

Whitman v. State Farm Life Insurance Company

NOTICE OF CLASS ACTION LAWSUIT

Dear Class Member,

You have been sent this Notice of Class Action Lawsuit (the “Notice”) because you have been identified as a potential Class Member in the class action lawsuit, *Whitman v. State Farm Life Insurance Company*, pending in the United States District Court for the Western District of Washington, Case No. 3:19-cv-6025-BJR.

Records provided by State Farm Life Insurance Company indicate that you are currently the owner, or were the owner at the time of termination of a flexible premium adjustable life insurance policy issued by State Farm on Form 94030 (“Form 94030”). Throughout this Notice, State Farm Life Insurance Company shall be referred to as “State Farm.”

On September 20, 2021, Judge Barbara Jacobs Rothstein of the United States District Court for the Western District of Washington certified a Class of Form 94030 policy owners and later approved the attached NOTICE that describes the lawsuit, how the case will proceed, and your rights.

Please read the following notice carefully.

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WASHINGTON

**If You Own or Owned a State Farm Life Insurance Policy
issued in Washington on Form 94030, a Class Action Lawsuit
May Affect Your Rights**

**A COURT AUTHORIZED THIS NOTICE.
THIS IS NOT A SOLICITATION FROM A LAWYER.
YOU ARE NOT BEING SUED.**

- A State Farm Form 94030 policy owner, William T. Whitman, sued State Farm over cost of insurance charges deducted from policy owners' account values.
- The Court has allowed the lawsuit to proceed as a class action on behalf of all current and former Washington 94030 policy owners whose policies were in-force on or after January 1, 2002 and who were subject to at least one monthly deduction, subject to certain exclusions.
- The Court has not decided whether State Farm did anything wrong. There is no money available now and no certainty there will be. However, your legal rights are affected, and you have a choice to make now:

YOUR LEGAL RIGHTS AND OPTIONS IN THIS LAWSUIT	
DO NOTHING	Stay in this lawsuit. Await the outcome. Give up certain rights. By doing nothing, you keep the possibility of getting money or benefits that may come from a trial or a settlement in this case. But you give up any right to sue State Farm separately on any claim that is or could have been included in this lawsuit.
EXCLUDE YOURSELF	Get out of this lawsuit. Get no benefits from it. Keep your rights. If you ask to be excluded from the lawsuit and money or benefits are later awarded, you won't share in those, but you keep any right to sue State Farm separately on the claims in this lawsuit.

- These rights and options—and the deadlines to exercise them—are explained in this Notice.
- Claims against State Farm must be proven. If money or other benefits are obtained from State Farm, you will be notified about how those benefits will be distributed to you.

BASIC INFORMATION

1. Why did I get this Notice?

State Farm's records show that you own or owned a Form 94030 life insurance policy issued by State Farm in Washington (or were identified as the legal representative of such an owner) and the policy was in-force on or after January 1, 2002 and was subject to at least one monthly deduction. A Court decided to allow a class action lawsuit to proceed against State Farm related to how it calculates cost of insurance charges deducted from policy owners' account values. You have legal rights and options that you may exercise before trial. The trial is to decide whether the claims being made against State Farm are correct. The case may settle or be dismissed before a trial or on appeal.

Questions? Visit www.WASFCOlitigation.com or call (833) 663-1798

Judge Barbara Jacobs Rothstein of the United States District Court for the Western District of Washington is overseeing this case. The case is known as *Whitman v. State Farm Life Insurance Company*, Case No. 3:19-cv-6025-BJR. The person who sued, William T. Whitman, is called the “Plaintiff.” State Farm is called the “Defendant.”

2. What is a class action and who is involved?

In a class action lawsuit, one or more people called “Class Representatives” (in this case William T. Whitman) sue on behalf of other people who have similar claims. Together, those other people are a “Class” or “Class Members.” The Class Representative(s) who sued—and all the Class Members like them—are called the Plaintiffs. The company they sued (in this case State Farm) is called the Defendant. One court resolves the issues for everyone in the Class—except for those people who choose to exclude themselves from the Class.

3. Why is this lawsuit a class action?

The Court decided that this lawsuit meets the requirements of Federal Rule of Civil Procedure 23, which governs class actions in federal courts. The Court’s decision means the case can proceed as a class action and move toward a trial. Specifically, the Court found that the Class Members are sufficiently numerous, there are questions of law and fact that are common to all Class Members that predominate over questions affecting individual Class Members, the Class Representative’s claims are typical of those of the Class, the Class Representative and Class Counsel are adequate to represent the Class, and proceeding as a Class is superior to the alternatives.

More information about the Court’s Order Granting Motion for Class Certification is available at www.WASFCOlitigation.com.

THE CLAIMS IN THE LAWSUIT

4. What is the complaint about?

This lawsuit is about whether State Farm’s cost of insurance charges were consistent with the policy language of the Form 94030 life insurance policy. Form 94030 is a flexible premium adjustable whole life insurance policy that has a “Account Value” that accumulates interest at or above a minimum rate guaranteed under the policy. The policy expressly authorizes State Farm to take a Monthly Deduction from the Account Value of a monthly expense charge, a cost of insurance charge, and the charge for any riders. Plaintiff alleges that State Farm violated the policy in two different ways. First, the policy permits State Farm to deduct a “Cost of Insurance Charge” calculated using a “Cost of Insurance Rate.” The Policy provides that Cost of Insurance Rates “for each policy year are based on the Insured’s age on the policy anniversary, sex, and applicable rate class,” and “can be adjusted for projected changes in mortality.” Plaintiff alleges that State Farm impermissibly uses factors other than those identified in the Policy when setting Cost of Insurance Rates for each policy year. Second, while the Policy permits a separate “Expense Charge” of \$5 per month, Plaintiff alleges that State Farm impermissibly exceeds the fixed amount for monthly Expense Charges and includes amounts that should be limited by the Expense Charge in the Cost of Insurance Charge. Plaintiff also alleges State Farm’s actions of wrongfully deducting more money from policyholders’ Account Values than it is authorized to take make it liable for conversion and under the Washington Consumer Protection Act. You can read Plaintiff’s Second Amended Class Action Complaint (“Complaint”) at www.WASFCOlitigation.com.

5. How does State Farm respond?

State Farm’s position is that Plaintiff is misreading the relevant provisions of the Policy and that State Farm has at all times complied with the plain language of the Policy. State Farm contends that the text of the monthly cost of insurance rates provision—which states that the rates “for each policy year are based on the Insured’s age on the policy anniversary, sex, and applicable rate class”—clearly refers to the attributes of each Insured that determine that person’s cost of insurance rate. It does not describe the process by which State Farm develops its tables of cost

of insurance rates in the first instance, before the Policy is sold to customers. And it is undisputed that, at all relevant times, State Farm used only the three listed factors—age on the policy anniversary in each policy year, sex, and applicable rate class—to determine the cost of insurance rate for each Insured, so there is no breach of this provision. This is confirmed by a table in the Policy setting forth the maximum cost of insurance rates that State Farm may charge to each policy owner. It is undisputed that State Farm never charged any class member a cost of insurance rate in excess of the maximums allowed under the terms of the Policy. State Farm also never raised its cost of insurance rates, and actually reduced those rates in 2002. As for the monthly expense charge, it simply describes a monthly charge to policy owners. It does not describe an independent promise about what expenses are considered in State Farm’s pricing process for the Policy, including the development of its tables of monthly cost of insurance rates, and it does not act as a cap or limit on the expenses that State Farm could consider in its ratemaking and overall pricing. Because State Farm charged rates consistent with the terms of the Policy, State Farm did not violate the terms of the Policy. State Farm also challenges the damages theory offered by Plaintiffs. State Farm contends that there are serious flaws in the damages methodology employed by Plaintiff’s damages expert, some of which would result in certain class members (non-tobacco-users and those have held their policy for a longer period of time) being charged higher rates than they were actually charged by State Farm. You can read Defendant’s Answer to Plaintiff’s Complaint at www.WASFCOlitigation.com.

6. Has the Court decided who will win?

No. By establishing the Class and issuing this Notice, the Court is not suggesting that the Plaintiffs will win or lose this case.

7. What are the Plaintiffs asking for?

The Plaintiffs are asking that the Class be compensated for amounts that were included in the Cost of Insurance beyond what they allege the Policy allows, and a declaration that Defendant has breached the Policy terms. Plaintiffs also seek pre-judgment and post-judgment interest, punitive damages, and such other relief the Court permits.

8. Is there any money available now?

No money or benefits are available now because the case has not gone to trial yet, and the two sides have not settled the case. There is no guarantee that money or benefits ever will be obtained. If benefits are obtained, and you do not remove yourself from the Class, you will be compensated or be notified about how to claim your share.

WHO IS IN THE CLASS

9. Am I part of this Class?

Judge Rothstein has certified a Class that includes all persons who own or owned a universal life insurance policy issued by State Farm in Washington on Form 94030 whose policy was in-force on or after January 1, 2002 and was subject to at least one monthly deduction, subject to certain important exclusions.

If someone who would otherwise be a Class Member is deceased, his or her legal representatives are Class Members. The Class excludes: State Farm; any entity in which State Farm has a controlling interest; any of the officers, directors, or employees of State Farm; the legal representatives, heirs, successors, and assigns of State Farm; any State Farm independent contractor insurance agents; anyone employed with Plaintiff’s counsel’s firms; any Judge to whom this case is assigned, and his or her immediate family; and policies that insured males with an age of zero and terminated in the first policy year. If these exclusions apply to you, you are not a member of the Class. If you are not sure whether these exclusions apply to you, you should consult the information at www.WASFCOlitigation.com.

10. How can I confirm that I am in the Class?

If you are not sure whether you are included in the Class, you can get free information by calling the Class Administrator toll-free at (833) 663-1798 or by visiting the website at www.WASFCOLLitigation.com.

YOUR RIGHTS AND OPTIONS

11. What happens if I do nothing at all?

You don't have to do anything now if you want to keep the possibility of getting money or benefits from this lawsuit. By doing nothing you are staying in the Class and you will be legally bound by the Orders the Court issues and judgments the Court makes in this class action. If you stay in the Class and the Plaintiffs obtain money or benefits, either as a result of the trial or a settlement, you will either be compensated automatically or be notified about how to apply for a share. Keep in mind that if you do nothing now, regardless of whether the Plaintiffs win or lose the trial, you will not be able to sue State Farm about any legal claim that is or could have been included in this lawsuit.

12. Why would I ask to be excluded?

If you want to bring your own action against State Farm related to the issues presented in this case you should exclude yourself from the Class. Unless you exclude yourself, you give up any right to sue State Farm for the claims that are or could have been asserted in this class action. If you choose to exclude yourself, you will not get any money or benefits from this lawsuit even if the Plaintiffs obtain them as a result of a trial or from any settlement between State Farm and the Plaintiffs. If you start your own lawsuit against State Farm after you exclude yourself, you will have to hire and pay your own lawyer for that lawsuit, and you will have to prove your claims. If you do exclude yourself so you can start your own lawsuit against State Farm, you should talk to your own lawyer soon, because your claims may be subject to a statute of limitations.

13. How do I ask the Court to exclude me from the Class?

To ask to be excluded, also sometimes referred to as "opting out" of the Class, you must send an "Exclusion Request" in the form of a letter sent by mail, stating that you want to be excluded from *Whitman v. State Farm Life Insurance Company*. Be sure to include your name, policy number, and address, and sign the letter. A form for your use is included in this notice. You must mail your Exclusion Request postmarked by **March 5, 2022**, to:

**WA State Farm COI Case Opt Out
P.O. Box 2004
Chanhassen, MN 55317-2004**

THE LAWYERS REPRESENTING YOU

14. Do I have a lawyer in this case?

Yes, if you choose to remain in the Class. The Court appointed the following lawyers as "Class Counsel" to represent all the members of the Class:

Norman E. Siegel Stueve Siegel Hanson LLP 460 Nichols Rd., Suite 200 Kansas City, MO 64112 whitmanstatefarm@stuevesiegel.com	John J. Schirger Miller Schirger LLC 4520 Main Street, Suite 1570 Kansas City, MO 64111 whitmanstatefarm@millerschirger.com
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If you have questions, you may contact these lawyers. You will not be charged for contacting these lawyers. If you want to be represented by your own lawyer, however, you may hire one at your own expense.

15. Should I get my own lawyer?

You do not need to hire your own lawyer because Class Counsel are working on your behalf. But, if you want your own lawyer, you will have to pay that lawyer. You can ask him or her to appear in Court for you in this case if you want someone other than Class Counsel to speak for you.

16. How will the lawyers be paid?

Class Counsel have not been paid or reimbursed for their time and expenses incurred in pursuing this case. You will not have to pay these fees and expenses. If Class Counsel obtain money or benefits for the Class, they may ask the Court for fees and expenses. The motion seeking fees and expenses will be available at the website, www.WASFCOlitigation.com. If the Court grants Class Counsel's request, the fees and expenses would be either deducted from any money obtained for the Class or paid separately by State Farm.

WHAT HAPPENS NEXT

17. How and when will the Court decide who is right?

Unless the case is resolved by a settlement or otherwise, Class Counsel will have to prove the Plaintiffs' claims at trial. Trial of this case has been set for October 10, 2022 in the United States District Court for the Western District of Washington. During the trial, a Jury or the Judge will hear all of the evidence to help them reach a decision about whether the Plaintiffs or Defendant are right about the claims in the lawsuit. If the trial date is changed, the new trial date will be posted on the website www.WASFCOlitigation.com.

18. Do I have to come to the trial?

You do not need to attend the trial. Class Counsel will present the case for the Plaintiffs, and State Farm will present the defenses. You or your own lawyer may attend the trial at your own expense.

GETTING MORE INFORMATION

19. How do I get more information?

Visit the website, www.WASFCOlitigation.com, where you will find the Court's Order Certifying the Class, the Complaint that the Plaintiffs submitted, the Defendant's Answer to the Complaint, as well as an Exclusion Request form, or call (833) 663-1798. As the lawsuit proceeds, be sure to check the website regularly for updates and new information.

Date: January 19, 2022