

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF MISSOURI
CENTRAL DIVISION**

LORIN NIEWINSKI, JOHN BAKER
MCCLANAHAN, as personal representative
of THE ESTATE OF MELISSA
BUCHANAN, ROBERT A. BOZAICH,
RONNIE JACKSON, and SHERIF B.
BOTROS, individually and on Behalf of All
Others Similarly Situated,

Plaintiffs,

vs.

STATE FARM LIFE INSURANCE
COMPANY and STATE FARM LIFE AND
ACCIDENT ASSURANCE COMPANY,

Defendants

Case No. 2:23-cv-4159

COMPLAINT

Class Action

DEMAND FOR JURY TRIAL

CLASS ACTION COMPLAINT

Plaintiffs Lorin Niewinski (“Niewinski”), John Baker McClanahan as personal representative of the Estate of Melissa Buchanan (“Buchanan”), Robert A. Bozaich (“Bozaich”), Ronnie Jackson (“Jackson”), and Sherif B. Botros (“Botros”) (together, “Plaintiffs”), individually and on behalf of all others similarly situated, for their Class Action Complaint against Defendants State Farm Life Insurance Company and State Farm Life and Accident Assurance Company (“Defendants” or “State Farm”), state and allege as follows:

I. INTRODUCTION

1. This is a class action to recover amounts that Defendants charged and collected from Plaintiffs and other similarly situated owners of life insurance policies issued by Defendants on Forms 86040 and 86075 (the “Policies”) in excess of amounts authorized by the express terms

of those Policies. Plaintiffs' claims and those of the proposed nationwide class (the "Class") are exclusively supported by the explicit provisions of their Policies and are not derived from any alleged conversations had, or documents reviewed, at the time of sale.

2. Plaintiffs, individually and on behalf of members of the Class, seek to recover amounts they allege Defendants have wrongfully taken from them and other owners of the Policies across the United States.

3. The Policies at issue are "universal life" insurance policies, the terms of which provide for a "Cash Value" consisting of monies held in trust by Defendants for Plaintiffs and members of the Class. Plaintiffs allege Defendants are contractually bound to deduct from the Cash Value only those charges that are explicitly identified and authorized by the terms of the Policies, which are fully integrated agreements.

4. Defendants' conduct in this case concerns the determination of the "Monthly Cost of Insurance Rates," or "COI Rates" applied to the Policies. Defendants use these COI Rates to calculate a monthly "Cost of Insurance Charge," or "COI Charge," which is taken from each Plaintiffs' and Class members' Cash Value. By calculating the COI Rates in a manner that violates the express terms of the Policies, Defendants cause Plaintiffs' and the Class members' Cash Values to be lower than they otherwise would have been had Defendants properly determined the COI Rates.

5. Defendants breach the Policies express terms in at least five ways: (a) by using unauthorized and undisclosed factors to compute the COI Rates under the Policies; (b) by using expenses to compute the COI Rates that are in excess of the Expense Charge permitted by the Policies; (c) by failing to reduce COI Rates when Defendants' expectations as to future mortality experience improved; (d) by failing to consider and use *only* their expectations of future mortality

when Defendants adjusted their COI Rates; and (e) by failing to reduce COI Rates to the full extent of mortality improvements experienced by Defendants when Defendants adjusted their COI Rates.

6. Defendants' conduct has persisted for decades, unbeknownst to Plaintiffs and members of the Class. As set forth herein, Defendants conduct was, by its nature, inherently undiscoverable. In addition, Defendants fraudulently concealed their conduct. Finally, Defendants had an affirmative duty to truthfully disclose how they were determining the COI Rates to Plaintiffs and the Class but failed to do so.

7. Defendants' conduct has caused, and continues to cause, material harm to Plaintiffs and the Class by wrongfully draining monies they have accumulated in the Cash Values of their Policies. Every unauthorized dollar taken from the Plaintiffs' and Class members' Cash Values is one less dollar that accumulates with interest and that can be used to: pay future premiums; increase the death benefit; use as collateral for policy loans; or withdraw as cash.

8. And because the Policies stay in-force only so long as the Cash Value is sufficient to cover future COI Charges, Defendants' conduct causes the premature lapse of Policies or forces owners to make substantial additional payments to retain their Policies.

II. PARTIES

9. Plaintiff Niewinski is an individual and resident of the State of Missouri whose policy was issued by Defendant State Farm Life Insurance Company in Maryland.

10. Plaintiff Buchanan was an individual and resident of the State of Tennessee whose policy was issued by Defendant State Farm Life Insurance Company in Tennessee.

11. Plaintiff Bozaich is an individual and resident of the State of Minnesota whose policy was issued by Defendant State Farm Life Insurance Company in Illinois.

12. Plaintiff Jackson is an individual and resident of the State of Arkansas whose policy was issued by Defendant State Farm Life Insurance Company in California.

13. Plaintiff Botros is an individual and resident of the State of North Carolina whose policy was issued by Defendant State Farm Life Insurance Company in North Carolina.

14. Defendant State Farm Life and Accident Assurance Company is a life insurance company organized and existing under the laws of the State of Illinois, with its principal place of business in Bloomington, Illinois, and is registered to do business in the State of New York and the State of Wisconsin.

15. Defendant State Farm Life Insurance Company is a life insurance company organized and existing under the laws of the State of Illinois, with its principal place of business in Bloomington, Illinois, and is registered to do business in the State of Missouri and has a registered office located at 221 Bolivar Street, Jefferson City, MO 65101.

16. Over the years Defendants issued hundreds of thousands of Policies nationwide.

17. Class Representatives bring this case as a class action under Federal Rule of Civil Procedure 23, on behalf of themselves and as representatives of a nationwide Class of similarly situated persons who own or owned the Policies, as more fully defined below.

III. JURISDICTION AND VENUE

18. This Court has jurisdiction over all causes of action asserted herein pursuant to 28 U.S.C. § 1332(d) because this is a class action with diversity of citizenship between parties and the matter in controversy exceeds \$5,000,000, exclusive of interest and costs, and the proposed Class contains more than 100 members.

19. Venue is proper in this Court pursuant to 28 U.S.C. § 1391 because a substantial portion of the events giving rise to Plaintiffs' causes of action occurred in this District. Likewise,

venue is proper in this Division pursuant to Local Rule 3.2(b)(2) because Defendant State Farm Life Insurance Co. has a registered office located at 221 Bolivar Street, Jefferson City, MO 65101.

IV. ALLEGATIONS

A. Plaintiffs' Policies

20. Plaintiff Niewinski purchased from Defendant State Farm Life Insurance Company a flexible premium adjustable whole life insurance Form 86040 policy bearing the policy number LF-0954-3201, and a policy date of June 2, 1988, with a basic amount of \$75,000. Plaintiff Niewinski has always been the owner of this policy.

21. Melissa Buchanan purchased from Defendant State Farm Life Insurance Company a flexible premium adjustable whole life insurance Form 86040 policy bearing the policy number LF-1206-8657, and a policy date of March 1, 1992, with a basic amount of \$75,000 (the "Buchanan Estate Policy"). Ms. Buchanan passed away on December 3, 2016, and State Farm paid \$70,276.09, which was the amount payable at the time of Ms. Buchanan's death with interest; this payment did not release State Farm from liability for the claims alleged herein. Melissa Buchanan was both the "owner" and the "insured" under the Buchanan Estate Policy, and State Farm was the effective and liable insurer of the Buchanan Estate Policy.

22. Plaintiff Bozaich purchased from Defendant State Farm Life Insurance Company a flexible premium adjustable whole life insurance Form 86040 policy bearing the policy number LF-1256-7421, and a policy date of December 12, 1992, with a basic amount of \$50,000. Plaintiff Bozaich has always been the owner of this policy.

23. Plaintiff Jackson purchased from Defendant State Farm Life Insurance Company a flexible premium adjustable whole life insurance Form 86040 policy bearing the policy number

LF-1016-0814, and a policy date of April 24, 1989, with a basic amount of \$50,000. Plaintiff Jackson has always been the owner of this policy.

24. Plaintiff Botros purchased from Defendant State Farm Life Insurance Company a flexible premium adjustable whole life insurance Form 86040 policy bearing the policy number LF-1184-7414, and a policy date of November 21, 1991, with a basic amount of \$250,000. Plaintiff Botros has always been the owner of this policy.

B. The Language of the Policies

25. An exemplar copy of the form of the Policies is attached hereto as **Exhibit A**.

26. Defendants have administered and currently administer all aspects of Plaintiffs' Policies, as well as the Policies of members of the nationwide Class, including by collecting premiums, and determining, assessing, and deducting COI Rates and COI Charges for the Policies.

27. Defendants are the effective and liable insurers of the respective Policies they each issued.

28. The Policies are valid and enforceable contracts between Plaintiffs and members of the Class, on the one hand, and Defendants, on the other.

29. Each of the Policies provides: "The [P]olicy is the entire contract," and it consists of "the Basic Plan, any amendments, endorsements, and riders, and a copy of the application."¹

30. The terms of the Policies are not subject to individual negotiation and are materially the same for all policy owners. They cannot be altered by an agent's representations at the time of sale.

¹ Ex. A at p. 11.

31. “Only an officer has the right to change this policy. No agent has the authority to change the policy or to waive any of its terms. All endorsements, amendments, and riders must be signed by an officer to be valid.”²

32. In addition to a death benefit, the Policies provide owners a savings or interest-bearing component that is identified in the Policies as the “Cash Value.”

33. Generally speaking, premium dollars are deposited into the Cash Value, from which Defendants deduct those monthly charges authorized by the terms of the Policies. The Cash Value earns interest as provided by the Policies.

34. The money that makes up the Cash Value is the property of the policy owner and is held in trust by Defendants.

35. Defendants may access and withdraw funds from the Cash Value only as expressly authorized by the Policies.

36. The Policies expressly define the specific charges that Defendants may assess and deduct from a given policy owner’s premium payments and the accumulated Cash Value. Defendants may deduct only those charges allowed by the Policies.

37. Under the express terms of the Policies, an expense charge of 7.5% is deducted from each premium paid.³

38. The Cash Value is equal to 92.5% of the initial premium less the monthly deduction for the first policy month:

The cash value on any deduction date after the policy date is the cash value on the prior deduction date:

(1) plus 92½% of any premiums received since the prior deduction date,

² Ex. A at p. 11.

³ Ex. A at p. 3.

- (2) less the deduction for the cost of insurance for any increase in Basic Amount and the monthly charges for any riders that became effective since the prior deduction date,
- (3) less any withdrawals since the prior deduction date,
- (4) less the current monthly deduction,
- (5) plus any dividend paid and added to the cash value on the current deduction date, and
- (6) plus any interest accrued since the prior deduction date.

The cash value on any other date is the cash value on the prior deduction date:

- (1) plus 92½% of any premiums received since the prior deduction date,
- (2) less the deduction for the cost of insurance for any increase in Basic Amount and the monthly charges for any riders that became effective since the prior deduction date,
- (3) less any withdrawals since the prior deduction date, and
- (4) plus any interest accrued since the prior deduction date.⁴

39. The “Policy Date” is “[t]he effective date of this Policy,” and the “Deduction Date” is “[t]he policy date and each monthly anniversary of the policy date.”⁵

40. The Policies authorize Defendants to take a “Monthly Deduction” from each policy owner’s Cash Value each month.⁶

41. The Policies expressly define the Monthly Deduction as follows:

Monthly Deduction. This deduction is made each month, whether or not premiums are paid, as long as the cash surrender value is enough to cover that monthly deduction. Each deduction includes:

- (1) the cost of insurance,

⁴ Ex. A at p. 9.

⁵ Ex. A at p. 5.

⁶ Ex. A at p. 9.

(2) the monthly charges for any riders, and

(3) the monthly expense charge.⁷

42. The Policies state that the monthly expense charge (“Expense Charge”) is \$4.00.⁸

43. The Policies also expressly define how the COI Charge is calculated:

Cost of Insurance. This cost is calculated each month. The cost is determined separately for the Initial Basic Amount and each increase in Basic Amount.

The cost of insurance is the monthly cost of insurance rate times the difference between (1) and (2), where:

(1) is the amount of insurance on the deduction date at the start of the month divided by 1.0032737, and

(2) is the cash value on the deduction date at the start of the month before the cost of insurance and the monthly charge for any waiver of monthly deduction benefit rider are deducted.

Until the cash value exceeds the Initial Basic Amount, the cash value is part of the Initial Basic Amount. Once the cash value exceeds that amount, if there have been any increases in Basic Amount, the excess will be part of the increases in order in which the increases occurred.⁹

44. The Policies specify the factors Defendants may use to determine the COI Rates,

which are used to calculate the COI Charges that are deducted from the Cash Value each month:

Monthly Cost of Insurance Rates. These rates for each policy year are based on the Insured’s age on the policy anniversary, sex, and applicable rate class. A rate class will be determined for the Initial Basic Amount and for each increase. The rates shown on page 4 are the maximum monthly cost of insurance rates for the Initial Basic Amount. Maximum monthly cost of insurance rates will be provided for each increase in the Basic Amount. We can charge rates lower than those shown. Such rates can be adjusted for projected changes in mortality but cannot exceed the maximum monthly cost of insurance rates. Such adjustments cannot be made more than once a calendar year.¹⁰

⁷ Ex. A at p. 9.

⁸ Ex. A at p. 3.

⁹ Ex. A at p. 10.

¹⁰ Ex. A at p. 10.

45. Policies issued on Form 86075 have an identical provision for COI Rates except that it omits the reference to “sex.”

46. Defendants admit that a rate “based on” factors explicitly identified in the Policies must be determined using only those identified factors.¹¹

47. Thus, under the explicit terms of the Policies, Defendants are authorized to determine COI Rates for each policy year using only the specified factors and projected changes in mortality.¹²

48. Policy year, age, sex, and rate class are factors commonly understood as mortality factors used to determine the mortality expectations of an insured or group or class of insureds.¹³

49. By specifically identifying COI Rates for each policy year as based on mortality factors, Defendants agree that mortality expectations determine the COI Rates under the Policies, as confirmed by the additional provision that “[s]uch rates can be adjusted for projected changes in mortality.”¹⁴

50. Given the language of the COI Rates provision in the Policies, and its context in the Policies as a whole, no reasonable layperson would expect that the Policies permitted Defendants to use any factor they wanted to determine COI Rates for the Policies. A reasonable

¹¹ See *Alleman v. State Farm Life Ins. Co.*, 334 Fed. Appx. 470, 472 (3rd Cir. 2009) (affirming summary judgment in State Farm’s favor, and rejecting plaintiff insured’s argument that provision in life insurance policy stating charge would be “based on the Insured’s age last birthday and sex” should be read to include other undisclosed factors, because “[b]y the plain language of these policies, it is clear that the insureds’ age and sex are the only mortality factors relevant to the rate ...” (emphasis added)).

¹² Ex. A at p. 10.

¹³ See *Vogt v. State Farm Life Ins. Co.*, 963 F.3d 753, 760 (8th Cir. 2020), *cert. denied*, 209 L. Ed. 2d 577 (Apr. 19, 2021) (“These enumerated factors are so-called ‘mortality factors’ because they relate to a policyholder’s mortality risk, which allows the insurer to determine the projected mortality estimate of a policyholder based on his specific circumstances.”).

¹⁴ Ex. A at p. 10.

layperson would instead read the specified mortality factors, in combination with the contractual limitation that rates can only be adjusted for “projected changes in mortality,” to mean that only mortality expectations are used to determine COI Rates for the Policies.¹⁵

51. Thus, the Policies authorize Defendants to make periodic deductions from policy owners’ Cash Values including, specifically, COI Charges that are calculated using COI Rates that Defendants must determine based on specified factors, and that can be adjusted for projected changes in mortality.

52. The Policies also disclose an expense charge set at a fixed percentage of seven and a half percent of each premium payment made. The Policies further disclose a separate, monthly Expense Charge within the Monthly Deduction that Defendants set at a fixed amount of \$4.00 per month.

C. Defendants’ Loading of COI Rates

53. Although the Policies authorize Defendants to use only certain, specified factors in determining the COI Rates, Defendants use other factors, not authorized by the Policies, when determining those rates, including, without limitation, profit and expenses.

54. By loading these factors into the COI Rates, Defendants knowingly cause those rates to be higher than what is explicitly authorized by the Policies and, as a result, withdraw COI Charges from policy owner Cash Values in amounts greater than what is permitted by the Policies.

¹⁵ See *Vogt*, No. 2:16-cv-04170-NKL, 2018 WL 1747336, at *4 (“Given the COI language in the Vogt policy and its context in the policy as a whole, the Court believes no reasonable lay person would expect that State Farm was permitted to use any factor it wanted to calculate the cost of insurance.”), *aff’d*, 963 F.3d at 763-64 (concluding “a person of ordinary intelligence purchasing an insurance policy would not read the provision and understand that where the policy states that the COI fees will be calculated ‘based on’ listed mortality factors that the insurer would also be free to incorporate other, unlisted factors into this calculation.”).

55. By loading unauthorized factors in the COI Rates, Defendants repeatedly breached and continue to breach the Policies and impermissibly inflate the COI Rates.

56. As a direct and proximate result of Defendants' breaches, Plaintiffs and the Class have been damaged, and those damages are continuing in nature in that Defendants deducted and will continue to deduct unauthorized COI Charges from policy owners' Cash Values.

57. Defendants' conduct is intentional and willful. Defendants have not taken any steps to remove non-mortality loads from COI Rates and COI Charges for the Policies. Plaintiffs and the Class are therefore forced to continue suffering the unlawful deductions or lose their life insurance. Defendants' intentional and willful breaches justify punitive damages.

D. Defendants Include Excess Expenses in COI Rates

58. By including expenses in the COI Rates, Defendants repeatedly and continuously breach the Policies by impermissibly deducting from the Cash Values of Plaintiffs and the Class amounts in excess of the fixed Expense Charges expressly authorized by the Policies.

59. As a direct and proximate result of Defendants' breaches, Plaintiffs and the Class have been damaged and those damages are continuing in nature in that Defendants have deducted and will continue to deduct expenses, including without limitation, maintenance, administrative, and other expenses, from the Cash Values of Plaintiffs and the Class in amounts not authorized by the Policies.

60. By including expenses in the COI Rates in excess of the monthly Expense Charge expressly authorized by the Policies, Defendants are causing monthly Expense Charges for the Policies to be greater than the Policies explicitly authorize. As a result, Defendants continue to withdraw charges from policy owner Cash Values in amounts greater than what is permitted by the Policies.

61. As a direct and proximate result of Defendants' conduct, Plaintiffs and the Class have been damaged, and those damages are continuing in nature in that Defendants deducted and will continue to deduct unauthorized charges from policy owners' Cash Values.

62. Defendants' conduct is intentional and willful. Defendants have not taken any steps to remove expenses from the COI Rates and COI Charges in excess of the expenses permitted to be deducted by the Expense Charge provision of the Policies. Plaintiffs and the Class are therefore forced to continue suffering the unlawful deductions or lose the life insurance. Defendants' intentional and willful breaches justify punitive damages.

E. Defendants Have Failed to Reduce COI Rates

63. The COI Rates provision requires Defendants to reduce the COI Rates when Defendants' expectations as to future mortality experience improve. Defendants did not do so.

64. That COI Rates are based on mortality factors means that Defendants were required to determine the COI Rates by reference to mortality tables. Mortality tables are charts showing the rate of death (either as a percentage or as the number of deaths per thousand individuals) at a given age. Actuaries and insurers use mortality tables to determine insurance rates that are intended to reflect expectations of future mortality.

65. Beginning at least as early as 1941, the National Association of Insurance Commissioners ("NAIC") has periodically issued a series of Commissioners Standard Ordinary ("CSO") mortality tables. These are industry standard mortality tables that are commonly used by insurers to calculate reserves and to set maximum permitted cost of insurance rates in universal life insurance policies.

66. The 1980 table issued by the NAIC was called the 1980 Commissioners Standard Ordinary Smoker or Nonsmoker Mortality Table (“1980 CSO Mortality Table”). That table was the industry-standard table until 2001.

67. At the request of the NAIC, the Society of Actuaries (“SOA”) and the American Academy of Actuaries (the “Academy”) produced a proposal for a new CSO Mortality Table in 2001. The accompanying report from June 2001 explained that (a) the 1980 CSO Mortality Table was still the industry-standard table and (b) expected mortality rates had improved significantly each year since the 1980 table was issued. The report stated: “The current valuation standard, the 1980 CSO Table, is almost 20 years old and mortality improvements have been evident each year since it was adopted. . . . [C]urrent mortality levels . . . are considerably lower than the mortality levels underlying the 1980 CSO Table.”¹⁶

68. The report further explained that “[f]or most of the commonly insured ages (from about age 25 to age 75), the proposed 2001 CSO Table mortality rates are in the range of 50% to 80% of the 1980 CSO Table.”

69. The final proposed tables were adopted as the 2001 Commissioners Standard Ordinary Mortality Table (“2001 CSO Mortality Table”) which, as the report indicated, reflected vastly improved mortality experience as compared to the 1980 CSO Mortality Table. These mortality improvements represent a substantial benefit that Defendants should have passed on to Plaintiffs and the Class.

¹⁶ *Report of the American Academy of Actuaries’ Commissioner’s Standard Ordinary (CSO) Task Force*, Presented to the National Association of Insurance Commissioners’ Life and Health Actuarial Task Force (LHATF), June 2001, available at http://www.actuary.org/pdf/life/cso2_june01.pdf.

70. Since the 2001 CSO Mortality Tables were published, the SOA and the Academy have periodically published, from surveys of life insurers, new tables showing continued consistent and significant mortality improvement. For example, the Academy's 2015 report observed: "The current CSO table was created in 2001 based on experience from 1990-1995 and thus, is at least 20 years old. *Since that time, industry experience studies performed by the Society of Actuaries Individual Life Experience Committee (ILEC) have shown significant improvement in the mortality rates experienced by the industry from that underlying the 2001 CSO table development.*"¹⁷

71. Other surveys of insurers conducted by the SOA between 2002 and 2009 also show that mortality has steadily decreased since the issuance of the 2001 CSO Mortality Table. For instance, the SOA published Individual Life Experience Reports for the periods 2002-2004,¹⁸ 2005-2007,¹⁹ 2008-2009,²⁰ and 2009-2013,²¹ each of which showed significant improvement in mortality. Defendants were two of the surveyed companies included in each of these studies.

¹⁷ Am. Academy of Actuaries, *Report on the 2017 CSO and 23017 CSO Preferred Structure Table Development* (Oct. 2018), <https://www.soa.org/Files/Research/Exp-Study/research-2017-cso-report.pdf> (emphasis added).

¹⁸ Society of Actuaries, *Report of the Individual Life Insurance Experience Committee Mortality under Standard Individually Underwritten Life Insurance Between 2002 and 2004 Policy Initiatives* (Dec. 2004), <https://www.soa.org/resources/experience-studies/2005-2009/02-04-iindividual-life-exp-rpt/>.

¹⁹ Society of Actuaries, *Report of the Individual Life Insurance Experience Committee Mortality for Standard Individually Underwritten Life Insurance Between 2005 and 2007 Policy Anniversaries* (Feb. 2010), <https://www.soa.org/resources/experience-studies/2010/2005-2007-ind-life-report/>.

²⁰ Society of Actuaries, *2008-09 Report of the Individual Life Insurance Experience Committee* (April 2013), <https://www.soa.org/experience-studies/2017/2009-13-indiv-life-ins-mort-exp/>.

²¹ Society of Actuaries, *2009-2013 Individual Life Insurance Mortality Experience Report* (Oct. 2017), <https://www.soa.org/experience-studies/2013/research-2008-2009-ind-life-exp/>.

72. The SOA also periodically publishes updated mortality tables that reflect insurers' changing experience, including (a) 1990-95 Basic Select and Ultimate Mortality Tables;²² (b) 2001 Valuation Basic Mortality Table;²³ (c) 2008 Valuation Basic Table;²⁴ and (d) 2015 Valuation Basic Table.²⁵ Consistent with the foregoing, these tables confirm that mortality continued to improve substantially since issuance of the Policies.

73. Other surveys have also noted significant improvements in mortality expectations. In May of 2013, for instance, the reinsurance company RGA published a report sponsored by the SOA enumerating mortality rates and mortality improvements at older ages.²⁶

74. This study, which was based on a survey of insurance companies—including Defendants—showed material rates of mortality improvement. As another example, in March 2014 the actuarial firm Milliman published a report sponsored by the SOA—also based on a survey of insurance companies that included Defendants—called the “Select Period Mortality Survey,” which confirmed that select rates of mortality improved significantly since 2001.²⁷

²² Society of Actuaries, *1990-95 Basic Select and Ultimate Mortality Tables for Individual Life Insurance*, <https://www.soa.org/experience-studies/2000-2004/90-95-basic-select/>.

²³ Society of Actuaries, *Final Report of the Individual Life Insurance Valuation Mortality Task Force 2001 – Valuation Basic Mortality Table [2001 VBT]* (April 2005), <https://www.soa.org/experiencestudies/2005-2009/final-report-life-insurance-valuation/>.

²⁴ Society of Actuaries, *2008 Valuation Basic Tables [VBT] Report* (June 16, 2009), <https://www.soa.org/experience-studies/2005-2009/2008-vbt-report-tables/>.

²⁵ Society of Actuaries, *2015 Valuation Basic Report and Tables* (Sept. 13, 2018), <https://www.soa.org/experience-studies/2015/2015-valuation-basic-tables/>.

²⁶ Tim Rozar, Catie Muccigrosso, Susan Willeat, RGA, *Report on the Survey of Older Age Mortality and Other Assumptions* (May 2013), https://www.rgare.com/docs/default-source/default-document-library/older-age-mortality.pdf?sfvrsn=dc9ad888_0.

²⁷ Allen M. Klein, Michelle L. Krysiak, Milliman, *Select Period Mortality Survey* (March 2014), available at <https://www.soa.org/research-reports/2014/research-2014-select-period/>.

75. These well documented mortality improvements that have appeared since the Policies were issued represent a substantial financial benefit to Defendants in the form of decreased costs of providing insurance.

76. Defendants were contractually required to pass this financial benefit to the holders of the Policies through decreased COI Charges but failed to do so. Defendants' conduct is intentional and willful. Defendants made an affirmative decision to not fully pass-on the improvements in mortality, in the form of calculating lower COI Rates each time Defendants experience better-than-anticipated mortality expectations, to Plaintiffs and the Class. Plaintiffs and the Class are therefore forced to continue suffering the unlawful deductions or lose the life insurance. Defendants' breaches justify punitive damages.

77. At a minimum, Defendants abused their contractual discretion by failing to reduce COI Charges. Defendants are vested with contractual discretion to adjust COI Rates based on "projected changes in mortality." They abused their contractual discretion by failing to adjust their COI Rates in a manner favorable to Plaintiffs and the Class in response to mortality improvements.

F. Defendants Have Failed to Base COI Rate Changes On Projected Mortality

78. The Policies require Defendants, when they make the decision to adjust their COI Rates, to base those COI Rates on their expectations of future mortality.

79. Defendants, in breach of the express language of the Policies, considered and used factors other than their mortality experience when they adjusted the COI Rates on the Policies in 1990, 2002, and 2008.

80. State Farm does not dispute that it considered and used non-mortality factors when it adjusted its COI Rates in 1990, 2002, and 2008.

81. Defendants' conduct is intentional and willful. Defendants made an affirmative decision to not fully pass-on the improvements in mortality, in the form of determining lower COI Rates when Defendants did set new COI Rates, to Plaintiffs and the Class. Plaintiffs and the Class are therefore forced to continue suffering the unlawful deductions or lose the life insurance. Defendants' breaches justify punitive damages.

G. Any Statute of Limitations has Been Tolled.

82. Any applicable statute of limitations has been tolled for at least five reasons: (a) Defendants' conduct was inherently undiscoverable; (b) Defendants fraudulently concealed their conduct; (c) operation of the doctrine of equitable tolling; (d) Defendants' had an affirmative duty to disclose the factors they were considering and using in determining the COI Rates to Plaintiffs and members of the Class but did not do so; and (e) Defendants' breaches are continuing in nature. Each basis is set forth in greater detail below, but regardless of which applies, the result is the same: any applicable statute of limitations has been tolled, in whole or in part, and Plaintiffs and the Class's claims are therefore timely.²⁸

i. Defendants' conduct was inherently undiscoverable.

²⁸ See *Vogt v. State Farm Life Ins. Co.*, No. 2:16-CV-04170-NKL, 2018 WL 1747336, at *6-*8 (W.D. Mo. Apr. 10, 2018) (rejecting State Farm's statute of limitations arguments regarding its '94 policy); *Jaunich v. State Farm Life Ins. Co.*, 569 F. Supp. 3d 912, 918 (D. Minn. 2021) (same); *Page v. State Farm Life Ins. Co.*, No. SA-20-CV-00617-FB, 2022 WL 718789, at *16-17 (W.D. Tex. Mar. 10, 2022) (same); *Bally v. State Farm Life Ins. Co.*, 536 F. Supp. 3d 495, 516 (N.D. Cal. 2021) (granting plaintiff's motion for summary judgment as to the statute of limitations issue, concluding that "class members failed to discover any breach of contract, not because of a lack of diligence, but because the Policy was at best ambiguously drafted and because the nature of the harm was such that it was not obvious to policyholders. State Farm's extrinsic evidence does not show that State Farm ever put policyholders on notice.").

83. The nature of Defendants' conduct is such that Plaintiffs and each member of the Class would be unaware that Defendants were engaging in wrongdoing by taking inflated charges and improper amounts from their Cash Values.

84. Defendants possess the actuarial information and equations underlying the computation of rates and charges for the Policies. The COI Rates used to calculate the COI Charges are not disclosed to policy owners, nor are the components or factors that comprise those rates. Even if they were, Plaintiffs and the Class would lack the knowledge, experience, and training to reasonably ascertain how Defendants calculated the rates and charges.

85. Nor could Plaintiffs and members of the Class have learned of how Defendants determined COI Rates, even if they had asked Defendants. Defendants guard their determination of COI Rates in a manner akin to a "state secret," with only a small, select group of employees having access to this information. Just as KFC and Coca-Cola do not disclose their recipes to consumers, neither does State Farm disclose its COI Rate "recipe."

86. State Farm also does not provide its agents with its COI Rate "recipe." These agents serve as Plaintiffs and Class members' primary point of contact with Defendants for matters related to the Policies. Consequently, because these agents do not know how State Farm determines its COI Rates, they necessarily could not have provided that information to Plaintiffs and the Class, had they asked.

87. Defendants were aware that Plaintiffs and each member of the Class did not know about the improper COI Rates because of Defendants' superior knowledge of the aforementioned determinations.

88. Despite reasonable diligence on their part, Plaintiffs were kept ignorant by Defendants of the factual bases for these claims for relief.

89. Based on the foregoing, Defendants' conduct was inherently undiscoverable, and any statute of limitations has been tolled as a result. Plaintiffs' and the Class's claims are therefore timely.

ii. Defendants fraudulently concealed their conduct.

90. Defendants also took affirmative steps to fraudulently conceal the impropriety of their COI Rate determinations.

91. First, Defendants sent Plaintiffs and each member of the Class annual statements that identified each month's COI Charge while affirmatively concealing the factors Defendants used to determine the COI Rates.

92. Second, Defendants sent notices to Plaintiffs and members of the Class in 2002 and 2008 that affirmatively concealed the fact that it was improperly determining the COI Rates. In particular, those notices make no mention of the fact that State Farm had considered and used non-mortality factors in determining its COI Rates, and instead suggest that the COI Rate changes were based wholly on changes to Defendants' projected changes in mortality. Put differently, by telling Plaintiffs and members of the Class that they were doing what the Policies required them to do (when in fact, they had not), Defendants' statements in 2002 and 2008 fraudulently concealed Defendants' breaches.

93. Plaintiffs and members of the Class reasonably relied to their detriment on Defendants' fraudulent concealment of their misconduct and material omission of the factors actually used to determine and calculate the deductions from policy owners' Cash Values. As a result of such concealment, Plaintiffs and members of the Class did not believe they had suffered any injury or that it was necessary to file a lawsuit. Plaintiffs did not discover and, exercising reasonable diligence, could not have discovered the facts establishing Defendants' repeated

breaches or the harm caused thereby. Plaintiffs did not learn of Defendants' repeated breaches supporting their claims until after they engaged counsel.

94. Based on the foregoing, Defendants fraudulently concealed their conduct, and any statute of limitations has been tolled as a result. Plaintiffs' and the Class's claims are therefore timely.

iii. The doctrine of equitable tolling applies.

95. Defendants are estopped from asserting a statute of limitations defense. Defendants' conduct in failing to disclose the true factors they used—and continue to use—to determine the COI Rates misled Plaintiffs and prevented them from learning the factual bases for these claims for relief.

96. Plaintiffs proceeded diligently to file suit once they discovered the need to proceed.

97. Based on the foregoing, Defendants should be estopped from asserting a statute of limitations defense. Plaintiffs' and the Class's claims are therefore timely.

iv. Defendants' duty to disclose.

98. Insurance companies owe a duty to disclose material facts to their insureds. Defendants are insurance companies, and Plaintiffs and members of the Class are their insureds. Defendants thus owe Plaintiffs and members of the Class a heightened duty. Where there is a duty to disclose arising from the relationship between the parties, a party's failure to disclose material facts, without more, constitutes fraudulent concealment and tolls the applicable statute of limitations.

99. Plaintiffs and members of the Class have been in a contractual relationship with Defendants since no later than 1993 and trusted Defendants to act in good-faith and safeguard their property – the Cash Value of their universal life insurance policies. In addition, and unlike most

insurance policies (e.g., auto, home, health, term life, etc.), the insurer of a universal life insurance policy possesses and controls the insured's Cash Value, which is property belonging to the insured.

100. From the insured's Cash Value, Defendants deduct each month the Expense Charge and the COI Charge. The insured is completely reliant upon Defendants to do what they say they are going to do in withdrawing the charges from the policy's Cash Value, because Defendants do not reveal how it makes its calculations.

101. At a minimum, this relationship qualifies as "special" or "quasi-fiduciary."

102. Defendants' methodology for determining COI Rates was material information, and Defendants therefore had a duty to disclose the factors it was considering and using when determining its COI Rates.

103. Contrary to that duty, Defendants did not disclose its determination of COI Rates. Because Defendants owed a heightened duty to Plaintiff and members of the Class, its failure to disclose its consideration and use of non-mortality factors in determining its COI Rates reinforces Plaintiff's argument that the statute of limitations was tolled.

104. Based on the foregoing, Defendants breached their duty of disclosure to Plaintiffs and members of the Class, thereby tolling any applicable statute of limitations. Plaintiffs and the Class's claims are therefore timely.

v. Defendants' breaches are ongoing, occurring each month.

105. Defendants' breaches are ongoing and continuing in nature.

106. Each month, Defendants take from the Plaintiffs' and the Class's Cash Values COI Charges that are calculated using improperly determined and unauthorized COI Rates.

107. Based on the foregoing, Plaintiffs and Class’s claims are timely in full—because Defendants’ conduct continues to this day—or in part—because each breach represents a new actionable cause of action.

V. CLASS ALLEGATIONS

108. Class Representatives bring this case as a class action under Federal Rule of Civil Procedure 23, on behalf of themselves and as representatives of the following Class:

All persons or entities who own or owned one of approximately 450,000 Form 86040/A86040 universal life insurance policies or Form 86075/A86075 universal life insurance policies in the United States that were issued and administered by one or more Defendant or their predecessors in interest, including all applications, schedules, riders, and other forms specifically made a part of the policies at the time of their issue, plus all riders and amendments issued later, or otherwise part of “The Contract,” as defined in the Policy or Policies.

Excluded from the Class are the Defendants; any entity in which the Defendants has a controlling interest; any of the officers, or members of the board of directors of Defendants; the legal representatives, heirs, successors, and assigns of the Defendants; anyone employed with Plaintiffs’ counsel’s law firms; and any Judge to whom this action or a Related Action²⁹ is assigned, and his or her immediate family.

109. The Class satisfies the numerosity, commonality, typicality, adequacy, and superiority requirements of a class action under Rule 23, as set forth more fully herein.

110. **Numerosity.** The persons who fall within the Class number in the hundreds of thousands, and thus the numerosity standard is satisfied. Because Class members are geographically dispersed across the United States, joinder of all Class members in a single action

²⁹ “Related Action(s)” means *Millwood v. State Farm Life Insurance Company*, Case No. 7:19-cv-01445-DCC, currently pending in the United States District Court for the District of South Carolina, and *McClanahan v. State Farm Life Ins. Co.*, Case No. 1:22-cv-01031-STA-JAY originally filed in the Western District of Tennessee, and now on appeal in the U.S. Sixth Circuit Court of Appeals, Case No. 23-5578, *Gettys Millwood, et al v. State Farm Life Insurance Company*.

is impracticable. Class members may be informed of the pendency of this class action through direct mail.

111. **Commonality.** There are questions of fact and law common to the Class that predominate over any questions affecting only individual members. The questions of law and fact common to the Class arising from Defendants' actions include the following, without limitation:

- a. Whether Defendants are permitted by the Policies to determine the COI Rates using factors other than those specified in the Policies;
- b. Whether Defendants added, included, used, or relied on factors not specified in the Policies when determining the COI Rates used to calculate the COI Charges for the Policies;
- c. Whether Defendants added, included, used, or relied on factors unrelated to their expectations of future mortality experience in determining the COI Rates that the Policies provide are determined using specified mortality factors and no other specified factors;
- d. Whether Defendants are permitted by the Policies to deduct expense amounts from policy owners' Cash Values in excess of the amounts disclosed in the Policies;
- e. Whether Defendants are required by the Policies to reduce COI Rates when their expectations as to future mortality experience improve;
- f. Whether Defendants are required by the Policies to reduce COI Rates to the full extent of mortality improvements experienced by Defendants;
- g. Whether Defendants abused their discretion under the Policies;
- h. Whether Defendants' expectations as to future mortality experience improved such that Defendants were required by the Policies to reduce COI Rates;
- i. Whether Defendants charged amounts in excess of those specifically authorized by the Policies;
- j. Whether Defendants breached the terms of the Policies;
- k. Whether Defendants converted Class members' property;
- l. Whether the Class was injured and sustained damages as a result of Defendants' wrongful conduct;

- m. Whether the Class is entitled to damages, restitution, and/or other relief as a remedy for Defendants' conduct; and
- n. Whether the Class is entitled to declaratory relief stating the proper construction and/or interpretation of the Policies.

112. **Predominance.** The questions set forth above predominate over any questions affecting only individual persons. Defendants have acted or refused to act on grounds generally applicable to the Class. The presentation of separate actions by individual Class members would create a risk of inconsistent and varying adjudications, establish incompatible standards of conduct for Defendants, and/or substantially impair or impede the ability of Class members to protect their interests.

113. **Typicality.** Class Representatives' claims are typical of those of the Class in that Class members purchased Policies containing the same limitations on the amounts that Defendants could charge under the express terms of the Policies.

114. **Adequacy.** Class Representatives are adequate representatives of the Class because they are members of the Class and their interests do not conflict with the interests of those they seek to represent. The interests of the Class members will be fairly and adequately protected by Class Representatives and their counsel, who have extensive experience prosecuting complex class litigation.

115. **Superiority.** A class action is superior with respect to considerations of consistency, economy, efficiency, fairness, and equity to other available methods for the fair and efficient adjudication of the claims asserted herein. Maintenance of this action as a class action is a fair and efficient method for adjudicating this controversy. It would be impracticable and undesirable for each member of the Class who suffered harm to bring a separate action. In addition, the maintenance of separate actions would place a substantial and unnecessary burden on the courts

and could result in inconsistent adjudications, while a single class action can determine, with judicial economy, the rights of all Class members.

116. For the foregoing reasons, the Court should certify this action as a Class pursuant to Federal Rule of Civil Procedure 23(b)(3).

VI. CLAIMS

COUNT I: BREACH OF CONTRACT

117. Plaintiffs reallege and incorporate herein the allegations of the paragraphs above of this Complaint as if fully set forth herein.

118. This claim is brought on behalf of Plaintiffs and the Class

119. Plaintiffs and the Class purchased life insurance policies—the Policies—from Defendants.

120. The Policies are valid and enforceable contracts between Plaintiffs and the Class, and Defendants.

121. Plaintiffs and the Class substantially performed their obligations under the terms of the Policies.

122. Defendants breached the Policies in five ways, as set forth herein: (a) by using unauthorized and undisclosed factors to compute the COI Rates under the Policies; (b) by using expenses to compute the COI Rates that are in excess of the Expense Charge permitted by the Policies; (c) by failing to reduce COI Rates when Defendants' expectations as to future mortality experience improved; (d) by failing to consider and use *only* their expectations of future mortality when Defendants adjusted their COI Rates; and (e) by failing to reduce COI Rates to the full extent of mortality improvements experienced by Defendants when Defendants adjusted their COI Rates.

Defendants' actions resulted in Defendants using higher COI Rates than what was explicitly authorized by the Policies.

123. Defendants knowingly caused their COI Rates to be higher than what is explicitly authorized by the Policies.

124. Because Defendants calculate COI Charges using inflated COI Rates, Defendants have deducted, and continue to deduct, COI Charges from the Cash Values of Plaintiffs and the Class in amounts greater than those authorized by their Policies.

125. Defendants' practice of deducting charges in amounts not authorized by the Policies constitutes repeated breaches of the Policies.

126. As a direct and proximate result of Defendants' breaches, Plaintiffs and the Class have been damaged.

COUNT II: BREACH OF THE COVENANT OF GOOD FAITH AND FAIR DEALING

127. Plaintiffs reallege and incorporate herein the allegations of the paragraphs above of this Complaint as if fully set forth herein.

128. This claim is brought on behalf of Plaintiffs and the Class.

129. The Policies include an implied covenant that Defendants will act in good faith and deal fairly with Plaintiffs and the Class, and that neither party shall do anything that will have the effect of destroying or injuring the right of the other party to receive the fruits of the contract.

130. Defendants breached the implied covenant of good faith and fair dealing with Plaintiffs and the Class by (a) failing to reduce COI Rates when Defendants' expectations as to future mortality experience improved; (b) by failing to consider and use only their expectations of future mortality when Defendants adjusted their COI Rates; and (c) failing to reduce COI Rates to the full extent of mortality improvements experienced by Defendants when Defendants adjusted

their COI Rates. As a consequence thereof, Plaintiffs and the Class suffered financial losses and were, therefore, injured.

131. Defendants' decision to (a) not reduce COI Rates when Defendants' expectations as to future mortality experience improved, (b) not consider and use only their expectations of future mortality when Defendants adjusted their COI Rates and (c) not reduce COI Rates to the full extent of mortality improvements experienced by Defendants when Defendants adjusted their COI Rates also frustrated the purposes of the Policies, which was to reimburse State Farm for its actual mortality risk.

132. As a direct and proximate cause of these breaches of the implied covenant of good faith and fair dealing and of Defendants' frustration of the purpose of the Policies, Plaintiffs and the Class have been damaged as alleged herein in an amount to be proven at trial.

COUNT III: CONVERSION

133. Plaintiffs reallege and incorporate herein the allegations of the paragraphs above of this Complaint as if fully set forth herein.

134. This claim is brought on behalf of Plaintiffs and the Class.

135. Plaintiffs and the Class have a property interest in the funds in their Cash Values.

136. By deducting charges in unauthorized amounts from the Cash Values of Plaintiffs and the Class, Defendants misappropriate or misapply specific funds placed in the custody of Defendants for the benefit of Plaintiffs and the Class for use consistent with the terms of the Policies, without authorization or consent, and divert those funds for their own use.

137. As a direct and proximate result of Defendants' conduct, Plaintiffs and the Class have been damaged and continue to be damaged.

138. Although requiring expert testimony, the amounts of unauthorized charges Defendants take from Plaintiffs and the Class are capable of determination, to an identified sum, by comparing Plaintiffs' actual COI Charge each month to a COI Charge computed using a COI Rate determined using the mortality factors disclosed in the Policies.

139. On behalf of themselves and the Class, Plaintiffs seek all damages and consequential damages proximately caused by Defendants' conduct.

140. Defendants intended to cause damage to the Plaintiffs and the Class by deducting more than they were authorized to deduct from their Cash Values. Their conduct is, therefore, malicious and Defendants are also guilty of oppression in that their systematic acts of conversion subject Plaintiffs and the Class to cruel and unjust hardship in conscious disregard of their rights. Plaintiffs and the Class are therefore entitled to punitive or exemplary damages.

COUNT IV: DECLARATORY AND INJUNCTIVE RELIEF

141. Plaintiffs reallege and incorporate herein the allegations of the paragraphs above of this Complaint as if fully set forth herein.

142. This claim is brought on behalf of Plaintiffs and the Class.

143. An actual controversy has arisen and now exists between Plaintiffs and the Class, on the one hand, and Defendants, on the other, concerning the respective rights and duties of the parties under the Policies.

144. Plaintiffs contend that Defendants breached and continue to breach the Policies in the following respects, each of which resulted in Defendants impermissibly increasing COI Rates for the Policies and withdrawing COI Charges from the Cash Values of Plaintiff and the Class in amounts greater than those authorized by the Policies:

- a. By using unauthorized and undisclosed factors to compute the COI Rates under the Policies;

- b. By using expenses to compute the COI Rates that are in excess of the Expense Charge permitted by the Policies;
- c. By failing to reduce COI Rates when Defendants' expectations as to future mortality experience improved;
- d. By failing to consider and use only their expectations of future mortality when Defendants adjusted their COI Rates; and
- e. By failing to reduce COI Rates to the full extent of mortality improvements experienced by Defendants when Defendants adjusted their COI Rates.

145. Plaintiffs therefore seek a declaration of the parties' respective rights and duties under the Policies and request the Court to declare the aforementioned conduct of Defendants as unlawful and in material breach of the Policies so that future controversies may be avoided.

146. Pursuant to a declaration of the parties' respective rights and duties under the Policies, Plaintiffs further seek an injunction permanently enjoining Defendants from continuing to collect unlawfully inflated charges in violation of the Policies.

VII. PRAYER FOR RELIEF

WHEREFORE, Plaintiffs, individually and on behalf of all others similarly situated, request relief as follows:

- a. That the Court enter an order certifying the class, appointing Plaintiffs as representatives of the Class, appointing Plaintiffs' counsel as Class counsel; and directing that reasonable notice of this action, as provided by Federal Rule of Civil Procedure 23(c)(2), be given to the Class;
- b. For a judgment against Defendants for the causes of action alleged against them;
- c. For compensatory damages;
- d. For punitive and exemplary damages;

- e. For a declaration that Defendants' conduct as alleged herein is unlawful and in material breach of the Policies;
- f. For appropriate injunctive relief, enjoining Defendants from continuing to collect unlawfully inflated charges in violation of the Policies;
- g. For pre-judgment and post-judgment interest at the maximum rate permitted by law;
- h. For Plaintiffs' attorneys' fees;
- i. For Plaintiffs' costs and litigation expenses incurred; and
- j. For such other relief in law or equity as the Court deems just and proper.

VIII. DEMAND FOR JURY TRIAL

Plaintiffs hereby request a trial by jury of all issues so triable.

DATED this 22nd day of August 2023.

Respectfully submitted,

/s/ Norman E. Siegel _____

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EXHIBIT A

STATE FARM LIFE INSURANCE COMPANY

HOME OFFICE: ONE STATE FARM PLAZA, BLOOMINGTON, ILLINOIS 61710-0001



INSURED	LORIN B NIEWINSKI (MALE)
AGE	33
POLICY NUMBER	LF-0954-3201
POLICY DATE	JUNE 2, 1988
INITIAL BASIC AMOUNT	\$75,000

This policy is based on the application and the payment of premiums as specified in the policy. State Farm Life Insurance Company will pay the proceeds to the beneficiary when due proof is received that the Insured died before this policy terminated. If the Insured is alive on the maturity date, the cash surrender value on the maturity date will be paid to the Owner and this policy will terminate.

10-Day Right to Examine the Policy. This policy may be returned within 10 days of its receipt for a refund of all premiums paid. Return may be made to State Farm Life Insurance Company or one of its agents. If returned, this policy will be void from the policy date.

Read this policy with care. This is a legal contract between the Owner and State Farm Life Insurance Company.

C. L. Carlson, Jr.
Secretary

Edward B. Rust, Jr.
President

Jean A. Thompson
Registrar

BASIC PLAN DESCRIPTION

Flexible premium adjustable life insurance. A death benefit is payable if the Insured dies before the maturity date. The cash surrender value is payable if the Insured is alive on the maturity date. Flexible premiums are payable while the Insured is alive until the maturity date. The basic plan is eligible for annual dividends.

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P O L I C Y I D E N T I F I C A T I O N

INSURED LORIN B NIEWINSKI AGE 33
(NAME)

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POLICY NUMBER

LF-0954-3201

INITIAL BASIC AMOUNT

\$75,000

P O L I C Y I D E N T I F I C A T I O N

INSURED LORIN B NIEWINSKI (MALE) AGE 33
 POLICY NUMBER LF-0954-3201 INITIAL BASIC AMOUNT \$75,000
 POLICY DATE JUNE 2, 1988
 ISSUE DATE JUNE 17, 1988

S C H E D U L E O F B E N E F I T S

BASIC PLAN:

DEATH BENEFIT OPTION 2 (BASIC AMOUNT PLUS THE CASH VALUE)
 BASIC AMOUNT (STANDARD RATE CLASS): \$75,000

MATURITY DATE: JUNE 2, 2050

S C H E D U L E O F P R E M I U M S

THE INITIAL PREMIUM IS \$49.50.
 PLANNED PREMIUMS ARE INCLUDED IN THE SCHEDULE SHOWN BELOW. THE PAYMENT PERIOD FOR THE PLANNED PREMIUMS IS 1 MONTH STARTING ON JULY 2, 1988 PAYABLE UNTIL THE MATURITY DATE.
 AN EXPENSE CHARGE OF 7.5% IS DEDUCTED FROM EACH PREMIUM PAID.

BEGINNING: TOTAL PREMIUMS FOR POLICY YEAR
 JUNE 2, 1988 \$599.50
 JUNE 2, 1989 600.00

M O N T H L Y D E D U C T I O N S

THE DEDUCTION DATE IS THE 2ND OF EACH MONTH

MAXIMUM MONTHLY COST OF INSURANCE RATES ARE SHOWN ON PAGE 4. COST OF INSURANCE IS DEDUCTIBLE TO THE MATURITY DATE.
 THE MONTHLY EXPENSE CHARGE IS \$4.00.

NOTE: INSURANCE MAY TERMINATE PRIOR TO THE MATURITY DATE IF PREMIUMS PAID ARE NOT SUFFICIENT TO CONTINUE THE INSURANCE TO THAT DATE.

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b Death Benefit Option (COMPLETE FOR NEW POLICIES ONLY) (IF LAST NAME DIFFERENT EXPLAIN)
 If option not chosen, policy provisions determine option.
 1-Basic Amount 2-Basic Amount plus Cash Value

c Riders applied for:

RELATIONSHIP TO PROPOSED INSURED 1	BIRTH DATE			AMOUNT NOW INSURED FOR
	MO.	DAY	YR.	
				\$

SCHEDULE OF SURRENDER CHARGES

BEGINNING			BEGINNING		
POLICY YEAR	POLICY MONTH	SURRENDER CHARGE	POLICY YEAR	POLICY MONTH	SURRENDER CHARGE
1	1	\$29.25	1	11	\$321.75
1	2	58.50	1	12	351.00
1	3	87.75	4	1	307.13
1	4	117.00	5	1	263.25
1	5	146.25	6	1	219.38
1	6	175.50	7	1	175.50
1	7	204.75	8	1	131.63
1	8	234.00	9	1	87.75
1	9	263.25	10	1	43.88
1	10	292.50	11	1	.00

COST OF INSURANCE RATES AND MONTHLY CHARGES

MAXIMUM MONTHLY COST OF INSURANCE RATES
PER \$1000

(STANDARD RATE CLASS)

AGE	RATE	AGE	RATE	AGE	RATE	AGE	RATE
33	.16	49	.54	65	2.22	81	9.43
34	.17	50	.58	66	2.43	82	10.31
35	.18	51	.64	67	2.66	83	11.28
36	.19	52	.69	68	2.90	84	12.33
37	.21	53	.76	69	3.16	85	13.43
38	.22	54	.83	70	3.46	86	14.56
39	.24	55	.91	71	3.80	87	15.72
40	.26	56	1.00	72	4.19	88	16.91
41	.29	57	1.09	73	4.63	89	18.13
42	.31	58	1.18	74	5.12	90	19.41
43	.34	59	1.29	75	5.64	91	20.76
44	.36	60	1.40	76	6.18	92	22.27
45	.39	61	1.53	77	6.74	93	24.08
46	.43	62	1.68	78	7.33	94	26.52
47	.46	63	1.84	79	7.96		
48	.50	64	2.03	80	8.65		

DEFINITIONS

We, us, and our refer to State Farm Life Insurance Company.

You and your refer to the Owner.

Application. Includes any life insurance application, any application for change in the policy, medical history, questionnaire, and other documents from you or any other person proposed for insurance which are made a part of this policy.

Basic Amount. The Initial Basic Amount plus any increases less any decreases. The Basic Amount cannot be less than \$50,000.

Benefit Period Ends. The coverage for the benefit extends to, but does not include, the policy anniversary date in the year shown on page 3 under this heading.

Deduction Date. The policy date and each monthly anniversary of the policy date.

Dollars. Any money we pay, or which is paid to us, must be in United States dollars.

Effective Date. Coverage starts on this date.

Initial Basic Amount. The amount of coverage on the Insured provided by the Basic Plan on the policy date.

Insurance Amount. The amount of coverage on the effective date of each rider shown on page 3.

Maturity Date. The policy anniversary when the Insured is age 95.

Monthly Charge Deductible. A monthly

charge for any rider is deducted as part of the monthly deduction until the policy anniversary in the year shown on page 3.

Officer. The president, a vice president, the secretary, or an assistant secretary of State Farm Life Insurance Company.

Payee. On the Insured's death, the beneficiaries shown in the application, unless changed. If you cash surrender this policy or the policy matures, the persons that you have named. A payee can be other than a natural person only if we agree.

Planned Premium. The premium amount that you have chosen. This amount is shown on page 3 for the payment period that you have chosen.

Policy Date. The effective date of this policy.

Policy Month, Year, or Anniversary. A policy month, year, or anniversary is measured from the policy date.

Proceeds. The amounts payable on the maturity date, cash surrender, or death of the Insured.

Rate Class. The underwriting class of the person insured. A rate class will be determined for the Initial Basic Amount and each increase in the Basic Amount.

Request. A written request signed by the person making the request. Such request must be sent to and be in a form acceptable to us.

Rider. Any benefit, other than the Basic Plan, made a part of this policy.

OWNERSHIP PROVISIONS

Owner. The Owner is as named in the application, unless changed. You may exercise any policy provision only by request and while the Insured is alive.

Change of Owner. You may change the ownership of this policy by sending us a request while

the Insured is alive. We have the right to request this policy to make the change on it. The change will take effect the date you sign the request, but the change will not affect any action we have taken before we receive the request. A change of owner does not change the beneficiary designation.

DEATH BENEFIT AND DEATH BENEFIT OPTIONS PROVISIONS

Death Benefit. The amount of death benefit is an amount of insurance based on the death benefit option plus any insurance amounts payable under any riders on the Insured and the part of the cost of insurance for the part of the policy month beyond the Insured's death less any loan, accrued loan interest, and, if the Insured dies during the grace period, the monthly deductions from the start of the grace period.

Death Benefit Options. There are two death benefit options. If you do not choose an option, we will use option 2. The cash value on the date of death is used in determining the amount of insurance.

Option 1. The amount of insurance will be the greater of (1) the Basic Amount plus 92½% of any premium received since the last deduction date plus interest earned on that amount of premium or (2) a percentage of cash value. Such percentage is based on the Insured's age at the start of the current policy year.

Option 2. The amount of insurance will be the greater of (1) the Basic Amount plus the cash value or (2) a percentage of cash value. Such percentage is based on the Insured's age at the start of the current policy year.

Percentage of Cash Value Table

Age	Percentage	Age	Percentage
0-40	250%	60	130%
41	243%	61	128%
42	236%	62	126%
43	229%	63	124%
44	222%	64	122%
45	215%	65	120%
46	209%	66	119%
47	203%	67	118%
48	197%	68	117%
49	191%	69	116%
50	185%	70	115%
51	178%	71	113%
52	171%	72	111%
53	164%	73	109%
54	157%	74	107%
55	150%	75-90	105%
56	146%	91	104%
57	142%	92	103%
58	138%	93	102%
59	134%	94	101%

Change in Basic Amount. You may request a

change in the Basic Amount once each policy year. The minimum amount of change is \$10,000. For any change in Basic Amount, we will send you a revised page 3 to be placed with this policy.

If you request an increase, an application must be completed, evidence of insurability satisfactory to us must be furnished, and there must be enough cash surrender value to make a monthly deduction which includes the cost of insurance for the increase. No increases will be allowed after the policy anniversary when the Insured is age 75. The revised page 3 will show the amount of the increase and its effective date.

If you request a decrease, the Basic Amount remaining after the decrease cannot be less than \$50,000. We reserve the right to not accept a request for a decrease in the Basic Amount if such decrease would result in this policy being disqualified as a life insurance contract under any section of the United States Internal Revenue Code, as amended from time to time. Any decrease will first be used to reduce the most recent increase. Then, the next most recent increases will be reduced. Finally, the Initial Basic Amount will be reduced. The revised page 3 will show the amount of decrease and its effective date. The decrease will take effect on the date we receive the request.

Change of Death Benefit Option. You may request a change of death benefit option once each policy year. For a change in death benefit option, we will send you a revised page 3 to be placed with this policy. The revised page will show the effective date of the change.

If the change is to option 1, the Basic Amount will be increased by the cash value. We reserve the right to not accept a request for a change to option 1 if such change would result in this policy being disqualified as a life insurance contract under any section of the United States Internal Revenue Code, as amended from time to time.

If the change is to option 2, the Basic Amount will be decreased by the cash value. However, the Basic Amount cannot be decreased to less than \$50,000.

PAYMENT OF BENEFITS PROVISIONS

Beneficiary Designation. This is as shown in the application, unless you have made a change. It includes the name of the beneficiary and the order and method of payment. If you name "estate" as a beneficiary, it means the executors or administrators of the last survivor of you and all beneficiaries. If you name "children" of a person as a beneficiary, only children born to or legally adopted by that person will be included.

We may rely on an affidavit as to the ages, names, and other facts about all beneficiaries. We will incur no liability if we act on such affidavit.

Change of Beneficiary Designation. You may make a change while the Insured is alive by sending us a request. The change will take effect the date the request is signed, but the change will not affect any action we have taken before we receive the request. We have the right to request your policy to make the change on it.

Order of Payment on the Insured's Death. When the Insured dies, we will make payment in equal shares to the primary beneficiaries living when payment is made. If a primary dies after the first payment is made, we will pay that primary's unpaid share in equal shares to the other primaries living when payment is made. If the last primary dies, we will make payment in equal shares to the successor beneficiaries living when payment is made. If a successor dies while receiving payments, we will pay that successor's unpaid share in equal shares to the other successors living when payment is made. If, at any time, no primary or successor is alive, we will make a one sum payment in equal shares to the final beneficiaries. If, at any time, no beneficiary is living, we will make a one sum payment to you, if living when payment is made. Otherwise, we will make a one sum payment to the estate of the last survivor of you and all beneficiaries. "When payment is made" means (1) the date that a periodic payment is due or (2) the date that a request is signed for a cash withdrawal or a one sum payment. You may change this order of payment by sending us a request while the In-

sured is alive.

Methods of Payment. We will pay the proceeds under the Interest method unless you choose another method. If the payee is other than a natural person, we will make payment under the One Sum method.

All payment intervals are measured from the date the policy is surrendered or from the date the Insured dies. No part of any payment can be assigned before the payment is made.

After the Insured's death, anyone who has the right to make a withdrawal may change the method of payment and may name a successor to their interest. The successor payee may be their estate.

Method 1 (Interest Method). We will pay interest at the end of each monthly interval. The interest rate will be at least 4½% a year. If chosen, we will pay interest at the end of 3, 6, or 12 month intervals. Withdrawals may be made at any time, but any withdrawal must be at least \$500. We will pay interest to the date of withdrawal on the amount withdrawn.

Method 2 (Fixed Years Method). We will make equal payments at the end of each monthly interval for a fixed number of years. These payments include interest. The guaranteed interest rate is 4½% a year. The present value of any unpaid payments may be withdrawn at any time.

FIXED YEARS TABLE

Monthly payments that \$1000 will provide for the number of years chosen. Payments for years not shown will be given, if requested.

Years	Payments	Years	Payments
1	\$85.34	8	\$12.38
2	43.61	9	11.23
3	29.71	10	10.32
4	22.76	15	7.60
5	18.60	20	6.28
6	15.83	25	5.51
7	13.86	30	5.01

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If option not chosen, policy provisions determine option.
 1-Basic Amount
 2-Cash Value
 c Riders applied for:

CTR	AMOUNT	PAYER OF MONTHLY PREMIUM	DATE
-----	--------	--------------------------	------

RE LAST NAME, FIRST NAME, INITIALS
 POLICY NUMBER
 DATES DATE
 DAY YFL
 ANNUAL PREMIUM INSURED FOR

PAYMENT OF BENEFITS PROVISIONS (CONTINUED)

Method 3 (Life Income Method). We will make equal payments at the end of each monthly interval as long as the payee is alive. We base the amount of each payment on the payee's age and sex at the start of the first monthly interval. We may require proof of the payee's age and sex. The payee may not withdraw the present value of the payments. If the payee dies during a certain period, we will continue the payments to the end of the certain period; or the successor payee may have the present value of any remaining payments paid in one sum.

LIFE INCOME TABLE

Monthly payments for life that \$1000 will provide. Payments for ages not shown will be given, if requested.

Age Last Birthday	Life		Life with 10 Years Certain	
	Male	Female	Male	Female
50	\$5.06	\$4.81	\$5.02	\$4.78
55	5.47	5.14	5.40	5.09
60	6.03	5.57	5.89	5.48
65	6.82	6.16	6.56	6.01
70	7.99	7.02	7.42	6.71
75	9.80	8.30	8.44	7.61

Method 4 (Fixed Amount Method). We will make equal payments at the end of 1, 3, 6, or 12 month intervals. We will continue payments until the amount put under this method together with compound interest has been paid. The interest rate will be at least 4½% a year. The payment interval chosen must provide a total annual payment of at least \$100 for each \$1000 put under this method. The unpaid balance may be withdrawn at any time.

Method 5 (Joint Life Income Method). We will make equal payments at the end of each monthly interval as long as at least one of the two payees is alive. We will base each payment on the age and sex of both payees at the start of the first monthly interval. We may require proof of the age and sex of each payee. The payees may not

withdraw the present value of any payments.

JOINT LIFE INCOME TABLE

Monthly payments that \$1000 will provide as long as at least one of the two payees is alive. Payments for age combinations not shown will be given, if requested.

Age Last Birthday Male	Female			
	60	65	70	75
60	\$5.07	\$5.30	\$5.51	\$5.69
65	5.22	5.54	5.87	6.17
70	5.34	5.75	6.21	6.71
75	5.43	5.91	6.51	7.22

Method 6 (One Sum Method). We will pay the cash surrender value or the proceeds in one sum. Interest at the rate of at least 4½% a year will be paid from the date of the Insured's death to the date of payment.

Method 7 (Other Method). Payment by any other method may be made if we agree.

Minimum Payment. If any payment, except the last, under a method of payment would be less than \$100 per payee, we will pay the present value of any unpaid payments in one sum.

Basis of Computation for Payments. The monthly payments shown for methods 3 and 5 are guaranteed payments based on the 1971 Male Individual Annuity Mortality Table projected to 2025 using Projection Scale B and an interest rate of 4½% a year.

Any present values will be based on the interest rate used in determining the payments for the method.

Additional Amounts Payable. Each year we may apportion and pay dividends or additional interest under any method of payment.

PREMIUM PROVISIONS

Payment of Premiums. You may pay premiums at our Home Office, a regional office, or to one of our agents. We will give you a receipt signed by one of our officers, if you request one.

The initial premium is shown on page 3 and is due on the policy date. All other premiums may be paid in any amount and at any time if:

- (1) the amount is at least \$25 and
(2) in a policy year, the total premiums, excluding the initial premium, do not exceed without our consent, the total Planned Premiums for a policy year.

Premium Limitations. We reserve the right to refund any premium paid if such premium amount would result in this policy being disqualified as a life insurance contract under any section of the United States Internal Revenue Code, as amended from time to time. No expense charge will be deducted from the refunded premium.

Grace Period. If, on any deduction date, the

cash surrender value is not enough to cover the monthly deduction, the policy will stay in force until the end of the grace period. The grace period is 61 days and starts on that deduction date. We will mail a notice at least 31 days prior to the end of the grace period to you and to any assignee of record. A premium large enough to cover the monthly deductions for the grace period and any increase in the surrender charges must be paid before the end of the grace period; otherwise, this policy will lapse and terminate without value.

Reinstatement. If the policy is terminated at the end of the grace period, you may apply to reinstate it within 5 years after lapse. You must give us proof of the Insured's insurability that is satisfactory to us. You must pay premiums (1) to keep the policy in force for 2 months and (2) to pay the monthly deductions for the grace period. Reinstatement will take effect on the date we approve the application for reinstatement.

GUARANTEED VALUES PROVISIONS

Cash Value. The cash value on the policy date is 92 1/2% of the initial premium less the monthly deduction for the first policy month.

The cash value on any deduction date after the policy date is the cash value on the prior deduction date:

- (1) plus 92 1/2% of any premiums received since the prior deduction date,
(2) less the deduction for the cost of insurance for any increase in Basic Amount and the monthly charges for any riders that became effective since the prior deduction date,
(3) less any withdrawals since the prior deduction date,
(4) less the current monthly deduction,
(5) plus any dividend paid and added to the cash value on the current deduction date, and
(6) plus any interest accrued since the prior deduction date.

The cash value on any other date is the cash value on the prior deduction date:

- (1) plus 92 1/2% of any premiums received since the prior deduction date,
(2) less the deduction for the cost of insurance for any increase in Basic Amount and the monthly charges for any riders that became effective since the prior deduction date,
(3) less any withdrawals since the prior deduction date, and
(4) plus any interest accrued since the prior deduction date.

Monthly Deduction. This deduction is made each month, whether or not premiums are paid, as long as the cash surrender value is enough to cover that monthly deduction. Each deduction includes:

- (1) the cost of insurance,
(2) the monthly charges for any riders, and
(3) the monthly expense charge.

Death Benefit Option: CHANGE THE DEATH BENEFIT OPTION
If option not chosen, policy provisions apply.
1-Basic Amount
2-Basic Amount plus Cash Value
Riders applied for: CTR, AL, TERM
NAME (IF LAST NAME DIFFERENT EXPLAIN)
RELATIONSHIP TO PROPOSED INSURED
BIRTH DATE (MO., DAY, YR.)
AMOUNT NOW INSURED FOR \$
WAVES OF MONTHLY DEDUCTION (FOR DISABILITY)

GUARANTEED VALUES PROVISIONS (CONTINUED)

Cost of Insurance. This cost is calculated each month. The cost is determined separately for the Initial Basic Amount and each increase in Basic Amount.

The cost of insurance is the monthly cost of insurance times the difference between (1) and (2), where:

- (1) is the amount of insurance on the deduction date at the start of the month divided by 1.0032737, and
- (2) is the cash value on the deduction date at the start of the month before the cost of insurance and the monthly charge for any waiver of monthly deduction benefit rider are deducted.

Until the cash value exceeds the Initial Basic Amount, the cash value is part of the Initial Basic Amount. Once the cash value exceeds that amount, if there have been any increases in Basic Amount, the excess will be part of the increases in order in which the increases occurred.

Monthly Cost of Insurance Rates. These rates for each policy year are based on the Insured's age on the policy anniversary, sex, and applicable rate class. A rate class will be determined for the Initial Basic Amount and for each increase. The rates shown on page 4 are the maximum monthly cost of insurance rates for the Initial Basic Amount. Maximum monthly cost of insurance rates will be provided for each increase in the Basic Amount. We can charge rates lower than those shown. Such rates can be adjusted for projected changes in mortality but cannot exceed the maximum monthly cost of insurance rates. Such adjustments cannot be made more than once a calendar year.

Interest. An interest rate of at least 4% a year will be applied to the cash value. The rate applied to the amount of cash value up to the amount of any loan may differ from the rate applied to the cash value in excess of the amount of any loan. We will determine these rates at least once a year.

Part of the interest may be forfeitable if you make a withdrawal or surrender this policy. Any forfeitable interest will not exceed interest credited to the cash value in excess of 4% a year for a 6-month period prior to the date of withdrawal or surrender.

Cash Surrender Value. You may request surrender of this policy at any time. This policy will terminate when we receive the request. We will pay you the cash surrender value plus the monthly deduction for the part of the policy month beyond the date of surrender in one sum unless you choose another method of payment. The cash surrender value of this policy is its cash value less any surrender charge, any forfeitable interest, and any loan and accrued loan interest. The cash surrender value on the maturity date will be the cash value on that date less any loan and accrued loan interest. The cash surrender value will not be less than zero. If this policy is surrendered within 31 days after a policy anniversary, the cash surrender value will not decrease within that period except for any loans or withdrawals. We may defer paying you the cash surrender value for up to 6 months after receiving your request.

Surrender Charge. The schedule of surrender charges is shown on page 4. For each increase in Basic Amount, additional surrender charges will apply. The revised page 4 will show a revised schedule of surrender charges which includes those additional charges.

Upon reinstatement, the surrender charges will be adjusted for any surrender charge deducted at the time of lapse. The revised page 4 will show a schedule of the adjusted surrender charges.

Withdrawals. You may request to withdraw part of the cash value while this policy is in force. No more than 4 withdrawals can be made in any policy year. Any withdrawal must be at least \$500 and must be less than the cash surrender value. Any forfeitable interest will be deducted from the amount withdrawn. We may defer paying you a withdrawal for up to 6 months unless the withdrawal is to pay premiums on other policies with us.

If death benefit option 1 is in effect, then the Basic Amount will be reduced by the withdrawal, effective with the date of the withdrawal; however, no withdrawal can be made which will reduce the Basic Amount to less than \$50,000. The reduction will be made as if a decrease in the Basic Amount had been requested.

Basis of Computation. The guaranteed values in this policy are at least as large as those required by law in the state where it is delivered. The insurance authority there has a statement of how these values are determined.

The guaranteed values and maximum cost of insurance rates are based on the Insured's age last birthday and sex. The interest rate is 4% a year. The Commissioners 1980 Standard Ordinary Mortality Table is used. Modifications are made for rate classes other than standard.

POLICY LOAN PROVISIONS

Loan. You may borrow against this policy. This policy is the sole security for such loan. We may defer a loan for up to 6 months after receiving your request unless the loan will be used to pay premiums on other policies with us.

Loan Value. The loan value is the cash value of this policy less the surrender charge and any forfeitable interest.

You may borrow the loan value less any existing loan and accrued interest. If your unpaid loan plus accrued interest exceeds the loan value on the monthly deduction date, the Grace Period provision will apply.

Loan Interest. Interest accrues and is payable each day at a rate of 8% a year. Any interest not paid is added to the loan on each policy anniversary.

Loan Repayment. You may repay all or part of a loan at any time before the Insured dies or the policy is surrendered or terminated.

GENERAL PROVISIONS

The Contract. The policy contains the Basic Plan, any amendments, endorsements, and riders, and a copy of the application. A copy of any application for a change to this policy will be sent to you to be placed with the policy. Such applications become part of this policy. The policy is the entire contract. We have relied on the statements in the application in issuing this policy. We reserve the right to investigate the truth and completeness of those statements. In the absence of fraud, they are representations and not warranties. Only statements in the application will be used to rescind this policy or deny a claim.

amendments, and riders must be signed by an officer to be valid.

Only an officer has the right to change this policy. No agent has the authority to change the policy or to waive any of its terms. All endorsements,

Annual Report. Each year, we will send you a report. This report will show:

- (1) the cash value, the cash surrender value, any loan and accrued loan interest, and the amount of the death benefit as of the date of the report and
- (2) any premiums paid, any deductions made, and any withdrawals made since the last report.

Projection of Benefits and Values. You may request a projection of death benefits, cash values, and cash surrender values. We may charge a reasonable fee for providing this projection.

Death Benefit Option: CHANGE THE DEATH BENEFIT OPTION
 If option not chosen, policy provisions determine option.
 1-Basic Amount 2-Cash Value 3-Cash Value plus Cash Value

Riders, applied for:

NAME (IF LAST NAME DIFFERENT EXPLAIN)	RELATIONSHIP TO PROPOSED INSURED	BIRTH DATE	AMOUNT NOW INSURED FOR
		MO. DAY YR.	\$

CTR UNITS AM TERM WAIVER OF MONTHLY DEDUCTION (FOR DISABILITY)

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GENERAL PROVISIONS (CONTINUED)

Annual Dividends. We do not expect to pay dividends on the Basic Plan; however, we may apportion and pay dividends each year. All dividends apportioned will be derived from the divisible surplus of our participating business. Any such dividends will be paid at the end of the policy year.

Dividend Options. You may choose to have your dividend used under one of these options:

1. **Cash.** We will pay it to you in cash.
2. **Addition to Cash Value.** We will add it to the cash value on the policy anniversary.

If you do not choose an option or the option you choose is not available, we will use option 2. You may request to change the option. The change will apply only to dividends paid after we receive the request.

Assignment. You may assign this policy or any interest in it. We will recognize an assignment only if it is in writing and filed with us. We are not responsible for the validity or effect of any assignment. An assignment may limit the interest of any beneficiary.

Error in Age or Sex. If the Insured's date of birth or sex is not as stated in the application, we will adjust each benefit on the Insured to the benefit payable had the Insured's age and sex been stated correctly. Such adjustment will be based on the ratio of the correct monthly deduction for the most recent deduction date for that benefit to the monthly deduction that was made. For the Basic Plan, the adjustment is made to the amount of insurance less the cash value.

Incontestability. We will not contest the Basic Plan after it has been in force during the Insured's lifetime for 2 years from the issue date of the policy. We will not contest any increase in Basic Amount or reinstatement after it has been in force during the lifetime of the Insured for 2

years from the effective date of the increase in Basic Amount or reinstatement. We will not contest an increase due to a change to Death Benefit Option 1. Any contest of any increase in Basic Amount or reinstatement will be limited to material statements contained in the application for such increase or reinstatement.

Each rider has its own incontestability provision.

Limited Death Benefit. If the Insured dies by suicide while sane or by self-destruction while insane within 2 years from the issue date of the policy, the Basic Amount will not be paid. The proceeds in this case will be limited to the premiums paid on the Basic Plan less any loan, accrued loan interest, any withdrawals from the cash value, and any dividends paid on the Basic Plan.

Any increase in Basic Amount or amount reinstated will not be paid if the Insured's death results from suicide while sane or self-destruction while insane within 2 years from the effective date of such increase or reinstatement. The proceeds of the increase will be limited to the monthly deductions for the increase. This does not apply to an increase due to a change to Death Benefit Option 1. The proceeds of a reinstated policy will be limited to the premiums paid on the Basic Plan since reinstatement less any loan, accrued loan interest, any withdrawals from the cash value, and any dividends paid on the Basic Plan.

Suicide or self-destruction is no defense to payment of proceeds under this policy where this policy is issued to a Missouri citizen, unless we can show that the Insured intended suicide or self-destruction when this policy, an increase, or reinstatement was applied for.

Each rider has its own limited death benefit provision.

Beneficiary Designation Proposed Insured 1
 Completion of this section will replace all previous rider and policy designations for this policy.

PRIMARY-FULL NAME: Leslie Niewinski AGE: 30 RELATIONSHIP: Spouse
 Interest Option or One Sum or Other-Explain

SUCCESSOR-FULL NAME: Luke Niewinski AGE: 6 MONTHS RELATIONSHIP: Son
 Interest Option or One Sum or Other-Explain

FINAL-FULL NAME: ~~CELESTE C. THE INSURED~~
 One Sum Settlement Only

If a beneficiary survives the Insured, any payment to successor will be one sum, unless changed.

2a Proposed Insured 2 (Additional Insured or Payor)

MR LAST NAME FIRST NAME MIDDLE INITIAL
 MS SOC. SECURITY OR TAX IDENTIFICATION NO. DRIVERS LICENSE NUMBER & STATE
 b SEX BIRTH DATE (MO-DAY-YR.) AGE MARITAL STATUS
 c HEIGHT WEIGHT STATE OF BIRTH U.S. OR CANADIAN CITIZEN YES NO
 d OCCUPATION (GIVE EXACT DUTIES)
 e EMPLOYER'S NAME AND ADDRESS

3a Applicant's Name (If not Proposed Insured 1, print name in full)

LAST NAME FIRST NAME MIDDLE INITIAL
 BE GC
 SOC. SEC. OR TAX IDENTIFICATION NO. If mailing address not same as Proposed Insured 1, provide in Explanations.

b If Proposed Insured 1 is under age 16, name who is to succeed the Applicant as Owner. (Print name in full)
 c If Proposed Insured 1 is under age 16, check here if Proposed Insured 1 is NOT to be Owner at and after age 21.

4 If the application is for a change in a State Farm policy, give the policy number.

5 (Note: If Universal Life do NOT complete questions 5-7) a Basic Amount and Plan applied for:

MTG YRS. INT.

b Riders applied for: (Check Ratebook for availability of riders on policies)

AD	AMOUNT	10 YR	AMOUNT
DA	AMOUNT	1 YR	AMOUNT
DC	AMOUNT	YRS. INT.	AMOUNT
CTR	UNITS	MTG	AMOUNT
EF	PAYOR	YRS. INT.	AMOUNT
EH	MTG	YRS. INT.	AMOUNT
EL	5 YR	RT	AMOUNT

6 Dividend Option - If the option chosen is not available or no option is chosen, policy provisions determine the option.
 Paid-up Additions Accumulate Reduce Premium
 Cash Payment Fifth Dividend Option

7 Do you want the Automatic Premium Loan provision to apply, if available? YES NO

8 UNIVERSAL LIFE a Initial Basic Amount \$75,000

b Death Benefit Option: (COMPLETE FOR NEW POLICY OR TO CHANGE THE DEATH BENEFIT OPTION)
 If option not chosen, policy provisions determine option.
 1-Basic Amount 2-Basic Amount plus Cash Value

c Riders applied for:

AD	AMOUNT	GI	AMOUNT
DA	AMOUNT	DC	AMOUNT
CTR	UNITS	AI	AMOUNT
EF	YRS. INT.	EY	AMOUNT

d Dividend Option: If option not chosen, policy provisions determine option. Addition to Cash Value Cash Payment

e Planned Premium:
 (1) Mode of Payment ANNUAL PAC OTHER SPEC. MO.
 (2) Amount \$750.00 (AMOUNT TO BE BILLED EACH PAYMENT DATE)

f Increase or Decrease in Basic Amount (DO NOT COMPLETE FOR NEW POLICY)
 Amount of Increase Amount of Decrease

10 Beneficiary Designation for Proposed Insured 2
 (Complete for Additional Insured's rider only if Beneficiary provision in the rider is NOT desired.) If a Change of Plan, this will replace previous designations. If this section is completed, the Payment of Benefit Provisions of the policy will control rather than the Beneficiary provision of such rider. "Additional Insured" would be used in place of "Insured."

PRIMARY-FULL NAME AGE RELATIONSHIP
 Interest Option or One Sum or Other-Explain

SUCCESSOR-FULL NAME AGE RELATIONSHIP
 Interest Option or One Sum or Other-Explain

FINAL-FULL NAME AGE RELATIONSHIP
 One Sum Settlement Only

If a beneficiary survives the Additional Insured, any payment to successor will be one sum, unless changed.

11a Do you have personal and business life insurance of \$125,000 or more? (If yes, give amounts and details) YES NO YES NO

b Do you have accidental death insurance excluding group? (If yes, and AD applied for, give amount) YES NO

c Will this policy replace or change insurance or annuities you now have? (If yes, explain) YES NO

d Are you now applying for life or health insurance with any other company? (If yes, state companies & amounts) YES NO

e Do you plan to leave or travel from the United States or Canada in the next 6 months? (If yes, explain) YES NO

12 If Proposed Insured 1 is under age 16, give the amount of life insurance in force on Father \$25,000 and on Mother (If none, so indicate)

(COMPLETE QUESTIONS 13 & 14 ONLY IF CTR IS APPLIED FOR)

13 Children under age 18 (Birthday basis) (If None, so state)

NAME (IF LAST NAME DIFFERENT EXPLAIN)	RELATIONSHIP TO PROPOSED INSURED 1	BIRTH DATE			AMOUNT NOW INSURED FOR
		MO.	DAY	YR.	
					\$

14 Have any children named above: (If yes, explain)

- a been a patient in a hospital, clinic, or emergency room within the last 3 years? YES NO
- b had treatment or advice from a doctor within the last 3 years?
- c had asthma, epilepsy, diabetes, cancer or leukemia?
- d had a birth defect, mental disorder, or impairment of sight, hearing, or speech?

15 Have you ever: (If yes, explain)

*a been unable to obtain life or health insurance at the plan, amount, or rate applied for?

b been rejected by or discharged from the armed forces for mental or physical reasons?

c applied for or received disability benefits?

d had an impairment or loss of sight, hearing, or limb?

16 Have you, in the last 10 years, had or been treated for: (If yes, circle and explain)

a mental, nervous, convulsive, or epileptic disorder?

b pneumonia, emphysema or asthma?

*c high blood pressure or stroke?

*d heart murmur, chest pain, or heart attack?

*e tumor, cancer, or lymph gland disorder?

f diabetes, arthritis, venereal or kidney disease?

g chronic diarrhea, unexplained weight loss, ulcer, colitis, liver or intestinal disorder?

h anemia, immune deficiency or other blood disorder?

i recurrent fever, fatigue or night sweats?

17 Have you, in the last 5 years: (If yes, explain)

a used cocaine, marijuana, hallucinogenic drugs or narcotics not prescribed by a physician?

b been treated or counseled, or been advised to seek treatment or counsel, for alcohol or drug use?

18 Have you, in the last 5 years, for any reason not previously explained: (If yes, explain)

a had treatment or advice from any doctor?

b had treatment or advice from any psychiatrist or psychologist?

c been a patient in a hospital or emergency room?

d taken prescribed medication? (If yes, list and explain.)

e had surgery or been told surgery was necessary?

19 Have you, in the last 3 years: (if yes, explain)

a flown as a pilot, crew member, or student pilot in aircraft such as an airplane, helicopter, glider, or ultralight? Or, is such activity planned in the next 6 months?

*b engaged in avocations such as mountain or rock climbing, vehicle racing, scuba, skin, or sky diving? Or, is such activity planned in the next 6 months?

c had your drivers license suspended or revoked, had 3 or more moving violations, had 2 or more chargeable accidents, or been charged with driving under the influence of alcohol or drugs?

20a Do you now smoke cigarettes?
If yes, give number smoked per day 10

b Did you previously smoke and quit?
If yes, give date last smoked (Mo/Yr) _____

c Are you using tobacco in any other form?
If yes, specify _____

21 Family History

a Is your father, mother or any brother or sister deceased? (If yes, identify family member and give the age at death and cause)

b Has your father, mother or any brother or sister ever had diabetes, cancer, kidney disease or mental illness? Have any had high blood pressure, stroke or heart disease before age 60? (If yes, explain and identify family member)

*AGENT- If yes, it may be advisable not to collect money or give a Binding Receipt-Consult Agents Service for specific instructions.

22 Explanations: (If space below is insufficient, use additional sheets, which will be part of this Application. Sheets must be signed and dated by Proposed Insured(s), and/or Applicant, and witnessed by Agent.)

QUESTION NUMBER	NAME OF PERSON	NATURE AND FREQUENCY OF AT	DATES		NAME & ADDRESS OF MEDICAL ATTENDANTS AND HOSPITALS
			ONSET	RECOVERY	

RECEIVED
STATE FARM LIFE
JUN 03 1988
MISSOURI-KANSAS
REGIONAL OFFICE

Coverage will be effective as of the policy date, if the following conditions are met: the first premium is paid when the policy is delivered; the Proposed Insureds are all living on the delivery date; and, on that delivery date, the information given to State Farm Life is true and complete without material changes to the best of their knowledge and belief.

For changes in Basic Amount or in the Death Benefit Option for a Universal Life Policy, the change will be effective on the deduction date on or next following acceptance of the change by State Farm Life if, on such deduction date, the following conditions are met: there is enough cash surrender value to make the required deduction; the Proposed Insureds are all living; and the information given to State Farm Life is true and complete without material changes to the best of their knowledge and belief.

However, if a binding receipt has been given and is in effect, its terms will apply.
All Proposed Insureds and the Applicant state that the information in this application and any medical history is true and complete to the best of their knowledge and belief. It is agreed that State Farm Life can investigate the truth and completeness of such information while the policy is contestable.

By accepting the policy, the Owner agrees to the beneficiaries named, method of payment and corrections made. No change in plan, amount, benefits, or age at issue may be made on the application unless the Owner agrees in writing. Only an authorized company officer may change the policy provisions. Neither the agent nor a medical examiner may pass on insurability.

Social Security or Tax Identification Number (TIN) Certification - SEE INSTRUCTIONS ON REVERSE SIDE. By signing this application, I certify under penalties of perjury that (1) the TIN shown on page 1 of this application is correct, and (2) that I am not subject to backup withholding either because I have not been notified that I am subject to backup withholding as a result of a failure to report all interest or dividends, or the Internal Revenue Service has notified me that I am no longer subject to backup withholding. (If you are subject to backup withholding, cross out item 2.)

Any policy issued on this application will be owned by Proposed Insured 1, or the Applicant, if other than Proposed Insured 1.

Dated on 6/2/88

at St. Leonard Wood MO 65478

SIGNATURE OF AGENT AS WITNESS TO ALL SIGNATURES ATHEY MCLAY

SIGNATURE OF PROPOSED INSURED 1 Lawrence M. Mewin
NOT REQUIRED IF PROPOSED INSURED IS UNDER AGE 16

SIGNATURE OF PROPOSED INSURED 2 _____

SIGNATURE OF APPLICANT _____
NOT REQUIRED UNLESS APPLICANT IS OTHER THAN PROPOSED INSURED 1. IF A FIRM OR CORPORATION IS TO BE THE OWNER GIVE ITS NAME AND SIGNATURE OF AUTHORIZED OFFICER.

JS 44 (Rev 09/10)

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF MISSOURI**

CIVIL COVER SHEET

This automated JS-44 conforms generally to the manual JS-44 approved by the Judicial Conference of the United States in September 1974. The data is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. The information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is authorized for use only in the Western District of Missouri.

The completed cover sheet must be saved as a pdf document and filed as an attachment to the Complaint or Notice of Removal.

Plaintiff(s):**First Listed Plaintiff:**

Lorin Niewinski ;
1 Citizen of This State; Missouri
County of Residence: Outside This District

Additional Plaintiff(s):

John Baker McClanahan ;
2 Citizen of Another State; Virginia

Robert A. Bozaich ;
2 Citizen of Another State; Minnesota

Ronnie Jackson ;
2 Citizen of Another State; Arkansas

Sherif B. Botros ;
2 Citizen of Another State; North Carolina

Defendant(s):**First Listed Defendant:**

State Farm Life Insurance Company ;
5 Incorporated and Principal Place of Business in Another State; Illinois
County of Residence: Outside This District

Additional Defendants(s):

State Farm Life and Accident Assurance Company ;
5 Incorporated and Principal Place of Business in Another State; Illinois

County Where Claim For Relief Arose: Boone County

Plaintiff's Attorney(s):

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Basis of Jurisdiction: 4. Diversity of Citizenship

Citizenship of Principal Parties (Diversity Cases Only)

Plaintiff: 1 Citizen of This State

Defendant: 5 Incorporated and Principal Place of Business in Another State

Origin: 1. Original Proceeding

Nature of Suit: 110 Insurance Contracts

Cause of Action: Fed. R. Civ. P. 23 - Plaintiffs bring this class action for breach of contract, breach of the covenant of good faith and fair dealing and conversion on behalf of a class of owners of "Form 86040," "Form A86040," "Form 86075," and "Form A86075" life insurance products issued and administered by Defendants.

Requested in Complaint

Class Action: Class Action Under FRCP23

Monetary Demand (in Thousands): >\$5,000,000

Jury Demand: Yes

Related Cases: RELATED to case number 4:22-cv-00203-RK, assigned to Judge Roseann Ketchmark

Signature: Norman E. Siegel

Date: 8/22/2023

If any of this information is incorrect, please close this window and go back to the Civil Cover Sheet Input form to make the correction and generate the updated JS44. Once corrected, print this form, sign and date it, and submit it with your new civil action.