

More Annuity Class Settlements in California

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Federal courts in California have preliminarily approved the class-wide settlement of two lawsuits alleging misconduct in the sale of deferred annuities to seniors. Motions for preliminary approval were granted September 27, 2013 in *In re American Equity Annuity Practices and Sales Litigation*, in the United States District Court for the Central District of California, and on August 30, 2013 in *In re National Western Life Insurance Deferred Annuities Litigation*, in the United States District Court for the Southern District of California. The *American Equity* case encompasses over 149,000 annuities, while the *National Western* case encompasses over 12,000 annuities. The final approval hearings are set in the *American Equity* case for January 27, 2014, and in the *National Western* case for January 10, 2014. The settlement relief proposed in both cases is similar:

- **Policies in deferral:** a bonus to the annuitization value of up to 10% (*National Western*) or 10.75% (*American Equity*) on a sliding scale, based on the policy year at the time of annuitization, if the policy is annuitized for a period of life with a 10 year or longer payment guarantee.
- **Annuitized policies:** an enhancement in the amount of annuity payments. This benefit is a capped amount in the *National Western* settlement; it is not capped in the *American Equity* settlement.
- **Surrendered policies:** a refund of a portion of the surrender charges incurred available only in a claim review process with two levels of relief available: a higher amount based on a showing of misrepresentation or unsuitability at the time of purchase; a lesser amount based upon a showing of current need for funds. There is a cap on the amount of this settlement benefit in both of these settlements.

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