

**THREE CAPTIVE INSURANCE COMPANIES ARE NOW BEING SUED**  
**FOR MISCLASSIFYING THEIR AGENTS AS**  
**INDEPENDENT CONTRACTORS.**

**“OPINION”**

*American Family Insurance, Farmers Insurance Exchange, and State Farm Insurance are all being sued by their own “captive” agents who claim they are misclassified as independent contractors but treated and controlled as employees. In all three of the cases, the agents are asking the courts to force the captive companies to follow ERISA rules which were designed by the government to protect employees with respect to employee benefits which these companies offer their other employees.*

It is only a guess about how many thousands of agents are involved among these three companies, but it has to be near the 6-figure mark. That’s a lot of people the courts are allowing these companies to abuse by violating ERISA laws. We think it is time the public be made aware of what is truly going on. We also think it’s time the news media heard about this.

How can the courts ignore the fact that thousands of agents are losing their retirement plans and other benefits such as health insurance, disability insurance, vacation time, etc.? Another indication the insurance companies don’t like the “expense” of either independent contractor workers (or employees, for that matter) is shown by the fact that captive companies are, in most cases, illegally terminating senior-aged agents either for lack of production or some other trumped up compliance violation. They also tend to terminate agents just before they reach the 12-year waiting period requirement for qualifying for Termination Benefits. Then they turn around and keep those Termination Benefits in their own investment portfolio, earning interest/dividends which they keep for themselves.

It is argued that captive agents have signed an agreement which defines them as independent contractors. Yes, that’s true, but the companies don’t follow the contract. In fact, they violate it all the time, but the courts ignore the evidence.

What can be done? We’re going to make the loudest noise we can, starting with this article. It’s not fair to agents who signed contracts, believing they were starting businesses of their own and could operate their businesses as long as they wanted to, or were able to. Instead, agents are pushed out the door when the company wants to push them, and then the company keeps their businesses. On top of that, the Termination Benefit package is far below the agents’ planned retirement expectations because of the unexpected termination and the fact that the Benefit package has not been allowed to grow. Is that fair? Absolutely not!!

Listen up, our public readers. Here are the three cases filed so far. Tell everyone you know. Get this info out into the news. What is going on is a disgrace to the industry. NAAFA recommends we move on to the Supreme Court.

- [Jammal v American Family Insurance 1:13-cv-00437-DCN](#)  
(complaint filed 4/5/2013)
- [Parry v Farmers BC683856 Superior Court of CA](#)  
(complaint 11/16/2017)
- [Sheldon v State Farm Insurance 1:19-cv-01080-JES-TSH,](#)  
(complaint 3/8/2019)