

# \$84 Million Settlement in Northwestern Mutual Annuity Class Case

June 15, 2015

March 26 marked the beginning of the end for the storied 14-year litigation concerning Northwestern Mutual Life Insurance Pre-MN annuities when the Eastern District of Wisconsin granted preliminary approval of a proposed class action settlement in *LaPlant v. Northwestern Mutual Life Insurance Company*. Plaintiffs in *LaPlant* alleged that, starting in 1985, Northwestern Mutual changed its dividend calculation methodology so that the amount of dividends credited to the class annuity accounts would be based on interest earned on "short-term bonds exclusively and secretly chosen by" the company, rather than on the purported contractually required "share of Northwestern's annual profits or 'divisible surplus'" basis. If the settlement is ultimately approved by the federal judiciary, those who terminated or annuitized their policies prior to 1994, which is estimated to be over half of the 33,000 annuitant class members, will each be eligible for \$250. The remaining \$84 million fund, minus fees and costs, will be available for the rest of the class members, based on each annuity's average net cash value and number of years the annuity was held. *LaPlant* is not the first attempt by class counsel to recover funds from the company regarding this alleged change. In *Noonan v. Northwestern Mutual Life Insurance Company*, a 2001 Wisconsin state court case, class certification status was denied, a result affirmed by the Court of Appeals of Wisconsin in 2006. Nevertheless, *Noonan* remains pending as a stayed individual action. Cases brought by class counsel against Northwestern Mutual in Florida, California, and Washington also remain pending and will be dismissed if the settlement is ultimately approved. A hearing on the proposed settlement is scheduled for August 21, 2015.

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## Life, Annuity, and Retirement Litigation

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