



Allstate Shareholder Meeting Update

The Million Dollar Question

By Nancy Fish, NAPAA Association Manager and Allstate Shareholder

One thing was for sure, I was just as disappointed to see Tom Wilson at the 2013 Allstate Annual Shareholder meeting as he was to see me.

Perhaps he felt that I had gotten the better of him at last year's meeting when he blurted out in frustration, "We can do whatever we want." In the wake of his momentary lapse of coolness, I suspect that he made a vow to never let it happen again.

At this year's meeting, I approached the microphone and stated my question in a professional, business-like manner. It was a question that is on the minds of most every Allstate agent in the country. Mr. Wilson's smug reply was an obvious attempt to discredit me and the validity of my question.

"Miss Fish, thank you. I believe it has been about a decade or so since you worked at Allstate." The rest of his reply went something like this: "We do not refer to our agents as captive agents now. We call them agency owners. So, some of your information is misleading. Our commissions are over 10%."

I was flabbergasted, but not surprised, by his response. If there is one thing he is good at, it's his adeptness at dodging core questions, which he accomplishes by verbally dancing around the peripheries. However, I've seen this same act before, and I was determined to get a truthful answer about the future of agent compensation.

"The question" I said, "was regarding the BASE comp. The BASE comp RIGHT NOW is 9%. So the question is; in 2015, will you be reducing the BASE comp again?"

Once again, Wilson reminded me how long I've been away from the company, even though he knows full well that I probably know as much about the agent position and the agent contract as he

does, if not more. He then proceeded to talk down to those in attendance by launching into an irrelevant tutorial that barely touched on the issue I had raised. Instead, like a character out of Seinfeld, he provided "much ado about nothing."

I had asked a simple question and expected an honest and direct response, but I got neither. Following is the essence of his remarks, paraphrased, of course:

"Allstate has streamlined its agency ranks, however, existing agencies are now 25% larger than they were in 2009; Allstate has made \$325 million in loans to help agents expand; and 2012 marked the second-highest agen-

cy bonus in five years."

He also muttered something about agents always receiving fair compensation and reminded me that the company had not actually implemented 8%.

So in the end, his disjointed response to my simple question appears to be identical to the answer he gave me last year. This time it was unspoken, but we heard it loud and clear – "We can do whatever we want."

What was even more telling was what he didn't say. If the company has no plans to reduce base compensation to 8% in 2015, don't you think he would have revealed it right then and there? *Ef*

NANCY FISH'S QUESTION TO TOM WILSON

"The new variable compensation plan is now underway with your captive agents. During statements made at the 1st Quarter earnings call, Mr. Winter mistakenly reported that 'this past year was really the first full year of implementation for both the variable comp piece and the annual bonus piece.'

In reality, captive agents received only their 4th monthly commission payment last Friday under the variable structure.

The variable compensation scheme was originally rolled out with 8% base commissions, but later, the agents received a letter from Mark LaNeve with the following statement:

'For 2013 and 2014, base compensation will be moving to 9/9, not 8/8 as previously discussed. This change eases the transition to the variable component and better allows you to plan for your business over the next several years and develop your long-term strategy.'

To most agents, his statement left the future of agent compensation unsettled. With 2015 approaching, what assurance will you give Allstate agents that you will leave their 9% base commissions unchanged for 2015 and beyond? And if you plan to reduce commissions to 8% as originally planned, when do you intend to tell the agents?"