First Indemnity Insurance Agency, Inc.

AMB #: 041002

Best's Performance Assessment Effective Date
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Information
Best's Performance Assessment for Delegated Underwriting Authority Enterprises

Guide to Best's Performance Assessments

Best's Performance Assessment (PA)

PA-3
Strong

Outlook: Stable
Action: Affirmed

Performance Assessment Components

Underwriting Capabilities	**Strong**
Governance and Internal Controls	**Strong**
Financial Condition	**Strong**
Organizational Talent	**Strong**
Depth and Breadth of Relationships	**Strong**

Corporate Overview

First Indemnity Insurance Agency Inc. (FIIA), based in Boston, MA, is the entity with delegated underwriting authority. The organization has regional offices across the United States to provide licensed facilities and regional resources to assist the underwriting and binding operations of the home office. The company was founded in 1989.

In addition to the underwriting authority contracted with select capacity providers, FIIA is licensed as an agent for select complementary coverage or direct for chosen classes of risk.

As a Managing General Agent, FIIA offers professional liability products through four active programs: Lawyers Professional Liability, Lawyers Excess Professional Liability, Accountants Professional Liability, and Miscellaneous Professional Liability.

Lawyers Professional Liability program has been serving legal professionals for decades by offering broad coverage and competitive pricing. Accountants Professional Liability program serves CPAs, tax preparers, bookkeepers and other types of accountants. The program's coverage includes trial attendance reimbursements, cyber breach liability, disciplinary proceedings, diminishing deductible options, embezzlement coverage, and extended reporting period options. Miscellaneous Professional Liability program offers several key professional liability products for a variety of professions including real estate agents, insurance agents and specialty consultants.

	Year End - December 31					Year End - December 31				
Key Production Figures: USD	**2024**	**2023**	**2022**	**2021**	**2020**	**2024**	**2023**	**2022**	**2021**	**2020**
Top Active Programs	**Premiums (000)**					**Annual % Changes**				
Program #1	43,813	43,418	43,715	43,883	41,350	0.9	-0.7	-0.4	6.1	-5.2
Program #2	2,222	1,767	1,745	1,756	1,408	25.7	1.3	-0.6	24.7	47.2
Program #3	876	762	703	612	517	14.9	8.3	14.9	18.4	39.3
Program #4	787	766	734	735	529	2.7	4.3	-0.1	38.8	-8.8
Total Other Active Programs	6,056	6,112	5,560	4,819	4,006	-0.9	9.9	15.4	20.3	19.6
Total Premiums - Active Programs	53,754	52,825	52,457	51,805	47,809	1.8	0.7	1.3	8.4	-2.1
Total Premiums - All Programs	53,754	52,825	52,457	51,805	47,809	1.8	0.7	1.3	8.4	-2.1

Assessment Rationale

I. Underwriting Capabilities:

6

Strong

Rationale:

- First Indemnity Insurance Agency Inc. (FIIA) has recorded profitable underwriting performance over the recent five-year period.
- Deep knowledge and longstanding presence in the legal professional liability market support carrier relationships and risk selection.
- Program concentration remains a key exposure, partially mitigated by the firm's reputation and positioning within the niche.
- While claims handling is primarily carrier/TPA led, the company contributes specialized knowledge and data to support investigations when needed.

First Indemnity Insurance Agency Inc. (FIIA) is a managing general agent specializing in professional liability insurance.

The organization was founded 35 years ago to serve the legal community with a specialized professional liability program. Over the years, FIIA has expanded its professional liability offerings to accounting professionals, real estate agents, insurance agents, specialty consultants, home inspectors, and small to medium sized businesses. The focus remains on legal professional liability programs and insureds. The current market conditions for professional liability are competitive as there are multiple carriers of various size and structure in the market in which FIIA operates.

Underwriting results throughout the current program year are assessed as strong. Results have been profitable over the recent five-year period driven by the longstanding presence and deep knowledge within its niche. FIIA has demonstrated underwriting expertise within professional liability lines, primarily legal professional liability evidenced by the strong loss ratios produced over the recent five-year period. Capacity carriers within these lines of business advocate for definitive underwriting guidelines. FIIA has shown success writing within these stipulations, and it compliments its available coverage by serving as a general broker on behalf of the insured.

FIIA's involvement in the claims processes is finite. Its carrier partners select third party administrators for claims management or retain claims responsibility in-house. Nevertheless, FIIA serves as a liaison and a resource for the claims process. The company’s fundamental proficiency in professional liability lines is a knowledge source for insureds, and FIIA exchanges data obtained in the underwriting process with claims teams.

FIIA uses a comprehensive data system with broad capabilities for underwriting, invoice generation, premium collection, and data exchange with carrier partners. Nonetheless, the data obtained is not proprietary to FIIA, with narrow opportunities to leverage data for improvement of underwriting operations. The company's underwriting staff is balanced across seasoned members and developing staff. Commission structure and profit-sharing programs align interests to ensure underwriting performance.

II. Governance and Internal Controls:

6

Strong

Rationale:

- A clear operating philosophy and defined stakeholder relationships enhance operational efficiency.
- Core systems and interfaces are integrated with carrier partners, supporting efficient and accurate processing.
- The company maintains internal control over key operations, while delegating defined roles to risk-bearing carriers.
- Experienced staff, longstanding presence in the niche, and a documented succession plan help moderate key-person risk.

Since its founding, FIIA has continually developed a working philosophy that captures the company’s objective of obtaining professional liability insurance for lawyers and law firms. FIIA attains this objective through a hands-on, personal approach sustained by the company’s expertise in the market. FIIA has implemented a range of policies and procedures that support its working philosophy. Operating procedures are supportive of a streamlined exchange of data between parties in near real time. he integration of core systems and interfaces with carrier partners supporting efficient and accurate processing fostering alignment of interest between carrier and MGA.

FIIA has designed internal audit processes to monitor performance and capture areas of opportunity. The internal audit results provide a framework to improve processes. In addition, the company is subject to multiple external audits from their carrier partners and insurance regulators. FIIA is reliant on the outcome of these audits to capture service measures from the perspective of its stakeholders and regulators.

FIIA is exposed to key person risk, as many stakeholder and industry-facing activities are centralized. Certain risks are slightly offset, as a succession plan is already in place. Additionally, the company has an experienced underwriting staff with a wide range of authority, while other members of management handle many day-to-day operations.

The company has developed and implemented a data protection plan and a business continuity plan. It has obtained E&O coverage. Disaster recovery plans are in place, although the plans do not appear adaptable to experience.

III. Financial Condition:

Strong

Rationale:

- Multi-year profitability and a positive capital position, with overall scale remaining a moderating factor.
- Recent performance benefited from reduced operating expenses, lifting near-term results.
- Capital efficient model with sufficient liquidity for ongoing operations with no current borrowings.
- Majority of insurance risk is placed externally, and limited underwriting exposure is retained.

FIIA has provided unaudited financial statements that reflect a consistent trend of operating profitability and positive net worth. Favorable earnings are driven by consistent top line revenues and the short term reduction in operating expenses. Strong financial processes are in place to ensure the security of collected premiums and remittances to carrier partners. These include items such as multiple factor authentications, real time financial reviews, and granular examinations by independent review firms.

Management monitors performance and financial strength using insurance industry metrics such as retention and renewal rates, claim frequency and severity, and direct new business premiums. FIIA uses appropriate risk protection mechanisms such as E&O coverage. Operations are oriented as a capital-efficient, small, and independent business.

The organization is capital efficient, retaining cash and assets sufficient for ongoing operations. There are no leverage or coverage concerns as financial support over the life of the company has been generated by organic earnings. Despite this operational advantage, the size and scope of the company's financial position inhibit development beyond its current capacity.

IV. Organizational Talent:

3

Strong

Rationale:

- Low employee turnover reflects effective leadership and engagement.
- Staffing levels and structure are appropriate for the business model, with clear roles and accountability.
- Employee development is supported through hands-on training and practical industry experience.

FIIA is staffed appropriately for its size and scope. Senior management has extensive industry experience serving the professional liability needs of the legal community. Staff education and training is conducted through internally designed programs. The company leverages local law firms and industry resources for the training of its staff along with carrier staff further enhancing alignment and deepening relationships.

With its 35-year company history, FIIA has many members on staff with deep knowledge of and experience in both in the industry and the company. Organizational structure reflects a compact structure with clear and direct reporting and operational responsibilities leading to low employee turnover.

V. Depth and Breadth of Relationships:

3

Strong

Rationale:

- Focused presence in legal professional liability, supported by established capacity partnerships.
- National reach and the ability to tailor coverage solutions enable meaningful participation across markets.
- Longstanding relationships with reputable carriers and distributors reinforce placement stability and market access.

FIIA's program portfolio is centered around providing coverage for the legal industry. FIIA balances their niche role with the ability to provide national coverage through a variety of standard and surplus lines coverage. Leveraging its attorney liability experience, FIIA has expanded its resources to provide individual coverages to a variety of other professional fields such as accountants, real estate agents, insurance agents, and specialty consultants seeking liability protection.

Business is diversified geographically as coverage is provided to all 50 states. However, concentration within a core line of business limits the ability to foster further diversification within the business.

Tenure of carrier relationships is adequate. FIIA continuously monitors their capacity providers, allowing them to respond timely and capably when changes are required. The company has demonstrated the ability to onboard a new relationship efficiently.

Outlook: Stable

Rationale:

- The stable outlook reflects the expectation that FIIA will maintain consistent underwriting performance, a favorable financial condition, appropriate governance and controls, as well as the continuous development of its staff and its expertise in the legal professional liability market.