the MSL receives some sort of “Loyalty Index” score based on your answers to the first 9 questions.

How effective is the support you receive from your MSL? Do you receive any support at all from your MSL? Now is your chance to tell someone who cares! LOL.
Some Allstate Agents Unhappy with Independent Contractor Status
October 09, 2009, By Jacob Geiger, SNL Financial

When Allstate Corp. told its agents in November 1999 that the company wanted to convert them from employees into independent contractors, both sides seemed happy enough with the deal.

According to Jim Fish, executive director of the National Association of Professional Allstate Agents, most agents chose to accept the switch rather than take a severance package.

But now Fish and some of the other NAPAA members are unhappy, claiming that Allstate's insistence on setting mandatory office hours, sales quotas, performance reviews and at-will terminations mean the agents still have the responsibilities of being employees without the benefits.

"As an independent contractor you take on responsibilities and expenses, like advertising, rent for office space, and FICA taxes," he told SNL. "The company pays none of those expenses, yet the freedoms agents should enjoy get taken away."

Fish said he worked as an Allstate agent for 28 years but that Allstate severed its contract with him after he raised some of these issues at a 2002 shareholders' meeting.

The NAPAA is launching a petition drive to convince the Internal Revenue Service that Allstate's new tax status should be invalid because the company has not met the conditions it promised the IRS and agents in 2000. The organization wants the IRS to review Allstate's tax status.

Allstate spokesman Rich Halberg dismissed the idea that the company was violating its tax status.

"The reality is that numerous courts and administrative boards, including the IRS and the National Labor Relations Board, have determined that Allstate's representatives are independent contractors," he told SNL.

Halberg said the company maintains an ongoing dialogue with its agents through a national agency advisory board as well as through several regional agent boards. He told SNL the company was "extremely proud that it provided opportunities to more than 14,000 small businesses across the country," referring to the company's agents.

Fish said he thinks most agents want to stay as independent contractors, provided the company lifts some of the restrictions it currently places on them.

"I think agents would prefer being treated like true independent contractors, having the freedom to come and go," he told SNL. "But if the company won't treat them like that, the agents say 'we might as well be employees with pensions and health care plans.'"

[Penn.] 78 Allstate Employees In Altoona Facing Unemployment
September 19, 2009, WJACTV.com

WJACTV.com learned Tuesday afternoon that officials have decided to close the Express Claim Office in Altoona, leaving 78 workers unemployed. The office, located at 4 Sheraton Drive, opened 14 months ago.

The employees at the office handle behind the scenes claims. The closure of the branch comes as officials say the Illinois-based company is trying to improve its customer service.

A company spokesman told WJACTV.com the employees affected can apply for posted jobs within Allstate and possibly qualify for relocation assistance. Some may also get some sort of compensation. The office is scheduled to close Nov. 20.
Allstate Leads Complaints Among Top N.Y. Car Insurers
October 1, 2009, By Jamie McGee, Bloomberg [Excerpt]

Allstate Corp., the largest publicly traded home and auto insurer in the U.S., has the worst complaint ranking in New York among the state’s 10 biggest auto insurers.

Allstate had a complaint ratio of 0.11, the highest number of complaints upheld by state regulators for every $1 million in premiums, the New York Insurance Department said today. Hartford Financial Services Group Inc. and Travelers Cos. ranked second- and third-worst, with complaint ratios of 0.09 and 0.08. The analysis by the department used complaints from 2007 and 2008.

Auto insurers including Allstate and Progressive Corp. have said this year they are working to improve customer service to keep drivers who may be tempted to move their coverage to another company. The number of policyholders buying Allstate’s standard auto coverage has declined in six straight quarters.

“Our job does not end when we acquire customers -- we must also retain them, and that starts with delighting our customers,” said Bob Block, Allstate’s vice president of investor relations, in a presentation to investors last month. “We’ve closed the gap to the industry average. But we have a lot more work to do.”

Central Services Group had the lowest ratio among the 10 largest auto insurers in the state, at 0.04. Progressive ranked second best, with a 0.05 ratio. Warren Buffett’s Berkshire Hathaway Inc., which owns Geico Corp., ranked third with a ratio of 0.06.

The state’s insurance office calculated the ratio using the size of the company and the number of complaints the department upheld after a review. Typical complaints include delays in payment of a no-fault claim and refusal to renew policies, the department said. Complaints made directly to the insurers weren’t included, the report said.

Allstate had the third-worst ranking among the group of 10 in last year’s analysis, with a complaint ratio of 0.08.

“Allstate insures more than 1.65 million automobiles in the state of New York and, while we sincerely value the data in this report and continuously work to improve the customer experience, we are committed to delivering outstanding customer service, providing quality products, and being there for our customers in their time of need,” Allstate spokeswoman Krista Conte said in an e-mailed statement today.
Get rid of that fax machine. Save ink or toner; MyFax.com allows you to send and receive faxes using email! Look at your incoming faxes first, and if you need a copy, send it to your printer.

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www.napaausa.org – Agency Resources – Technology Solutions

Allstate Recognized as a Top Company for Working Mothers

September 24, 2009, www.theAutoChannel.com

For the 19th consecutive year, Allstate Insurance Company, the nation’s largest publicly held personal lines insurer, has been recognized as one of America’s top 100 companies for working mothers by Working Mother magazine.

"It’s an honor to be recognized for nearly two decades for the programs and services that we provide to working mothers," said Anise Wiley-Little, Assistant Vice President, Chief Diversity Officer, Allstate Insurance Company. "Women, many of whom are working mothers, make up approximately 60 percent of our employee population, so we emphasize programs and benefits that allow our people to maintain a healthy work/life integration and family-friendly work environment."

Now in its 24th year, the Working Mother 100 Best Companies program draws attention to the significant contributions working mothers make and to the companies that recognize the importance of tapping this essential labor pool. This year, Allstate was recognized for its notable childcare program, flexible work arrangements, compensation and time off policies for working mothers.

In addition, Working Mother also highlighted Allstate’s outstanding efforts to develop creative programs to support employees throughout the economic downturn in 2008, including offering financial literacy and personal budget management workshops, increasing tuition scholarship for families who attended the company’s on-site early childhood center, reducing tuition increases and costs for its childhood center, enhancing employee discount programs and launching new programs enabling more employees to work from home.

On an ongoing basis, Allstate offers families assistance with tuition payments through a scholarship program for its Little Hands Early Childhood Center. Through this program, parents can receive up to 40 percent off their monthly total tuition based on their household annual income. In light of the recent economic times, Allstate extended scholarships to more families in need of financial assistance, which allowed additional families to remain enrolled at the center.

In May 2009, Working Mother magazine also recognized Allstate as one of America’s best employers for women of color in its ranking of 2009 Best Companies for Multicultural Women.

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“I’m in The Neighborhood” Postcard A1776
To: Our Valued Allstate Agent Customers

Over the last seven years Service Graphics has produced about 250,000,000 A1776 “I’m in The Neighborhood” postcards. The leads produced by these pieces turned into countless policies that have “lined the pockets” of many Allstate agents. While Home Office is no longer funding this promotion, there are few affordable marketing alternatives that can generate so much income at such a low cost (2.5 – 4.5 cents each).

To date, we have received orders for about 200,000 pieces. If we do not get to a quantity of 500,000 pieces, we will be forced to cancel this program and no cards will be produced...even for those who have already ordered them.

This is your final chance to keep this program alive. I urge you to order now and take advantage of a piece with a proven track record.

For a copy of the order form and credit card application please contact Paul Nowicki at (630) 941-6065 or pnowicki@servicegraphics.com. I do not have every agent's email address, so please spread the word with your colleagues.

Allstate Boosts its Washington Lobbying Efforts on Key Issues

Allstate Insurance Co. is beefing up its presence in Washington, D.C., hoping to further education for members of Congress on regulatory issues it supports. “Insurance is front and center in Congress’ thinking right now,” said Dean Pappas, who has been lobbying for the national insurer in Washington, D.C., for the last six years.

Allstate’s public policy interests include advancing legislation to provide a federal backstop for insurers after natural catastrophes, creating uniform safe teen driving standards and pushing for a national insurance regulator, according to company officials.

Although daily headlines focus on comprehensive health care reform, Congress remains interested in financial services reform, said Pappas, who was promoted to assistant vice president and assistant general counsel for federal legislative and regulatory affairs. He will lead Allstate’s D.C. Federal Affairs Office.

Ever since then-Treasury Secretary Henry Paulson’s blueprint for reform in April 2008, legislators have been exploring means of reform. Those efforts require Allstate to participate in “additional education efforts,” Pappas said.

Ensuring suitable reform of insurance is even more important since members of Congress had to deal with American International Group, a global financial service firm with a large insurance arm, taking nearly $180 billion in federal assistance since September 2008.

To help him lobby, Stacy Sharpe, former assistant vice president of reputation leadership for Allstate in Northbrook, Ill., was named assistant vice president for federal legislative and regulatory affairs.

Pappas has been in the Federal Affairs office since 2003 promoting Allstate’s key legislative initiatives, including the ProtectAmerica.org team that has been advancing the Homeowner’s Defense Act, legislation that would establish a federal backstop for natural catastrophes. He also worked to help pass the Class Action Fairness Act and advocated for important provisions ultimately included in the Fair and Accurate Credit Transaction Act. Previously, Pappas served as regional counsel for Allstate’s Northeast Region in Pennsylvania and New England as well as managing attorney for Allstate’s staff counsel offices in Philadelphia and Pittsburgh.

Sharpe previously worked with Allstate CEO Tom Wilson and other senior management team members to help create, guide, and champion the company’s reputation strategy.
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Fourteen years experience with Allstate systems and requirements. We offer a lower cost hardware and service option than the other “one stop” vendor. We guarantee you will not get stuck with a $1700 charge for conversion day problems.

Better, more complete and less costly technical support before and after conversion. We have been doing conversions since the beta test. Email Steve Rosales with the best time and number to reach you for a short analysis, access to our website, and time to decide. You can have an in depth discussion with one of our owner technicians FREE.. srosales1@mchsi.com

Allstate Insurance Highly Ranked on 2009 InformationWeek list of 500
September 15, 2009, PR Newswire [company press release] [Excerpt]

Allstate Insurance Company, the nation's largest publicly held personal lines insurer, has been recognized as one of America's top 20 innovative users of information technology, according to InformationWeek Magazine.

InformationWeek identifies and honors the nation's most innovative users of information technology with an annual 500-company listing. Now in its 21st year, the magazine award tracks the technology, strategies, investments and administrative practices of America's best-known companies. Allstate has been recognized by InformationWeek for its use of technology to increase efficiency, drive revenue and establish a competitive edge.

Allstate's recent notable technology achievements include enhancements to Allstate.com to better serve customers, the development of new products that provide more affordable options for consumers, and a huge, multi-year project to reengineer the company's claims system. In addition, Allstate now has one of the most energy-efficient and environmentally conscious data centers in the country.

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CNA Financial Names Michael McGraw as VP of Its Michigan Branch
October 6, 2009, COMTEX

Insurance company CNA Financial Corporation appointed Michael McGraw as VP of its Michigan branch with effect from 12 October 2009, the company revealed on Monday.

McGraw will oversee the branch operations, synchronising it with CNA's long-term objectives such as improving service to agents and brokers in the area and increasing local authority at the point of sale.

With almost three decades of insurance experience McGraw served in positions of increasing responsibility at Allstate Insurance Company and was director/senior state manager for Allstate’s Encompass business most recently.
Allstate Corp., the insurer that spent $364.6 million on advertising last year, hired General Motors Co.’s top U.S. sales executive as chief marketing officer, two people familiar with the matter said.

Mark LaNeve will also hold the title of senior vice president, said the people, who asked not to be identified because the insurer hasn’t announced the hiring. GM announced this week that LaNeve, 50, would depart and appointed Buick-GMC General Manager Susan Docherty as vice president of U.S. sales.

“There is an active search going on,” said Rich Halberg, a spokesman for Northbrook, Illinois-based Allstate. “We don’t have anything to say about the search.”

LaNeve steps into an insurer advertising war that pits Allstate pitchman Dennis Haysbert against Geico Corp.’s gecko mascot and Progressive Corp.’s spunky saleswoman, Flo. Geico, owned by Warren Buffett’s Berkshire Hathaway Inc., was the only publicly traded insurer to spend more on advertising last year, paying $624.6 million, according to data compiled by TNS Media Intelligence. Progressive spent $294 million.

Allstate is spending more of its advertising budget this year on commercials that feature Haysbert, who played the U.S. president on News Corp. television show “24,” TNS said. Allstate’s television ads increased to 80 percent of its overall advertising expenses in the first six months of 2009, compared with 68 percent in all of 2008, according to TNS data.

Lizards, Loyalty

“Dennis Haysbert represents middle age, stability, father-figure type things,” said George Ruebenson, the president of Allstate’s home and auto unit, in an interview in August. “Lizards do something different. They attract different people. Flo right now with Progressive, it’s funny,” and attracts a younger, less-loyal customer, he said.

LaNeve would be at least the fourth senior appointment by Chief Executive Officer Thomas Wilson in the past 14 months. He hired Don Civgin, a former OfficeMax Inc. executive, as chief financial officer in August 2008, the same month Judith Greffin was promoted to chief investment officer. American International Group Inc. Vice Chairman Matthew Winter was named head of the life insurance and retirement unit this week.

GM’s Chief Executive Officer Fritz Henderson named LaNeve to the nine-member executive committee created as the automaker left bankruptcy on July 10. Business Week reported LaNeve’s move earlier today. “We are not at liberty to disclose” where LaNeve has taken a job, said Tom Wilkinson, a spokesman for Detroit-based GM.

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NAPAA offices will be closed for vacation beginning Thursday, October 15, through Wednesday, October 21st. The DirectExpress will not be published on October 21, 2009.