

EPISODE: #12 Hosting Dr. Kyle McGregor, National Farm Life Insurance

Shannon Bryant (host): Greetings, and welcome to the 12th installment of our podcast series, The Workforce Lens, brought to you by Tarrant County College in North Texas. I am Shannon Bryant, Executive Vice President for Corporate Solutions and economic development, and I will be your host moderating strategic conversations with employers, and economic developers on all things related to preparing and growing the workforce today and the future. Today, please help me welcome our guest, Dr. Kyle McGregor, President and CEO of national farm life insurance. For more than 60 years, national farm life has provided family-oriented services to Texans. The major purpose of the company is to provide old-line legal reserve insurance to agricultural people at the absolute lowest possible net cost. But their service is no longer limited to the agricultural profession. They are proud to have the opportunity to assist all the people of Texas with their life insurance needs. Kyle, welcome to The Workforce Lens. We're happy to have you here today.

Kyle: Thank you so much, Shana. It's a pleasure to be here.

Shannon Bryant (host): So Kyle, let's get started. We always like to learn a little bit more about your company, your mission, your vision values. So, tell us about national farm life.

Kyle: Well, the first thing I'd like to tell you is that we're going through a website refresh. And some of that information is a little bit dated on the website. I'm sorry, I should have told you that.

Shannon Bryant (host): That's okay. Well tell us what you want us to know.

Kyle: Well, it's so we just sold out and celebrated our 75th anniversary. And so that was that was last year. And so we're 76 years old at the moment. And boy, that website is dated. Okay. But we are we are launching a new website here within the next few months. And that's something new and exciting that's going on with the company. But the company was founded in 1946 by a gentleman named William C. Young. We refer to this as a national farm lab story because it's still pervasive of who we are and what we believe about, about the work that we do for Texans and those outside of the state as well. So Mr. Young was a college student and played football at Texas Tech. And he was studying agricultural education, he was going to be a secondary agricultural science teacher in the high schools. And during the summers, he sold life insurance on the side for a company in order to make a little bit extra money and the company had made promises to pay a portion of its profits to his policyholders would it didn't come through those profits, those promises very well, he actually paid more of the dividends to their stockholders. And he thought that that was not a very square deal based upon what he had communicated to his clients. And so he quit the company and about that time we're to start he went off to war to was served in the Army Air Corps and worked in the install insurance division and he formulated an idea for this company that he was going to form when he came back to Texas and drove around the entire state and raised \$140,000, the original capital to form the company and the Texas Department of Insurance, the legislature median on the idea and the company was founded in 1946 and his primary promise was only 10% of that original amount of

capital. So, \$14,000 a year annually, is paid to the stockholders of the company and a volume as a matter of fact, 64% of our profits from 2021 will be paid to our policyholders.

Shannon Bryant (host): So its legacy lives on does.

Kyle: It's a very big, big promise. So that's the story of national farm life and the story that we still speak about today and he was a very unique man, very ingenious for his time, and knew how to take really good care of people and had a deep concern for people. So that, as I mentioned earlier, it's very pervasive throughout the culture of our company and we live by that code still. So, the company's mission and vision still floats around that we aim to be that that life insurance company that everyone knows that they deserve and we live by a set of core values that really are focused on in on who we are and who we've been for 76 years now.

Shannon Bryant (host): And that company is headquartered here in Fort Worth?

Kyle: Yes, it is. It was founded in the stockyards. In 1946, and then in 1968, we built that, or the iconic, mid-century modern building on the east side of downtown Fort Worth was, was built in 68 and moved in the one on the hill. We put a Christmas bow on it every Christmas. It's was Mr. President. Exactly me it was Mr. Young's gift to every Texan.

Shannon Bryant (host): Very nice. Yes, I was new to Texas a few years ago. I drove by that building many times and wondered what that was, and then had the honor to come visit not too long ago. So Kyle, or any of the family members still involved in the organization?

Kyle: Yes, our majority stockholder or owner is William Michael Young, or Mike, as we refer to him. He is the majority stockholder and the owner of the company. Okay, he still serves on our board of directors.

Shannon Bryant (host): That's great love that my father was in the life insurance business for many years. So very familiar. And so that leads me to the next question. Being involved in this industry in the past myself a little bit, the insurance industry's obviously changed over the years and so tell us a little bit about from your perspective, how the insurance industry has changed over the past years? And what do you predict the future to look like?

Kyle: Oh, wow, do you want pre-COVID or post-COVID?

Shannon Bryant (host): Whatever you want to talk to us about.

Kyle: Gosh, there's, so much to be said about what COVID has done to multiple industries, including the life insurance industry, so I'll reserve that for more focus conversation. But just to know that the COVID was, yeah, we talk about things being disruptive to industries or individuals being disrupted industries. COVID was extremely disruptive, and not just from a death claim standpoint, but all different aspects of, of the industry, we're gonna see things change in the industry in the next five years, that that have found roots in a pandemic, that we're

hopefully wrapping up right now. But if we look a little bit further back then, than the pandemic, I would say that, from an investment standpoint, you know, about 40% of our income would come from investment yield, and existing in a low-interest-rate environment for about the last I would say the last 10 to 12 years is a very slow and painful death for any insurance company because of the investment arm. And I would think that, or I would say that all in life insurance companies are suffering from that low-interest-rate environment. We see some glimmers of hope with what's going on now with the Fed. But that's I have a feeling that's going to be very temporary, and won't be the term that we're looking for in the long term.

Shannon Bryant (host): So can you talk a little bit more about that let's what is for those that aren't familiar what's happening with the Fed right now.

Kyle: So, if we think about what the Fed is doing in reaction to what's going on in the nation with regard to inflation, they've been talking since gosh, last October, November about adjusting interest rates and, and pulling those up in March has been the marker for quite some time. Interest rates have naturally come up from the stock markets and bonds and bond market. So we're seeing that in the first official move his talk, they're talking about a half, half point or five basis point move in March. So that's going to hit a lot of short term and new bond purchases for us, but we're looking for a little bit more of a long-haul approach.

Shannon Bryant (host): Okay, so today being March 1, you should start to see some movement in here soon.

Kyle: We're keeping an eye on the markets.

Shannon Bryant (host): Okay. Nurse that. So obviously, besides, besides COVID, again, having some experience working in this industry for many years, either being in the industry itself or working with individuals and organizations and life insurance. One of the things that I've noted is the aging population of the workforce in life insurance. Speak to us a little bit about that, and what you're seeing in particular at your organization.

Kyle: So, we do have that. That is definitely that would be number three, in my mind, something that we're keeping an eye on the horizon. We have a field force that is definitely aging, you don't see the number of young individuals stepping into the industry, saying I'm going to be a life insurance agent or it's many people would treat that as is a secondary career choice or a fallback, unfortunately, but it's a tremendously can be a tremendously lucrative career choice. And unfortunately, people don't choose it as something that they're familiar with. I think it's rooted in familiarity at some point.

Shannon Bryant (host): And why do you think that is? And what do you think the industry is doing? Or what can they do to change that perspective of this field, because I do know it can be a very lucrative field.

Kyle: Right? I think communication and marketing, what the industry actually is, is, would be something that I'm trying to hang my hat on and do a better job of. We've always relied on national farm life, internal recruiting process, agent, agent, one on one, we have what are called regional coordinators that will bring in agents and recruit them on a one on one basis and bring them into the fold, bring them into the company. And those agents will, by and large, have a career experience that already exists, we have no methodology for bringing in young individuals right out of college, or individuals who are studying in college to be agents. Again, we're talking about field force. And we're not talking about home office employees, or individuals who work in servicing organizations that serve as home offices, for insurance companies, but the field forces are really what we're focusing on here with these comments that it's, it's tough to get young people to focus on stepping into life insurance. There's some organic things that happen around that, you know, you look at, you look at young people, and they tend to know people that are about 10 years younger than them, and 10 years older than them, but you can take an agent who has lived, and they might be 40, to 50 to 60 years old, they're going to know a larger spectrum of people, and to be and make up their book of business, they're gonna know a lot more people and have a lot more context. So as an agent matures, obviously, they become more productive. It's a little bit tougher for a young person to get started out.

Shannon Bryant (host): Right? It's no longer the days of going around and knocking on the doors. I remember my dad, stories about him going door to door knocking, asking about life insurance. So life insurance by you know, it's not sexy, but it's necessary. And so establishing that the importance of life insurance to individuals and drawing that younger person to the field is absolutely necessary. Can you talk a little bit about what is a career pathway look like if a young person gets involved in the life insurance industry, you know, obviously, they have to get their, insurance license, but talk a little bit about maybe what is the first five years of a career in the life insurance field look like education wise.

Kyle: So, if we were to look at the life insurance industry a little bit more holistically, and not just talk about the agency or the field force, and we'd break that into three distinct areas, field force being one, home office staff being too and then a servicing organization or agency being a third. And we could even break it further into those individuals who were employed by the Texas Department of Insurance. So, from a policy standpoint, or legislative standpoint, even you can be involved in the industry itself. So, if we go back to the first one that an agency, typically a young agent will step in, and there will be some sort of mentorship role or training program within a company that exists and they would work their way through that and progress and develop what's known as a book of business. That they would work, they would either work on leads provided by that company, or they would pay themselves leads. Now, our field force they're all independent agents. So, they are we have roughly 1500 agents that are contracted with us, they are not our employees, which is one of the things I love about the fact that we work with independent agents because I get to motivate them and the home office gets to do really fun and nice things for them when they perform well.

Shannon Bryant (host): And those agents are all over the country, correct?

Kyle: Oh, they're all over the state. Oh, stay in Texas. National farm life is domiciled in Texas, just Texas. We do have a subsidiary called American farm life. And it's it. We do business in New Mexico and Oklahoma with that company. Okay. And future plans are to branch out a little bit so we're looking for growth and new things to happen. Yeah.

Shannon Bryant (host): Okay. So as a leader of the organization, talk about that motivation. What are you doing to motivate these 1500 individuals and your home office staff?

Kyle: Oh, gosh, well, we had a lot of fun during the pandemic, if you can imagine having fun with that, we had it was 2021 Yes. The spring of 2021 we had numbers just really sink for us and notice 2020 yes, really sucked for us. And it's all a blur. Yeah, it is. It's crazy how all that's happened. But in 2021, we turned around the spring, the springtime, we threw, we put some things together and talks about taking revenge on COVID. You know, our field force, their traditional, we sell to middle Texas, you know, these are just good old Texans, and you start thinking about people who live in the state of Texas. And they, they sell face to face, we don't have a distribution model. It's purely online, we don't have the big funny commercials that you see on TV, when you think of life insurance companies. These are Texans selling to Texans. And they get out there and they know your family, they know your kids' names, they'll probably know your pets' names, too. They couldn't do that in 2020. In the spring, they were really locked into finding, finding different ways to sell their products, our products, and we heard stories about people making sales over the cell phone, Zoom became a big thing. We had examples of agents that would drive to your front door or to your home, stay in the vehicle, and then roll down the window enough to slide a piece of paper out for you to sign on an application and pass it back through the window. So, these agents were out there, they were hungry, they wouldn't need to sell. And so 2021, we took revenge on COVID, we put in a contest. So, we have a standard contest that rolls throughout a business year through the fiscal year and so on top of that, we were stacking incentive contests, where we were paying agents essentially on the front end when they'd submit an application. And on the back end when we issued it, so and then we were paying them for when they were coming to meetings we were paying. So, we made it very, very lucrative to do business and 2021, we have a strategic priority set to grow the company. And we're doing that by bringing in more agents building the field force. But in 2021, with our standard field force, we hadn't started this project yet. But we beat the best year in company history.

Shannon Bryant (host): That's amazing. A lot of people were laying people off or losing employees, you're gaining momentum and helping with your retention.

Kyle: And yes, they were hungry. That's and we fed, we fed them at the right time and in the right ways. So we found we found ways to fund their Christmas gifts for the kids, we found ways to, you know, do neat things for Thanksgiving dinners. And it just was a lot of great ideas at the right time.

Shannon Bryant (host): Wow, that's very kudos to you. It's you know, people are, I always say people are your number one investment. And it sounds like you really not only, you know, mentioned that vision, but you live that that vision as well.

Kyle: It all goes back to treating people very well.

Shannon Bryant (host): That's great. So, can you talk a little bit more pertaining to all of the staff that you have? What are some of the skill sets that are needed for the types of employees that you hire?

Kyle: Yeah, so that really gets us back to what we were talking about those multiple components earlier. If you look at our home office staff, we have people that are on staff, IT administrators like myself. We have individuals that are frontline individuals. So, you think of customer service and new business marketing those people that deal directly with policyholders or with really with agents more than anything else. And then we have those areas that you would find in gosh, any business, IT, HR, those types of areas, which would be marketing's off, so very common, excuse me. But then life insurance companies have other areas that are very unique to them. We employ actuaries. We have underwriters, we have an investment team. So, we have different segments of the business and then we have accountants that work. But that's like well, again, accountants are the same across all businesses where they're not statutory accounting so it's a totally different way that you it's not GAAP accounting it's very conservative and compared to GAAP So it's many of the same roles that you would find in other businesses but very specialized based upon the life insurance industry.

Shannon Bryant (host): Okay, so I'm gonna be a little selfish for a moment, we're talking about community colleges. So, you are kind of in the heart of, you know, Fort Worth, and you're located near a lot of Tarrant County, college campuses and locations and so I guess from the perspective I want to speak to community colleges are really staples and communities for students to pursue lucrative career opportunities at home, because the majority of community college graduates stay home, they stay local. How has Tarrant County College, or from your perspective in a community college from any other industry that you've been in life insurance, been instrumental in providing the education or the resources, the talent? And to help gain interest in the life insurance field? How, what's your connection been? What has your experience been?

Kyle: Um, so to two vastly different experiences for me, I'll reference the first but then speak in depth with regard to the life insurance industry. So higher education was the field that I transitioned from, to the life insurance industry, which seems a little bit odd, but I've been with the company for 14 years on the company's board. So that's, it's not like I stepped into the company blind. But obviously, from a higher education standpoint, community colleges are just vital. They're a tremendous pipeline and really a great jumpstart for if you're rural, or if you're, you can't afford to go to university or if there's you don't have availability, that becomes such an important piece of a higher education puzzle for so many families across the state of Texas and farther. From a life insurance perspective, I can look through our executive team and our home

office staff and there's there is evidence of community college experience throughout our team. And it's great to hear the conversations and people talk about well, I played athletics at community college or I was I got my start there this that's where I went because it was close to home. It felt good, it felt right. Or they had exactly what I was looking for and that's what I wanted to do. So, it's in that national farm life culture. I think that, that what you do, Shannon, embraces embodies what community colleges are all about. They're responsive to local workforce, you're nimble, you're able to pivot really quickly and, and serve the workforce, you know, you and I have had conversations about not just workforce needs for us, but you know, putting together Leadership Program, and y'all have done some work for us on that, and even looking into maybe helping us with our strategic plan when we're ready to step across that piece of work. So, there's all kinds of diverse needs that a community college feels within a community, but that responsiveness to the industry is so special. That's great. I couldn't have said it better myself. I'm pretty good advertised. Thank you. We appreciate that.

Shannon Bryant (host): So, Kyle, obviously still going back to you being a leader in this industry. The life insurance, not just national farm life, but across the entire industry in the country. Give us some thoughts on ways that you think leaders in this industry can start making a difference in the workforce.

Kyle: So, the life insurance industry, I mean, if you just look at the state of Texas, and you're talking about 350,000 jobs, about on an annual basis, right, I believe it's right at \$35 billion. The life insurance industry in the state of Texas pays out in death benefits and annuities. And then from an investment standpoint, you're looking at around \$500 billion invested annually. And that that puts the industry itself at about number six as far as a revenue generator for the state of Texas as far as tax revenue. So, if you talk from a really a broad-spectrum approach, you know, those the number of jobs and if you break that down further to think about life insurance, or health insurance or different types of insurance that are provided by employers, that touch individual every day and how that steps in the gap when families have troubles. So, you really start to think about how life insurance becomes vary from a broad scope looking at the entire state or the nation to a very, very granular approach to how that insurance impacts family, you know, I believe is a stat that I looked at the other day, our investment guy was talking with me, Mark Williams, he said to me, he said, you know that it if it wasn't for pension funds and, and life insurance companies, there would only be about 20% of the bond market purchase that's regularly purchased. He said, we account for about 80% of that, staggering to think about that the amount of money that's invested by life insurance companies annually across the nation. And he said, yeah, and life insurance companies are paying out about the same amount of substitute Social Security on a daily basis. So, you think about the benefit provided to Americans? That that you just don't get it? You really don't think about the industry like that. But it's, it's a huge industry. And sorry, I get off a little bit of a tangent there. That's okay. No, we want that. Yes. More. From, from our perspective, from national farm life, you know, how are we doing that? Obviously, we ensure a lot of Texans, there's a bit of an anecdote, that's, that's shared, at least I know, with our company, that when, when the worst happens for a family, and there's a funeral, and you attend that funeral, lots of times, there's, there's a lot of people with invoices to hand, the family, and you get to be the only person, one of the few people who show

up with a check. And you really get to be that that company and that spirit behind the family that says, hey, we were there to help and be a part of that. So, it makes you feel really good about the job that you're doing and it's a special job and then so, you know, it gets, like I said earlier, it gets very granular it gets very personal with families. But at the same time, you know, we do things for our, our family that we call the National Farm lot family, the employees in the building the agents, and I mentioned culture earlier, and how it is to treat them with the dignity and respect that they deserve. I think that ties into why we have such a good retention of employees, while we have long term employees who we have our head underwriter Linda Hue, and she's 44 years in and our executive team, the individual with the least amount of time is me with two years and the next is seven, then the next is 14 and the next is 20 plus two of them. So, 10 year long, 10 years, and people come and they stay with us, they typically stay in the industry. But they stay with us because we've done things like we provide 401k with a 25% match, we 25%. That's amazing. And we have a pension and old school pension. So, on top of that, so people know that they have just a wonderful retirement, we have competitive salaries, we do great things to motivate our home office staff, much like we do our agents and even down to the smallest things like celebrating birthdays, or holidays or performance and those things matter and people come to work every day and they feel really good about the place they work and they feel pretty safe.

Shannon Bryant (host): I love that. And just to point out a couple of things that you said. So do a lot of work in the multi-generations in the workplace space. That's a big issue in the workforce today. And you just talking about that and talking about the long tenure of the individuals within your organization. I guess it would also be safe to say that a concern for you right now as president and CEO of the organization's you have a lot of folks with long tenure. But those folks are also initially going to be approaching retirement soon. So, on the back end into that right, talking about young folks, we need to fill the talent pipeline, right. So, I'm sure that's something that is on your mind and have a concern as part of your strategic planning. Yes?

Kyle: Yes, we will lose two individuals in December that have 30 years and 40 years, collectively known collectively, individually. Collectively, you're losing over 70 years of experience. And we've done historically done a very good job of hiring and training from within. But at some point, in time, you need to do more, especially if we're going to grow the company like we have plans to do and so yeah, that's we've come to that point where the writing's on the wall if we're not focusing on continually developing our bench, we're going to be in a tough spot because not only do you lose a knowledge base, a skill set, you lose culture in a hurry. And then we need to make sure that we have people in line historically we've used Lerma and Loma to train people up internally.

Shannon Bryant (host): But folks who don't know those are industry associations in the life insurance business.

Kyle: Yeah, the life. They don't stand for these acronyms anymore. But it's the Life Office Management Association is Loma and the life insurance and marketing research associations Lamar, which they have certifications internally and a lot of good education. But I think we need

more than that because we rely on industry partners to do training for new products and process. We're working with Milliman right now on a great product that we're going to use in underwriting. But we need more than that we need those leadership programs. We need those programs to motivate folks, and they are really, really bring us good, solid employees.

Shannon Bryant (host): Well, I think Kyle, just from talking today, you as a leader, as well as just the foundation and the core of the values of national farm life, what I'm hearing you say, is, you know, working in this industry and hearing, especially young folks today, they want to know that they're making a difference and they want to know that they're doing something for a better cause and just the story of you talking about the funeral, right, you're handing the check where everybody else is handing invoices, and telling that type of story, along with the benefits that you offer, beyond the pension beyond the retirement because I have found also that working with the younger generation, one of the things that's most important to them, is it's not just about the pension. It's not just about the benefits, it's about what is my lifestyle going to look like working for this organization? And how am I going to contribute? So, kudos to you and the organization because I feel like you're really on the strong path. So, congratulations for that.

Kyle: Thank you very much. It's something that we are continually working on and very proud of at the same time, we have two university interns with us right now that are agricultural communications interns, and they're doing a lot of social media workforce and some writing and some creative work and we met with them yesterday and they both said, we had no idea if this was going to be so much fun we had or perceptions of the internship, which is way off.

Shannon Bryant (host): Those are the stories you need to tell so. So, Kyle, with that being said, just to close out today, let's do this, if you can give us. You talked earlier in the podcast about the fact that you're going to be releasing a new website. So let's give you a plug on what your new web address is going to be when we can expect to see that and lastly, if you could, for parting words, give some advice to our students that if they've never really known much about the life insurance industry? Or about your organization, how did they reach out? How did they contact you? How did they learn more? And what advice might you give them?

Kyle: Um, so the website will not change just get that out of the way. It's www.NFLIC.com. And or you can search national farm life insurance company or national farm life, it all comes up. If you search NFL, you might get something about football. But we get that all the time slightly different field exactly. Completely. Got any life insurance do they do? Is that the advice thing? Wow, that's it? That's an interesting question for me to answer. It's a background in public education mother was a public educator, became a public educator, then I was a university educator and member of a Life Insurance Board for 14 years now. And now President and CEO of a board, or I'm sorry, a company and member of a board still. Flexibility, I think would be number one. There's, from a professional standpoint, I don't think I've ever said no, to an offer to try something to move in a particular direction, that would have been a new opportunity or a challenge for me. So that there's a willingness there. I think that young people have to have worked with a lot of young people when I worked at university. And there, there was always obstinance at times that no I wouldn't, I don't want to move to that part of the state or I don't

want to move out. I said, you know, they lead with I don't want to, and I don't I don't think that's in the playbook. If you really want to step out there and be successful, and be considered as a productive member of the team. That's a big one. For me, I think you have to find, you have to find someone that can be a guide for you at times. So, find someone to be a mentor and a leader that you really respect and trust what they tell you and you appreciate their work and working with them. So that I think that's a pretty big one those individuals are definitely guides and help out tremendously. Um, I think you have to be able to really see the field and what I mean by that is you have to be able to zoom out on complex systems or organizations and be able to digest things and communicate them well to others, and improve people that you understand what's going on the business and come up with new and unique ideas. You have to be that problem solver at times. So, I think that's it's been a really big thing for me is to step in situations, understand what's going on, but be able to pick my head up and see the field and really look for solutions to problems that exist.

Shannon Bryant (host): Thank you. Thank you so much for the provoking thoughts. Thank you for being the thought leader. And thank you, Dr. Kyle McGregor for joining us today on The Workforce Lens. And thank you national farm life for the work that you do and we appreciate learning more today. And thank you to our listening audience and we look forwards to having you join us on the next edition of The Workforce Lens.