IN THE SUPREME COURT OF THE STATE OF IDAHO
Docket No. 52014

KAREN SHELSTAD, **Plaintiff-Respondent,** **AND** **JEFFREY ANDREASEN, RACHEL BUCK, FELIX and KARLA GONZALEZ, HAYLEY HERMAN, HEATHER HERMAN, CHARLIE HUMPHREYS, KIRT LEWIS, JEFFREY MAUGHAN, KAREN ROSEBERRY, LONNA ANN SCHMIDT, and JOSEPHINE WAMSLEY,** **Plaintiffs,** **v.** **PACIFIC LIFE INSURANCE COMPANY,** **Defendant-Appellant,** **and** **RONALD M. HILL, RONALD R. HILL, SHURWEST, LLC; AE WEALTH MANAGEMENT, LLC; ADVISORS EXCEL, LLC; THE QUANTUM GROUP, USA, LLC; ANNEXUS COMPANY, LLC; ANNEXUS MANAGEMENT COMPANY, LLC; ANNEXUS HOLDING, LLP; and ANNEXUS HOLDING LP,** **Defendants.**	**Boise, October 2025 Term** **Opinion Filed: September 16, 2026** **Melanie Gagnepain, Clerk**

Appeal from the District Court of the Third Judicial District of the State of Idaho, Canyon County. Randall S. Grove, District Judge.

The district court's judgment against Pacific Life Insurance Company in the amount of $915,681.92 is vacated; the district court's judgment against Pacific Life Insurance Company and Ronald R. Hill jointly and severally in the amount of $610,454.62 is vacated in part as to Pacific Life Insurance Company. Case is remanded for entry of judgment in favor of Pacific Life Insurance Company.

Hawley Troxell Ennis & Hawley LLP, Boise, for Appellant. John C. Neiman (Pro Hac Vice) argued.

Mooney Wieland Warren, Boise, for Respondent. Robert G. Rikard (Pro Hac Vice) argued.

BEVAN, Chief Justice.

Pacific Life Insurance Company appeals from a $1.5 million judgment entered on a jury verdict arising from claims of negligence related to the sale of an investment product issued by another company that later proved to be part of a multistate Ponzi scheme. In 2017, Karen M. Shelstad met Ronald R. Hill while she was trying to sell an apartment complex she owned. Hill convinced Shelstad to use the proceeds from the sale of her apartment complex to invest in an investment product offered by Future Income Payments, LLC ("FIP"). Hill also persuaded Shelstad to purchase an Indexed Universal Life insurance policy ("IUL policy"), initially proposing a policy issued by Minnesota Life Insurance Company and, approximately one month later, a policy issued by Pacific Life. Under Hill's proposed investment strategy, the anticipated payments from the FIP investment product were to fund the premiums for the Pacific Life IUL policy. The FIP investment product was later revealed to be a multi-state Ponzi scheme. As a result, Shelstad lost her investment and was unable to continue paying the premiums on the IUL policy. Shelstad sued Hill and Pacific Life for negligence and prevailed at trial. The jury awarded her $1,526,136.54 in damages, allocating 60% of the fault to Pacific Life and 40% to Hill. Based on the jury's finding that Hill acted as Pacific Life's agent, the district court later determined that Pacific Life was jointly and severally liable for the 40% of fault allocated to Hill.

Pacific Life appeals, arguing that the judgment against it cannot stand for several reasons. We resolve the appeal in Pacific Life's favor on two legal grounds. First, absent an applicable exception to the economic loss rule, Idaho law imposes no duty to protect another from purely economic loss. Second, the evidence was insufficient to establish that Hill was acting as Pacific Life's agent when he marketed the FIP investment product and when Shelstad later invested in it.

These conclusions are dispositive, making it unnecessary to address Pacific Life's remaining assignments of error. Accordingly, we vacate the judgment entered in Shelstad's favor and remand with instructions to enter judgment in favor of Pacific Life.

I. FACTUAL AND PROCEDURAL BACKGROUND

A. Factual Background

In 2017, Karen M. Shelstad wanted to sell an apartment complex that she had owned and managed for years. Shelstad was getting older, and it was time for her to retire. She hoped to get a good price for her apartment complex so she could sustain herself for the rest of her life. A few days after Shelstad listed the complex for sale, she was contacted by a realtor with an offer to purchase the property. This realtor also invited Shelstad to meet with someone he knew who could help her with her retirement planning, Ronald Hill. Shelstad then met with Hill in early October 2017, before closing on the sale.

At the meeting, Hill represented himself to Shelstad as a financial advisor but did not disclose that he was not licensed to act in that capacity. Instead, Hill was licensed only as an "insurance producer," a professional authorized to sell, solicit, or negotiate insurance. *See* I.C. § 41-1003(8). After introducing himself, Hill called Melanie Schulze-Miller, then an employee of Shurwest, LLC. Together, they presented Shelstad with an investment strategy for the proceeds from the apartment sale that involved two financial products: an "investment" product offered by FIP, and an IUL policy, from Minnesota Life.

After the meeting, Hill began handling Shelstad's retirement planning, and Shelstad never heard from Schulze-Miller again. On October 10, 2017, at Hill's behest, Shelstad applied for a life insurance policy offered by Minnesota Life. Eight days later, Hill provided Shelstad with an amortization schedule of the FIP investment product, though nothing on the document indicated which company produced the schedule. The schedule showed that if Shelstad invested $1.4 million into the FIP investment product, she would receive a return of a little over $1.8 million, paid out in monthly installments of $21,488.24 over the next seven years. Shelstad noted that the monthly installment payments would then pay for the IUL policy. The IUL policy would accumulate cash value and could then provide tax-advantaged income to Shelstad in the form of policy loans and withdrawals.

Nearly a month later, around November 7, Hill began to consider using Pacific Life rather than Minnesota Life as the source of the IUL policy. At that time, Hill was not an appointed life insurance producer for Pacific Life. However, Pacific Life generated an illustration packet for Hill, which contained a hypothetical scenario using a product called the "Pacific Discovery Xelerator," one of Pacific Life's IUL products. Hill shared the illustration packet with Shelstad as part of a presentation about the kind of IUL policy that she might be able to receive from Pacific Life.

The packet Shelstad received featured Pacific Life's name, logo, and address on each page. Each page also identified Hill as a "Life Insurance Producer," placing this title and his name just above Pacific Life's address. On each page was a declaration that the illustration was "For: Karen," Shelstad's first name. Shelstad testified that this document, along with the other statements that Hill made, led her to believe that Hill was representing Pacific Life when he recommended its IUL policy.

Shelstad signed the papers authorizing the sale of her apartment complex on November 9. Hill was present at the closing. At the closing, Hill stated the check for the proceeds of the sale should be made out to Faw Casson, an accounting firm. The proceeds ultimately made their way to FIP. Around the same time as closing, Hill called Shelstad and told her that they were going to go with Pacific Life instead of Minnesota Life because Pacific Life could offer her a better deal. Hill also applied to be appointed as a Pacific Life insurance producer sometime during this period.

On December 6, Hill filled out an application for a Pacific Life IUL policy on Shelstad's behalf. At trial, Shelstad testified that she never signed the application for the IUL policy, and that Hill signed for her. The following day, Hill also sent an associate to collect three checks from Shelstad to fund a portion of the policy premiums. These checks totaled $125,000, which represented nearly all of Shelstad's available cash reserves. Pacific Life negotiated the checks a few days later.

Despite having already cashed Shelstad's checks, someone in Pacific Life's underwriting department raised concerns internally about Shelstad's application. These concerns centered on Shelstad's ability to pay for the IUL policy and her financial information. Specifically, multiple underwriters were confused about how a retiree was reporting earned income on her tax return, which had been provided to them, and what assets would be used to pay the insurance policy's premiums. The underwriters learned that a "structured settlement" would provide the cash flow needed to pay the premiums. The underwriters were also provided with a list of liquid assets that Shelstad supposedly had, and an unmarked amortization table for the payments she was to use to fund the IUL policy. Ultimately, Pacific Life issued the IUL policy on December 20.

The next month, in January 2018, Shelstad started receiving payments from FIP. Notably, this was the first time that Shelstad had heard the name "Future Income Payments." Several months later, in April, Shelstad signed the policy delivery receipt for the Pacific Life IUL policy. By May, Shelstad stopped receiving FIP payments. Sometime later, the FIP investment product was revealed to be a Ponzi scheme, and Shelstad lost all her money.

On March 8, 2019, Shelstad sent a letter to Pacific Life, requesting that Pacific Life cancel her policy and return her premiums paid to date. Pacific Life asserted that the premiums paid were sufficient to carry the policy through April 2019, and it refused to cancel the policy or return her premiums. The policy officially lapsed April 22, 2019, due to nonpayment.

B. Procedural Background

In April 2020, Shelstad and twelve other plaintiffs sued Hill, Pacific Life, and nine other defendants, asserting claims for negligence, breach of fiduciary duty, aiding and abetting the breach of fiduciary duty, negligent misrepresentation, and negligent supervision. By September 2023, only Hill and Pacific Life remained as defendants, and Shelstad was the lone remaining plaintiff. Following pretrial motion practice, the case proceeded to trial on two claims: (1) common law negligence against Hill and Pacific Life, including negligent supervision as against Pacific Life, and (2) breach of fiduciary duty as against Hill. Later in the trial, Shelstad agreed that she would not pursue Pacific Life for negligent supervision or Hill for breach of fiduciary duty, leaving only the common law negligence claim for consideration by the jury. Pacific Life moved for a directed verdict at the close of Shelstad's case. The district court denied the motion. At the close of all the evidence, Pacific Life renewed its motion without further argument, and the district court again denied it.

The jury rendered a verdict in Shelstad's favor, awarding her $1,526,136.54 in damages. It found that both Pacific Life and Hill were negligent, that Hill was acting as Pacific Life's agent, and that none of Hill's actions exceeded the scope of his authority as an agent of Pacific Life, which meant that Pacific Life was liable for his negligence. The jury also determined that Pacific Life's and Hill's negligence proximately caused Shelstad's damage. Because the jury found that both Pacific Life and Hill were negligent and caused Shelstad's damage, the jury was asked to apportion fault between them. The jury was instructed to apportion fault to Pacific Life "for any of its own actions, including the actions of Mr. Hill acting within the scope of his authority as an agent of Pacific Life . . . ." The jury was also instructed to apportion fault to Hill "for his own actions including any actions he took outside the scope of his authority as an agent . . . .” Based on that instruction, the jury apportioned 60% of the fault to Pacific Life and 40% to Hill. The jury was not asked and did not indicate how much of Pacific Life’s fault was due to its own individual actions and how much was due to Hill’s actions as Pacific Life’s agent.

The district court entered two judgments. The first judgment awarded 60% of the damages against Pacific Life. The second judgment awarded the remaining damages against Pacific Life and Hill, jointly and severally. The district court determined that Pacific Life and Hill were jointly and severally liable for the 40% of damages assigned to Hill because the jury found that Hill never exceeded the scope of his authority as an agent of Pacific Life. Pacific Life appealed. Pacific Life argues, among other things, that the district court erred by denying Pacific Life’s motions for a directed verdict.

II. STANDARDS OF REVIEW

“In determining whether a directed verdict should have been granted, this Court applies the same standard as does the trial court which passed on the motion originally.” *Ackerschott v. Mountain View Hosp., LLC*, 166 Idaho 223, 229, 457 P.3d 875, 881 (2020) (citation modified). “Whether a verdict should be directed is purely a question of law and on those questions, the parties are entitled to full review by the appellate court without special deference to the views of the trial court.” *Id.* at 229–30, 457 P.3d at 881–82 (citation modified). However, “[t]his Court may not reweigh the evidence or consider the witnesses’ credibility, rather, this Court must accept the truth of all evidence against the moving party and draw all legitimate inferences therefrom in favor of the non-moving party.” *Griff, Inc. v. Curry Bean Co.*, 138 Idaho 315, 319, 63 P.3d 441, 445 (2003) (citation omitted). “It is not a question of no evidence on the side of the non-moving party, but rather, whether there is substantial evidence upon which a jury could find for the non-moving party.” *Polk v. Larrabee*, 135 Idaho 303, 311–12, 17 P.3d 247, 255–56 (2000) (citation omitted). “Where a non-moving party produces sufficient evidence from which reasonable minds could find in its favor, a motion for directed verdict should be denied.” *Lands v. Sunset Manor, LP*, 173 Idaho 658, 671, 546 P.3d 670, 683 (2024) (quoting *Ackerschott*, 166 Idaho at 230, 457 P.3d at 882).

III. ANALYSIS

On appeal, Pacific Life asserts, among other things, that the district court erred when it denied Pacific Life's motions[1] for a directed verdict. Pacific Life also argues that the jury's findings were not supported by sufficient evidence presented at trial.

We conclude that the district court erred in denying Pacific Life's motions for a directed verdict. Accordingly, we vacate the judgments entered against Pacific Life and remand with instructions to enter judgment in its favor, dismissing Shelstad's claims against Pacific Life with prejudice. Because our holding is dispositive, we need not address Pacific Life's remaining issues on appeal.

A. The district court erred by denying Pacific Life's motions for a directed verdict.

Pacific Life argues that the district court erred in denying Pacific Life's motions for a directed verdict. Pacific Life contends that the district court erred because there was "an absence of evidence" to support a finding that Pacific Life had an individual duty to protect Shelstad from "economic harm or harm from a third party." Pacific Life also maintains that there was an absence of evidence to support a finding that Hill and Pacific Life had an agency relationship that would impose liability on Pacific Life for "FIP's default." We agree that the district court erred by not granting Pacific Life's motion for a directed verdict on each issue, as set forth below.

1. *The district court erred by not granting Pacific Life's motion for a directed verdict on the issue of Pacific Life's direct liability.*

Pacific Life argues that the district court erred in denying its motion for a directed verdict because Pacific Life had no duty to protect Shelstad from economic loss or the actions of third parties. We agree that Pacific Life itself did not have a duty to protect Shelstad from purely economic loss, and that the district court erred by not granting Pacific Life's motion for a directed verdict on behalf of Pacific Life directly. As such, we need not consider whether Pacific Life had a duty to protect Shelstad from third parties or if the district court erred by not granting Pacific Life's motion for that reason.

Pacific Life quotes this Court's holding in *Blahd v. Richard B. Smith, Inc.* in support of the contention that, "[u]nless an exception applies, the economic loss rule prohibits recovery of purely economic losses in a negligence action because there is no duty to prevent economic loss to

[1] We recognize that Pacific Life made a second motion for directed verdict at the close of all evidence; however, that motion was a mechanical exercise, simply a renewal of Pacific Life's initial motion for directed verdict with no additional argument. We therefore analyze this question on the basis of the argument Pacific Life made at the close of Shelstad's case, acknowledging that this analysis applies equally to the motion made at the close of evidence.

another." 141 Idaho 296, 300, 108 P.3d 996, 1000 (2005) (citations omitted), *abrogated on other grounds by Aardema v. U.S. Dairy Sys., Inc.*, 147 Idaho 785, 215 P.3d 505 (2009). Pacific Life claims that because there is not an exception to the economic loss rule that applies in this case, the district court erred by denying Pacific Life's motion for a directed verdict.

Shelstad responds that her negligence claim falls within the economic loss rule's "special relationship" exception. That exception applies "in cases involving a 'special relationship' between the parties." *See Blahd*, 141 Idaho at 301, 108 P.3d at 1001 (quoting *Duffin v. Idaho Crop Improvement Ass'n*, 126 Idaho 1002, 1008, 895 P.2d 1195, 1201 (1995)). Because she was insured by Pacific Life, Shelstad relies on this Court's recognition of the "'special relationship between insurer and insured which requires that the parties deal with each other fairly, honestly, and in good faith' and acknowledges the disparity in bargaining power" between them. *Weinstein v. Prudential Prop. & Cas. Ins. Co.*, 149 Idaho 299, 339, 233 P.3d 1221, 1261 (2010) (quoting *Featherston ex rel. Featherston v. Allstate Ins. Co.*, 125 Idaho 840, 843, 875 P.2d 937, 940 (1994)). We agree with Pacific Life, however, that the special relationship exception does not apply under the circumstances presented here.

This Court "has adhered to a general rule prohibiting the recovery of purely economic losses in all negligence actions." *Duffin*, 126 Idaho at 1007, 895 P.2d at 1200 (citation omitted), *abrogated on other grounds by Davis v. Blast Props. Inc.*, 174 Idaho 37, 551 P.3d 706 (2024). "However, there are exceptions to the general rule of non-recovery." *Id.* Relevant to this case, one exception exists when there is a "special relationship" between the parties. *Just's, Inc. v. Arrington Constr. Co.*, 99 Idaho 462, 469, 583 P.2d 997, 1004 (1978) (citation omitted). "The term 'special relationship[]' . . . refers to those situations where the relationship between the parties is such that it would be equitable to impose" a duty to avoid purely economic loss. *Duffin*, 126 Idaho at 1008, 895 P.2d at 1201. We have only recognized two types of special relationships under this exception to the economic loss rule: (1) relationships in which professionals or quasi-professionals provide a personal service, and (2) relationships where an entity held itself out as having expertise in a specialized function and knowingly induced reliance on its performance. *Aardema*, 147 Idaho at 792, 215 P.3d at 512.

Insurance *agents* are often identified as having a special relationship with their clients. *See McAlvain v. Gen. Ins. Co. of Am.*, 97 Idaho 777, 780, 554 P.2d 955, 958 (1976); *see also Blahd*, 141 Idaho at 301, 108 P.3d at 1001 (recognizing that *McAlvain* identified a special relationship in the insurance agent-client context). This is because "[a] person in the business of selling insurance holds himself out to the public as being experienced and knowledgeable in this complicated and specialized field." *McAlvain*, 97 Idaho at 780, 554 P.2d at 958. Moreover, "[a]n insurance agent performs a personal service for his client, in advising him about the kinds and extent of desired coverage and in choosing the appropriate insurance contract for the insured." *Id.* Thus, when an insurance agent negligently procures insurance for a client, "he should be held liable for that negligence just as would an attorney, architect, engineer, physician or any other professional who negligently performs personal services." *Id.* Relying on *McAlvain*, Shelstad argues that the same principles hold true for the relationship between an insurer and an insured. However, *McAlvain* does not apply to insurer liability; the reasoning supporting a special relationship between an insurance *agent* and a customer does not necessarily extend to insurance *companies* in the same way. The case only stands for the proposition that an insurance agent and insurance agency may have a special relationship with clients and therefore be liable for negligence. *Id.* at 781, 554 P.2d at 959.

Shelstad also relies on *Weinstein* and *Featherston* in support of her position regarding insurer liability, but her argument is similarly misplaced. *Weinstein* did not address the economic loss rule. *See Weinstein*, 149 Idaho at 307, 233 P.3d at 1229 (involving a claim for breach of contract and awards of punitive damages and attorney fees). Nor does *Featherston* support Shelstad's position. There, the issue concerned the conduct of an insurance *agent* who allegedly failed to procure underinsured motorist coverage when requested to do so. 125 Idaho at 841–42, 875 P.2d at 938–39. As the Court explained, "[a]n insurance agent performs a personal service for his client, in advising [the client] about the kinds and extent of desired coverage and in choosing the appropriate insurance contract for the insured." *Id.* at 843, 875 P.2d at 940 (quoting *McAlvain*, 97 Idaho at 780, 554 P.2d at 958). And insureds reasonably rely on such an agent's expertise in doing so. *Id.*

Moreover, we are not persuaded that the facts established here demonstrate that Pacific Life had a special relationship with Shelstad. Shelstad's claim against Pacific Life centered around the assertion that the insurer had internal questions regarding the suitability and affordability of the IUL that should have triggered further inquiries. By Shelstad's telling, if Pacific Life had asked more questions, she would not have suffered a loss with FIP. But, as noted above, that is not the standard for establishing a special relationship. Here, there is no evidence that Pacific Life held itself out—either to the public or to Shelstad—as an expert in a specialized function such as offering, vetting, or managing *FIP's* investment product. The record contains no evidence that Pacific Life offers financial products like the FIP investment, or that it had any role in selling that product to Shelstad. Accordingly, Pacific Life could not have knowingly induced reliance on its performance of this function.

We conclude that Shelstad failed to present evidence establishing that, under the facts of this case, Pacific Life had a special relationship with Shelstad that would qualify as an exception to the economic loss rule. Absent such an exception, Pacific Life owed no duty to prevent Shelstad from suffering purely economic loss resulting from her failed investment with FIP. Therefore, the district court erred in denying Pacific Life's motion for a directed verdict on the direct liability negligence claim.

2. *The district court erred by not granting Pacific Life's motion for a directed verdict on the issue of Pacific Life's agent-principal liability.*

Pacific Life argues that "[t]here was simply no evidence at trial to support a finding that Hill was acting as Pacific Life's agent in his recommendation of the FIP product . . . ." Since "Shelstad could not reasonably argue that Hill . . . was acting pursuant to Pacific Life's express authority[,]" Pacific Life asserts that Shelstad had to rely on showing that Hill acted according to apparent authority when recommending the FIP product. "Apparent authority is 'the power held by an agent or other actor to affect a principal's legal relations with third parties when a third party reasonably believes the actor has authority to act on behalf of the principal and that belief is traceable to the principal's manifestations.'" *Nelson v. Kaufman*, 166 Idaho 270, 280, 458 P.3d 139, 149 (2020) (quoting Restatement (Third) of Agency § 2.03 (2006)). But, as Pacific Life notes, apparent authority can only be established based on the "manifestations" of the *principal*, not those of the agent. *See Eagle Rock Timber, Inc. v. Teton County*, 172 Idaho 172, 178, 531 P.3d 488, 494 (2023). Thus, Pacific Life argues that there was "[n]o evidence" produced at trial that showed that Pacific Life had undertaken any actions to "support a finding that Pacific Life had authorized Hill to act as its agent in relation to the recommendation and sale of the FIP product."

Pacific Life contends that only one manifestation is relevant to the apparent authority analysis: the IUL illustration that Hill presented to Shelstad. According to Pacific Life, the illustration is the "linchpin of Shelstad's agency argument," yet it cannot establish apparent authority for Hill to recommend or market non-insurance investment products. As noted on the illustration itself, Pacific Life "does not give advice or make recommendations regarding insurance or investment products." Pacific Life therefore argues that this disclaimer limits the scope of any apparent authority arising from the illustration. Notably, Pacific Life does not dispute that Hill possessed apparent authority to market Pacific Life's own insurance products. Rather, it argues that no manifestation by Pacific Life authorized Hill to recommend or market FIP's investment product.

Shelstad responds that the IUL illustration, which identified Hill as a life insurance producer, manifested that Hill had apparent authority to sell Pacific Life's products. She discounts the disclaimer and argues, relying on *Featherston*, that insurance companies can be held liable based on the representations of their agents, "despite the presence of contrary language in the actual policy." 125 Idaho at 843, 875 P.2d at 940 (citation omitted). Shelstad further contends that, because Hill consistently presented the FIP investment product and the IUL policy as components of a single investment strategy, Hill's apparent authority extended to both products. According to Shelstad, it is immaterial that the FIP product was initially presented in conjunction with a Minnesota Life policy because it was "unreasonabl[e to] assume[] that Ms. Shelstad . . . should have distinguished between Mr. Hill's roles." We are unpersuaded.

Shelstad's theory is inconsistent with the governing principles of apparent authority. As we have recently explained, "it is the conduct of the principal, and not the agent, that binds the principal." *Eagle Rock Timber*, 172 Idaho at 177–78, 531 P.3d at 493–94 (citation modified). Agency arises "from the *manifestation* of consent by one person to another that the other shall act on his behalf . . . ." *Id.* at 178, 531 P.3d at 494 (citation modified). Accordingly, a principal cloaks an agent with apparent authority only when a third party "reasonably believes the actor has authority to act on behalf of the principal and that belief is traceable to the principal's manifestations." *Id.* at 177, 531 P.3d at 493 (emphasis omitted) (quoting Restatement (Third) of Agency § 2.03 (2006); and then citing *Nelson*, 166 Idaho at 280, 458 P.3d at 149). The Restatement further explains that the reasonableness of the third party's belief is "a separate but related question of fact" from whether that "belief is traceable to a manifestation of the principal." Restatement (Third) of Agency § 2.03 cmt. d (2006).

Reviewing the evidence in the light most favorable to Shelstad, we conclude that the facts in this record are insufficient to establish that Pacific Life vested Hill with apparent authority to sell FIP's product. As we have recognized, "[w]hether facts sufficient to constitute an agency relationship exist is indeed a question of fact for the jury, however, whether a given set of facts are sufficient to constitute an agency relationship is a question of law appropriate for this Court's consideration." *Forbush v. Sagecrest Multi Fam. Prop. Owners' Ass'n, Inc.*, 162 Idaho 317, 330, 396 P.3d 1199, 1212 (2017) (alteration in original) (quoting *Humphries v. Becker*, 159 Idaho 728, 735 n.2, 366 P.3d 1088, 1095 n.2 (2016)).

Two considerations compel this conclusion. First, the record contains no manifestation by Pacific Life that would permit a reasonable person to believe that it authorized Hill to market investment products offered by an unrelated company. Aside from Pacific Life's name appearing on the Xelerator Illustration, Shelstad identifies no conduct or communication by Pacific Life manifesting that Hill was acting on its behalf and subject to its control in promoting *FIP's* investment product. *See Eagle Rock Timber*, 172 Idaho at 178, 531 P.3d at 494. Nor could the illustration itself establish this authority because Hill's solicitation of the FIP investment product occurred approximately one month earlier—before Hill became an appointed Pacific Life insurance producer and before he ever presented the Pacific Life illustration to Shelstad.

Second, even if the illustration were considered a relevant manifestation, it affirmatively disclaimed the authority Shelstad seeks to attribute to Hill. The illustration expressly states that Pacific Life "does not give advice or make recommendations regarding insurance or investment products." That disclaimer is unequivocal. Rather than suggesting Hill possessed apparent authority to market FIP's investment product as part of a broader retirement strategy, it expressly limited the scope of any authority a reasonable person could attribute to Hill on Pacific Life's behalf.

Shelstad's reliance on *Featherston* is misplaced. Although *Featherston* addressed apparent authority, the insurance agent there was already an actual agent of the insurer. *See* 125 Idaho at 841–42, 875 P.2d at 938–39. The issue was therefore not whether the insurer's manifestations created an agency relationship, but whether the agent's conduct fell within the scope of the authority the insurer had conferred. Thus, *Featherston* does not support extending the apparent authority reflected in Pacific Life's illustration beyond the limits Pacific Life itself expressly communicated.

The flaw in Shelstad's argument is that it shifts the focus from the principal's manifestations to the agent's representations. Apparent authority exists only to the extent a principal's manifestations would cause a reasonable person to believe the agent is authorized to act on the principal's behalf. *See Bailey v. Ness*, 109 Idaho 495, 497–98, 708 P.2d 900, 902–03

(1985) (citations omitted). An agent's own representations cannot create apparent authority, particularly when the principal has expressly communicated the limits of the agent's authority to the third party. *See id.* To hold otherwise would allow an agent's representations to supersede the principal's own manifestations, effectively eliminating the requirement that a third party's belief in the agent's authority be traceable to the principal.

Accordingly, we hold that Pacific Life's disclaimer foreclosed any reasonable belief that Hill possessed apparent authority to "give advice or make recommendations regarding insurance or investment products" on Pacific Life's behalf. Because FIP's offering was an investment product, Hill's promotion of that product was independent of and outside the scope of any apparent authority arising from Pacific Life's illustration.

Shelstad identifies one additional feature of the Xelerator illustration that she contends constitutes a manifestation by Pacific Life: the near identity between the projected IUL premiums and the anticipated returns from the FIP investment product. The amortization schedule projected monthly payments of $21,488.24, totaling $257,858.88 annually for seven years. The Xelerator illustration, in turn, projected annual IUL premiums of $257,859 for the same seven-year period—a difference of only twelve cents. This striking similarity supports the inference that Hill intended the two products to function together as a single investment strategy. But it does not support the further inference that Pacific Life knew of that strategy or manifested Hill's authority to market FIP's investment product on its behalf. The illustration simply reflects the premium amounts Hill chose to input. Nothing in the illustration indicates that Pacific Life authorized Hill to market another company's investment product or to combine it with a Pacific Life policy as part of a unified retirement strategy.

Because the record contains no manifestation by Pacific Life that would permit a reasonable person to believe Hill was authorized to market FIP's investment product on Pacific Life's behalf, the evidence is insufficient as a matter of law to establish apparent authority. Accordingly, the district court erred in denying Pacific Life's motion for a directed verdict on Shelstad's vicarious liability claim.

IV. CONCLUSION

We conclude that the district court erred by denying Pacific Life's motions for a directed verdict as to Pacific Life's direct and vicarious liability. Accordingly, we vacate the judgment of the district court as to Pacific Life in the amount of $915,681.92 and the district court's judgment against Pacific Life and Ronald R. Hill jointly and severally in the amount of $610,454.62 is vacated in part as to Pacific Life Insurance Company. The case is remanded with instructions for the district court to enter judgment in favor of Pacific Life. Since Pacific Life has prevailed and the judgments against it have been vacated, it is awarded costs as a matter of course. I.A.R. 40(a).

JUSTICES BRODY, MOELLER, ZAHN, and MEYER CONCUR.