

More Annuity Class Settlements in California

DECEMBER 1, 2013

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.

©2020 Carlton Fields, P.A. Carlton Fields practices law in California through Carlton Fields, LLP. Carlton Fields publications should not be construed as legal advice on any specific facts or circumstances. The contents are intended for general information and educational purposes only, and should not be relied on as if it were advice about a particular fact situation. The distribution of this publication is not intended to create, and receipt of it does not constitute, an attorney-client relationship with Carlton Fields. This publication may not be quoted or referred to in any other publication or proceeding without the prior written consent of the firm, to be given or withheld at our discretion. To request reprint permission for any of our publications, please use our Contact Us form via the link below. The views set forth herein are the personal views of the author and do not necessarily reflect those of the firm. This site may contain hypertext links to information created and maintained by other entities. Carlton Fields does not control or guarantee the accuracy or completeness of this outside information, nor is the inclusion of a link to be intended as an endorsement of those outside sites.