



October 4, 2021

TO WHOM IT MAY CONCERN:

FROM: *First Specialty Insurance Company of America*

RE: Individual Life Producers Appointed Directly by Life Insurance Carriers – Coverage Position

Issue: Life and A&H insurance companies many times appoint individuals rather than non-individual insurance agency entities, and request that these individuals be added by name as named or additional insureds on professional liability policies when the individual may only be an employee, owner or independent subcontractor of the Named Insured on those policies.

Coverage provided by *First Specialty Insurance Company* policies for these individuals:

See the coverage part wording below as respects its Section titled “INSURED” for the coverage wording pertaining to individuals in the agency or independent contractors of the agency.

To summarize, coverage for claims made against such persons extends to 1. the individuals as outlined in the section for their acts as owner, employee, partner, member, etc. as respects their duties in such a position on behalf of the insurance agency, or to 2. an independent contractor acting within the scope of their duties for the agency. It does not extend to all activities of the individual. Coverage is not provided to individuals for business placed by them outside of their responsibilities outlined in this section. Claims arising from business placed by the individuals as a separate operation not related to the agency are not covered.

For this reason, the individual cannot be listed as a Named Insured or full Additional Insured on the policy by name.

If coverage is required for all operations of the individual placing coverage in a life insurance company, whether for business placed on behalf of the agency or in a separate or non-related capacity, then the individual will need to procure an individual life insurance Errors & Omission policy in his or her name.

Coverage Part wording:

N. **INSURED.** The unqualified term INSURED means:

1. the SPONSORING ENTITY, but only as respects its vicarious liability arising out of any covered WRONGFUL ACTS committed by the INSURED AGENCY;
2. the INSURED AGENCY, and if you are a sole proprietorship, your spouse or domestic partner but only with respect to the conduct of the business of which you are the sole proprietor;
3. any owner, partner, executive officer, director of the INSURED AGENCY are INSUREDS, but only with respect to their duties as officers or directors of the INSURED AGENCY with respect to DAMAGES for which the **COVERAGE** section of this POLICY would apply. Your stockholders and former stockholders are also INSUREDS, but only with respect to DAMAGES for which the **COVERAGE** section of this POLICY would apply.



4. OTHER INSUREDS. Each of the following is also an INSURED:
- a. your employees and former employees, leased or temporary employees, but only for acts within the scope of their employment by the INSURED AGENCY and while performing duties related to the conduct of the INSURED AGENCY's PROFESSIONAL SERVICES or OTHER RELATED SERVICES, but does not include any individual who is acting as an employee or agent for the SPONSORING ENTITY.
 - b. any independent contractor or former independent contractor while acting on your behalf within the scope of their duties as your sub-producer in connection with insurance serviced by any INSURED.
 - c. the heirs, executors, administrators, or legal representatives of an INSURED in the event of the INSURED'S death, incapacity, or bankruptcy, but only to the extent that such INSURED would otherwise be covered by this POLICY.