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## Attorneys for Plaintiff

*[See Additional Counsel on Signature Page]*

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF ARIZONA**

Earl L. McClure, individually and on behalf of all others similarly situated,

**Plaintiff,**

V.

State Farm Life Insurance Company,

Defendant.

## CLASS ACTION

CASE NO.

## CLASS ACTION COMPLAINT

## JURY TRIAL DEMANDED

1 Plaintiff Earl L. McClure (“Plaintiff”), individually and on behalf of all others  
2 similarly situated, for his Class Action Complaint against Defendant State Farm Life  
3 Insurance Company (“Defendant” or “State Farm”), states and alleges as follows:

4 **INTRODUCTION**

5 1. This is a class action to recover amounts that Defendant charged and  
6 collected from Plaintiff and other similarly situated life insurance policy owners in excess  
7 of amounts authorized by the express terms of their policies. Plaintiff’s claims and those of  
8 the proposed class members are exclusively supported by the explicit provisions of their  
9 life insurance policies and are not derived from any alleged conversations had, or  
10 documents reviewed, at the time of sale.

11 2. The terms of Plaintiff’s life insurance policy provide for an “Account Value”  
12 consisting of monies held in trust by Defendant for Plaintiff. Over the course of several  
13 years, Defendant deducted monies from Plaintiff’s Account Value in breach of his policy’s  
14 terms.

15 3. Defendant is contractually bound to deduct only those charges explicitly  
16 identified and authorized by the terms of its life insurance policies, which are fully  
17 integrated agreements. Defendant deducts charges from the Account Values of Plaintiff  
18 and the proposed class members in excess of amounts specifically permitted by their life  
19 insurance policies.

20 4. Defendant has caused material harm to Plaintiff and the proposed class  
21 members by improperly draining monies they accumulated in the Account Values of their  
22 policies. Every unauthorized dollar taken from policy owners is one less dollar on which  
23 policy owners earn interest and one less dollar that can be: applied to pay future premiums;  
24 used to increase the death benefit; used as collateral for policy loans; or withdrawn as cash.

25 5. Plaintiff brings this case as a class action under Federal Rule of Civil  
26 Procedure 23, individually and as a representative of the following (the “Class”): All  
27 persons who own or owned a universal life policy issued by State Farm on its policy form  
28 94030 in the State of Arizona.

## **PARTIES**

2       6. Plaintiff Earl L. McClure is an individual and resident of the State of  
3 Arizona.

4       7.     Defendant State Farm Life Insurance Company is a life insurance company  
5 organized and existing under the laws of the State of Illinois, and maintains its principal  
6 place of business in Bloomington, Illinois.

## **JURISDICTION AND VENUE**

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

12       9.     Venue is proper in this Court pursuant to 28 U.S.C. § 1331 because  
13 Defendant is a resident of this District and a substantial portion of the events giving rise  
14 to Plaintiff's causes of action occurred in this District.

## **FACTUAL BACKGROUND**

16       10. Plaintiff purchased from Defendant a flexible premium adjustable  
17 insurance policy bearing the policy number LF-1518-6782, and a policy date of February  
18 6, 1997, with an initial basic amount of \$100,000. A true and accurate copy of Plaintiff's  
19 policy (the "Policy") is attached hereto as Exhibit A and incorporated herein by  
20 reference.

21 11. Plaintiff has always been both the "owner" and "insured" under the Policy.

22 12. Defendant is the effective and liable insurer of the Policy.

23       13. The Policy is a valid and enforceable contract between Plaintiff and  
24 Defendant.

14. "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." Ex. A at p. 11.

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

4       16. The Policy provides that, “[o]nly an officer has the right to change this  
5 policy. No agent has the authority to change the policy or to waive any of its terms. All  
6 endorsements, amendments, and riders must be signed by an officer to be valid.” Ex. A at  
7 p. 11.

8       17. Defendant administered and currently administers all aspects of the policies  
9 that fall within the Class definition set forth above (the “Policies”), including collecting  
10 premiums, and setting, assessing and deducting policy charges.

11       18. In addition to a death benefit, the Policies provide policy owners a savings,  
12 or interest-bearing, component that is identified in the Policies as the “Account Value.”

13       19. Generally speaking, premium dollars are deposited into the Account Value,  
14 from which Defendant deducts those monthly charges authorized by the terms of the  
15 Policies. The Account Value earns interest as provided by the Policies.

16       20. The money that makes up the Account Value is the property of the policy  
17 owner and is held in trust by Defendant.

18       21. Under the express terms of the Policies, a “premium expense charge” is  
19 taken from each premium payment in the amount of 5% of each premium paid. Ex. A at  
20 p. 3.

21       22. The Account Value is equal to 95% of the initial premium less the monthly  
22 deduction for the first policy month, and thereafter:

23       The account value on any deduction date after the policy date is the account  
24 value on the prior deduction date:

25           (1) plus 95% of any premiums received since the prior deduction date,  
26           (2) less the deduction for the cost of insurance for any increase in Basic  
27           Amount and the monthly charges for any riders that became effective  
28           since the prior deduction date,  
         (3) less any withdrawals since the prior deduction date,  
         (4) less the current monthly deduction,

1 (5) plus any dividend paid and added to the account value on the current  
2 deduction date, and

3 (6) plus any interest accrued since the prior deduction date.

4 The account value on any other date is the account value on the prior  
5 deduction date:

6 (1) plus 95% of any premiums received since the prior deduction date,

7 (2) less the deduction for the cost of insurance for any increase in Basic  
8 Amount and the monthly charges for any riders that became effective  
9 since the prior deduction date,

10 (3) less any withdrawals since the prior deduction date, and

11 (4) plus any interest accrued since the prior deduction date.

12 Ex. A at p. 9.

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

15 Ex. A at p. 5. Therefore, the Deduction Date under Plaintiff’s Policy is the 6th of each  
16 month. Ex. A. at p. 3.

17 24. Defendant may access and withdraw funds from the Account Value only as  
18 expressly authorized by the Policies.

19 25. The Policies expressly define the specific charges that Defendant may  
20 assess and deduct from a given policy owner’s premium payments and the accumulated  
21 Account Value. Defendant may deduct only those charges allowed by the Policies.

22 26. The Policies authorize Defendant to take a “Monthly Deduction” from the  
23 policy owner’s Account Value each month. Ex. A at p. 9.

24 27. The Policies expressly define the Monthly Deduction as follows:

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

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

31 Ex. A at p. 9.

32 28. The Policies state that the monthly expense charge (“Expense Charge”) is  
33 \$5.00. Ex. A at p. 3.

1       29. The Policies also expressly define how the charge for the monthly “Cost of  
2 Insurance” (“Cost of Insurance Charge”) is determined and calculated:

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

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

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

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

17       Ex. A at p. 10.

18       30. The Policies specify the factors Defendant may use to determine “Monthly  
19           Cost of Insurance Rates,” which are used to calculate the Cost of Insurance Charges that  
20           are deducted from the Account Value each month:

21       **Monthly Cost of Insurance Rates.** These rates for each policy year are  
22           based on the Insured’s age on the policy anniversary, sex, and applicable  
23           rate class. A rate class will be determined for the Initial Basic Amount and  
24           for each increase. The rates shown on page 4 are the maximum monthly  
25           cost of insurance rates for the Initial Basic Amount. Maximum monthly  
26           cost of insurance rates will be provided for each increase in the Basic  
27           Amount. We can charge rates lower than those shown. Such rates can be  
28           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.

29       Ex. A at p. 10.

30       31. Defendant admits that a rate “based on” factors explicitly identified in the  
31           Policies must be determined using only those factors identified and no other unidentified  
32           factors. *See Alleman v. State Farm Life Ins. Co.*, 334 F. Appx. 470, 472 (3rd Cir. 2009)  
33           (affirming summary judgment in State Farm’s favor and rejecting plaintiff insured’s  
34           claim for declaratory relief).

1 argument that a provision in the life insurance policy stating a charge would be “*based on*  
 2 *the Insured’s age last birthday and sex*” should be read to include other undisclosed  
 3 factors, because “[b]y the plain language of these policies, it is clear that the insureds’ age  
 4 and sex are the only mortality factors relevant to the rate ....”) (emphasis added).

5       32. Thus, under the explicit terms of the Policies, Defendant is authorized to  
 6 determine Monthly Cost of Insurance Rates for each policy year using only the Insured’s  
 7 age, sex, applicable rate class, and projected changes in mortality. Ex. A. at p. 10.

8       33. Policy year, age, sex, and rate class are factors commonly used within the  
 9 life insurance industry to determine the mortality expectations of an insured or group or  
 10 class of insureds.

11       34. By specifically identifying Cost of Insurance Rates for each policy year as  
 12 based on age, sex, and rate class and no other factors, Defendant agrees that mortality  
 13 expectations determine the Monthly Cost of Insurance Rates under the Policies, as  
 14 confirmed by the additional provision that “[s]uch rates can be adjusted for projected  
 15 changes in mortality.” Ex. A at p. 10.

16       35. Given the language of the Monthly Cost of Insurance Rates provision in the  
 17 Policies, and its context in the Policies as a whole, no reasonable layperson would expect  
 18 that the Policies permitted Defendant to use any factor it wanted to determine Cost of  
 19 Insurance Rates for the Policies. A reasonable layperson would instead read policy year,  
 20 age, sex, and rate class, in combination with the contractual limitation that rates can only  
 21 be adjusted for “projected changes in mortality,” to mean that only mortality expectations  
 22 are used to determine Monthly Cost of Insurance Rates for the Policies.

23       36. The Policies authorize Defendant to make periodic deductions from policy  
 24 owners’ Account Values including, specifically, Cost of Insurance Charges that are  
 25 calculated using rates that Defendant must determine based on specified factors, and that  
 26 can be adjusted for projected changes in mortality.

27       37. The Policies also disclose a premium expense charge set at a fixed  
 28 percentage of five percent of each premium payment made. The Policies further disclose a

1 separate, monthly expense charge within the Monthly Deduction that Defendant set at a  
2 fixed amount of \$5.00 per month.

3       38. Although the Policies authorize Defendant to use only certain, specified  
4 factors in determining Monthly Cost of Insurance Rates, Defendant uses other factors, not  
5 authorized by the Policies, when determining those rates, including, without limitation,  
6 profits and expenses.

7       39. By loading these factors into Monthly Cost of Insurance Rates, Defendant  
8 knowingly causes those rates to be higher than what is explicitly authorized by the Policies  
9 and, as a result, withdraws Cost of Insurance Charges from policy owner Account Values  
10 in amounts greater than what is permitted by the Policies.

11       40. By loading unauthorized factors in Monthly Cost of Insurance Rates,  
12 Defendant repeatedly and continuously breaches the Policies and impermissibly inflates  
13 those rates.

14       41. As a direct and proximate result of Defendant's breaches, Plaintiff and the  
15 Class have been damaged, and those damages are continuing in nature in that Defendant  
16 deducted and will continue to deduct unauthorized Cost of Insurance Charges from policy  
17 owners' Account Values.

18       42. By loading expense factors in Monthly Cost of Insurance Rates, Defendant  
19 repeatedly and continuously breaches the Policies by impermissibly deducting from the  
20 Account Values of Plaintiff and the Class amounts in excess of the fixed expense charges  
21 expressly authorized by the Policies.

22       43. As a direct and proximate result of Defendant's breaches, Plaintiff and the  
23 Class have been damaged and those damages are continuing in nature in that Defendant  
24 has deducted and will continue to deduct expenses, including without limitation,  
25 maintenance, administrative, and other expenses, from the Account Values of Plaintiff and  
26 the Class in amounts not authorized by the Policies.

27       44. The nature of Defendant's conduct is such that Plaintiff and each member of  
28 the Class would be unaware that Defendant was engaging in wrongdoing by taking inflated

1 charges and improper amounts from their Account Values. Defendant possesses the  
2 actuarial information and equations underlying the computation of rates and charges for  
3 the Policies. The Monthly Cost of Insurance Rates used to calculate the monthly Cost of  
4 Insurance Charges are not disclosed to policy owners, nor are the components or factors  
5 that comprise those rates. Even if they were, Plaintiff and the Class would lack the  
6 knowledge, experience, and training to reasonably ascertain how Defendant calculated the  
7 rates and charges.

8       45. Defendant was aware that Plaintiff and each member of the Class did not  
9 know about the improper deductions because of Defendant's superior knowledge of the  
10 aforementioned computations. Defendant sent Plaintiff annual statements that identified  
11 each month's Cost of Insurance Charge while affirmatively concealing the factors  
12 Defendant used to calculate the Cost of Insurance Rates. Despite reasonable diligence on  
13 his part, Plaintiff was kept ignorant by Defendant of the factual bases for these claims for  
14 relief. Defendant's withholding of material facts concealed these claims and tolled all  
15 applicable statutes of limitation.

16       46. Plaintiff reasonably relied to his detriment on Defendant's fraudulent  
17 concealment of its misconduct and material omission of the factors actually used to  
18 calculate the deductions from his Account Value. As a result of such concealment, Plaintiff  
19 did not believe that he had suffered any injury or that it was necessary to file a lawsuit.  
20 Plaintiff did not discover, and exercising reasonable diligence could not have discovered,  
21 the facts establishing Defendant's breaches or the harm caused thereby. Plaintiff did not  
22 learn of Defendant's breaches of the Policy supporting his claim until he engaged counsel.

23       47. Defendant is estopped from asserting a statute of limitations defense.  
24 Defendant's conduct in failing to disclose the true factors it used—and continues to use—  
25 to calculate the Cost of Insurance Rates misled Plaintiff and prevented him from learning  
26 the factual bases for these claims for relief. Plaintiff proceeded diligently to file suit once  
27 he discovered the need to proceed. Defendant's continuing breach of the Policies is  
28 ongoing.

## **CLASS ALLEGATIONS**

2       48. Plaintiff brings this lawsuit under Fed. R. Civ. P. 23, individually and as a  
3 representative of the following Class: All persons who own or owned a universal life  
4 policy issued by State Farm on its policy form 94030 in the State of Arizona.

5       49. Excluded from the Class is Defendant, any entity in which Defendant has a  
6 controlling interest, any of the officers, directors, or employees of Defendant, the legal  
7 representatives, heirs, successors, and assigns of Defendant, any State Farm independent  
8 contractor insurance agents, anyone employed with Plaintiff's counsel's firms, any Judge  
9 to whom this case is assigned, and the Judge's immediate family. Excluded from the Class  
10 is any policy that explicitly discloses all of the factors Defendant uses to calculate its rates  
11 and charges.

12       50. Plaintiff's claims satisfy the numerosity, commonality, typicality, adequacy,  
13 and superiority requirements of Federal Rule of Civil Procedure 23(a), and the  
14 requirements for class treatment under Rules 23(b)(1), (b)(2), and (b)(3).

15        51. The numerosity requirement is satisfied because there are thousands of  
16 Class members who are geographically dispersed, making joinder impracticable, and the  
17 disposition of Class member claims in a single action will provide a substantial benefit to  
18 all parties and to the Court.

19       52. Class members are ascertainable from information and records in  
20 Defendant's possession, custody, or control. Notice of this action can therefore be readily  
21 provided to the Class, via first class mail or other appropriate means, using information  
22 contained in Defendant's records.

23       53. Plaintiff's claims are typical of the claims of the Class, because the express  
24 terms of the Policies purchased from Defendant by Plaintiff and proposed Class members  
25 contain identical limitations on the amounts Defendant can charge under the Policies.

26 54. Plaintiff will fairly and adequately represent the Class because he is a  
27 member of the Class and his interests are aligned with, and do not conflict with, the  
28 interests of those he seeks to represent. The interests of the Class members will be fairly

1 and adequately protected by Plaintiff and his counsel, who have extensive experience  
2 prosecuting complex class litigation.

3       55. There are questions of fact and law common to the Class that predominate  
4 over any questions affecting only individual members, and a class action is superior to  
5 other available methods for the fair and efficient adjudication of the controversy. The  
6 questions of law and fact common to the Class arising from Defendant's actions include,  
7 without limitation, the following:

- 8           a. Whether Defendant is permitted by the Policies to determine its Monthly  
9           Cost of Insurance Rates using factors other than those specified in the  
10           Policies;
- 11           b. Whether Defendant added, included, or relied on factors not specified in the  
12           Policies when determining the Monthly Cost of Insurance Rates used to  
13           calculate Cost of Insurance Charges for the Policies;
- 14           c. Whether Defendant added, included, or relied on factors unrelated to its  
15           mortality expectations in determining Monthly Cost of Insurance Rates that  
16           the Policies provide are determined using specified mortality factors and no  
17           other specified factors;
- 18           d. Whether Defendant is permitted by the Policies to charge expense amounts  
19           to policy owners in excess of the amounts disclosed in the Policies;
- 20           e. Whether Defendant charged amounts in excess of those specifically  
21           authorized by the Policies;
- 22           f. Whether Defendant breached the terms of the Policies;
- 23           g. Whether Defendant converted Class members' property;
- 24           h. Whether the Class was injured and sustained damages as a result of  
25           Defendant's wrongful conduct;
- 26           i. Whether the Class is entitled to damages, restitution, and/or other relief as a  
27           remedy for Defendant's conduct; and

j. Whether the Class is entitled to declaratory relief stating the proper construction and/or interpretation of the Policies.

3       56. The questions set forth above predominate over any questions affecting only  
4 individual persons, and a class action is superior to all other available means of fair and  
5 efficient adjudication of the claims of Plaintiff and Class members. The injury suffered by  
6 each individual Class member is relatively small in comparison to the burden and expense  
7 of individual prosecution of these claims. Even if Class members could afford to pursue  
8 individual litigation, the court system could not. Individualized litigation would risk  
9 inconsistent or contradictory judgments while increasing the delay and expense to all  
10 parties, and to the judicial system, from the complex legal and factual issues presented  
11 here. By contrast, the class action device presents far fewer management difficulties, and  
12 provides the benefits of single adjudication, an economy of scale, and comprehensive  
13 supervision by a single court.

14        57. Defendant has acted or refused to act on grounds generally applicable to  
15 Plaintiff and Class members, making declaratory relief appropriate with respect to the  
16 Class as a whole.

**COUNT I: BREACH OF CONTRACT**  
(Cost of Insurance Charge)

18        58. The allegations contained in paragraphs 1 through 57 are incorporated by  
19 reference as if fully alleged herein.

59. Plaintiff and the Class purchased life insurance policies—defined herein as  
the Policies—from Defendant.

22 60. The Policies are valid and enforceable contracts between Defendant and  
23 Class members, including Plaintiff.

24 61. Plaintiff and the Class members substantially performed their obligations  
25 under the terms of the Policies.

26 62. By determining Monthly Cost of Insurance Rates inconsistent with the terms  
27 of the Policies and loading unauthorized factors in Monthly Cost of Insurance Rates,  
28

1 Defendant impermissibly caused and continues to cause those rates to be higher than what  
2 is explicitly authorized by the Policies.

3       63. Because Defendant calculates Cost of Insurance Charges inconsistent with  
4 the terms of the Policies, including using Monthly Cost of Insurance Rates that are higher  
5 than those authorized by the Policies, Defendant deducted Cost of Insurance Charges from  
6 the Account Values of Plaintiff and the Class in amounts greater than those authorized by  
7 their policies.

8       64.    Defendant's practice of deducting charges in amounts not authorized by the  
9 Policies constitutes a breach of the Policies.

10 65. As a direct and proximate result of Defendant's ongoing and continuing  
11 breach, Plaintiff and the Class have sustained damages that are continuing in nature in an  
12 amount to be determined at trial.

**COUNT II: BREACH OF CONTRACT**  
**(Expense Charge)**

15        66. The allegations contained in paragraphs 1 through 57 are incorporated by  
16 reference as if fully alleged herein.

17        67. By loading Monthly Cost of Insurance Rates with undisclosed and  
18 unauthorized expenses, Defendant impermissibly deducts expenses from the Account  
19 Values of Plaintiff and the Class in amounts in excess of the fixed expense charges  
20 expressly authorized by the Policies.

21 68. By deducting unauthorized expense charges from the Account Values of  
22 Plaintiff and the Class, Defendant has breached the Policies.

23       69. As direct and proximate result of Defendant's ongoing and continuing  
24 breach, Plaintiff and the Class have sustained damages that are continuing in nature in an  
25 amount to be determined at trial.

### COUNT III: CONVERSION

27        70. The allegations contained in paragraphs 1 through 57 are incorporated by  
28 reference as if fully alleged herein.

1       71. Plaintiff and the Class were the owners of the funds Defendant deducted  
2 from their Account Values in excess of the amounts permitted by the terms of the Policies.

3       72. Defendant intentionally and substantially interfered with that property  
4 interest. By deducting Cost of Insurance Charges and expense charges in unauthorized  
5 amounts from the Account Values of Plaintiff and the Class, Defendant assumed and  
6 exercised dominion and control over, and misappropriated or misapplied specific funds  
7 placed in the custody of Defendant for the benefit of Plaintiff and the Class members,  
8 without authorization or consent and in hostility to the rights of Plaintiff and Class  
9 members.

10       73. Defendant continues to retain these funds unlawfully. At no time did Plaintiff  
11 or any Class member consent to such wrongful retention of funds by Defendant.

12       74. Defendant's wrongful exercise of control over the personal property of  
13 Plaintiff and Class members constitutes conversion. Demand is excused because  
14 Defendant's possession of the property was acquired wrongfully and because demand  
15 would be useless.

16       75. As a direct and proximate result of Defendant's conduct, Plaintiff and the  
17 Class have been damaged, and these damages are continuing in nature.

18       76. Although requiring expert testimony, the amounts of unauthorized Cost of  
19 Insurance Charges and expense charges Defendant took from Plaintiff and the Class are  
20 capable of determination, to an identified sum, by comparing Plaintiff's actual Cost of  
21 Insurance Charge each month to a Cost of Insurance Charge computed using a Monthly  
22 Cost of Insurance Rate determined using only the mortality factors provided for in the  
23 Policy.

24       77. Defendant intended to cause damage to the Plaintiff and the Class by  
25 deducting more from their Account Values than was authorized by the Policies.

26       78. By reason of the foregoing, Plaintiff and Class members are entitled to  
27 recover from Defendant all damages and costs permitted by law, including all amounts  
28 Defendant wrongfully converted.

## **COUNT IV: DECLARATORY RELIEF**

79. The allegations contained in paragraphs 1 through 57 are incorporated by reference as if fully alleged herein.

4       80. An actual controversy has arisen and now exists between Plaintiff and the  
5 Class, on the one hand, and Defendant, on the other, concerning the respective rights and  
6 duties of the parties under the Policies.

7       81. Plaintiff contends that Defendant breached and continues to breach the  
8 Policies in the following respects:

- a. By using unauthorized and undisclosed factors to compute the Monthly Cost of Insurance Rates under the Policies, Defendant impermissibly increased Monthly Cost of Insurance Rates for the Policies and, as a result, withdraws Cost of Insurance Charges from the Account Values of Plaintiff and the Class in amounts greater than those authorized by the Policies; and
- b. By inflating Monthly Cost of Insurance Rates under the Policies with expense factors that are not disclosed as being used to determine those rates, Defendant impermissibly deducted expense charges from the Account Values of Plaintiff and the Class in amounts in excess of the fixed expense charges expressly authorized by the Policies.

19       82. Plaintiff therefore seeks a declaration of the parties' respective rights and  
20 duties under the Policies and requests the Court to declare the aforementioned conduct of  
21 Defendant as unlawful and in material breach of the Policies so that future controversies  
22 may be avoided.

## PRAYER FOR RELIEF

24       83. WHEREFORE, Plaintiff, individually and on behalf of all others similarly  
25 situated, requests relief as follows:

26 (a) That the Court enter an order certifying the class, appointing Plaintiff as a  
27 representative of the Class, appointing Plaintiff's 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 Defendant for the causes of action alleged against it;
- (c) For compensatory damages in an amount to be proven at trial;
- (d) For punitive and exemplary damages;
- (e) For a declaration that Defendant's conduct as alleged herein is unlawful and in material breach of the Policies;
- (f) For pre-judgment and post-judgment interest at the maximum rate permitted by law;
- (g) For Plaintiff's attorneys' fees;
- (h) For Plaintiff's costs incurred; and
- (i) For such other relief in law or equity as the Court deems just and proper.

## **DEMAND FOR JURY TRIAL**

Plaintiff hereby demands a trial by jury of all claims so triable.

Dated: July 13, 2020

Respectfully Submitted,

MILLER, PITTS, FELDMAN & McANALLY  
P.C.

/s/ *José de Jesús Rivera*

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**Attorneys for Plaintiff**

# EXHIBIT A

## PART 1

# STATE FARM LIFE INSURANCE COMPANY

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



INSURED	EARL L MC CLURE (Male)
AGE	██████████
POLICY NUMBER	LF-1518-6782
POLICY DATE	February 6, 1997
INITIAL BASIC AMOUNT	\$100,000

This policy is based on the application and the payment of premiums, as specified in the policy, while the Insured lives. State Farm Life Insurance Company will pay the proceeds to the beneficiary when due proof of the Insured's death is received.

**30-Day Right to Examine the Policy.** This policy may be returned within 30 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.

Secretary

President

## BASIC PLAN DESCRIPTION

Flexible premium adjustable whole life insurance. A death benefit is payable when the Insured dies. Flexible premiums are payable while the Insured is alive. The basic plan is eligible for annual dividends.

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## POLICY IDENTIFICATION

Insured      EARL L MC CLURE      Age      [REDACTED]  
 (Male)

Policy Number      LF-1518-6782      Initial Basic Amount      \$100,000

Policy Date      February 6, 1997

Issue Date      February 14, 1997

## SCHEDULE OF BENEFITS

## Universal Life Basic Plan:

Death Benefit Option 1 (Basic Amount includes the Account Value)  
 Basic Amount (Standard Rate Class-Male Non-Tobacco): \$100,000

## SCHEDULE OF PREMIUMS

The Initial Premium is \$2,005.44.

Planned premiums are included in the schedule shown below. The payment period for the planned premiums is 1 month starting on March 6, 1997.

A premium expense charge of 5% is deducted from each premium paid.

Beginning:	Total Premiums For Policy Year
February 6, 1997	\$3,775.45
February 6, 1998	1,930.92

## MONTHLY DEDUCTIONS

The deduction date is the 6th of each month.

Maximum monthly cost of insurance rates are shown on page 4. The cost of insurance is deductible while the policy is in force.

The monthly expense charge is \$5.00.

NOTE: Insurance may terminate if premiums paid are not sufficient to continue the insurance.

## S C H E D U L E O F S U R R E N D E R C H A R G E S

Beginning Policy Year			Beginning Policy Year		
Month	Surrender Charge	Month	Surrender Charge	Month	Surrender Charge
1	1	\$150.00	1	12	\$1,800.00
1	2	300.00	2	1	1,800.00
1	3	450.00	3	1	1,800.00
1	4	600.00	4	1	1,575.00
1	5	750.00	5	1	1,350.00
1	6	900.00	6	1	1,125.00
1	7	1,050.00	7	1	900.00
1	8	1,200.00	8	1	675.00
1	9	1,350.00	9	1	450.00
1	10	1,500.00	10	1	225.00
1	11	1,650.00	11	1	0.00

## C O S T O F I N S U R A N C E R A T E S A N D M O N T H L Y C H A R G E S

Maximum Monthly Cost of Insurance Rates  
Per \$1000

(Standard Rate Class-Male Non-Tobacco)

Age	Rate	Age	Rate	Age	Rate	Age	Rate
60	1.4109	70	3.5147	80	9.0119	90	21.3788
61	1.5430	71	3.8670	81	9.8582	91	23.0518
62	1.6923	72	4.2723	82	10.8223	92	24.9371
63	1.8597	73	4.7329	83	11.9024	93	27.2442
64	2.0454	74	5.2401	84	13.0775	94	30.4453
65	2.2459	75	5.7847	85	14.3247	95	35.4922
66	2.4605	76	6.3595	86	15.6263	96	44.5151
67	2.6886	77	6.9577	87	16.9762	97	62.8314
68	2.9344	78	7.5852	88	18.3754	98	73.0824
69	3.2068	79	8.2619	89	19.8343	99	83.3333
						& over	

## 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.

**Basic Amount Minimum.** On or after the policy anniversary when the Insured is age 55, the Basic Amount cannot be less than \$25,000. Otherwise, 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 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.

**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, 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 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 account 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 95% of any premium received since the last deduction date plus interest earned on that amount of premium or (2) a percentage of the account 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 account value or (2) a percentage of the account value. Such percentage is based on the Insured's age at the start of the current policy year.

**Percentage of Account Value Table**

Age	Percentage	Age	Percentage
0-40	250%	61	128%
41	243%	62	126%
42	236%	63	124%
43	229%	64	122%
44	222%	65	120%
45	215%	66	119%
46	209%	67	118%
47	203%	68	117%
48	197%	69	116%
49	191%	70	115%
50	185%	71	113%
51	178%	72	111%
52	171%	73	109%
53	164%	74	107%
54	157%	75-90	105%
55	150%	91	104%
56	146%	92	103%
57	142%	93	102%
58	138%	94	101%
59	134%	95 & up	100%
60	130%		

**Change in Basic Amount.** You may request a change in the Basic Amount once each policy

year. The minimum amount of change is \$25,000 for an increase and \$10,000 for a decrease. 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 80. 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 the Basic Amount Minimum. We reserve the right to not accept a request for a decrease in the Basic Amount if such decrease could 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 account value on the effective date of the increase. We reserve the right to not accept a request for a change to option 1 if such change could 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 account value on the effective date of the decrease.

## 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 3½% 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 3½% 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	\$84.90	8	\$11.93
2	43.18	9	10.78
3	29.28	10	9.86
4	22.33	15	7.12
5	18.17	20	5.77
6	15.39	25	4.98
7	13.41	30	4.46

**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	\$4.50	\$4.15	\$4.46	\$4.13
55	4.91	4.48	4.84	4.45
60	5.47	4.92	5.34	4.86
65	6.25	5.53	5.98	5.41
70	7.34	6.38	6.76	6.12
75	8.85	7.64	7.62	7.01

**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 3½% 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	\$4.45	\$4.69	\$4.91	\$5.10
65	4.60	4.92	5.24	5.55
70	4.71	5.11	5.56	6.02
75	4.79	5.26	5.83	6.47

**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 3½% 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 an interest rate of 3½% a year and the 1983 Table a, projected 10 years using Projection Scale G.

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.

# EXHIBIT A

## PART 2

## 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. Reinstate will take effect on the date we approve the application for reinstatement.

## GUARANTEED VALUES PROVISIONS

**Account Value.** The account value on the policy date is 95% of the initial premium less the monthly deduction for the first policy month.

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

- (1) plus 95% 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 account value on the current deduction date, and
- (6) plus any interest accrued since the prior deduction date.

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

- (1) plus 95% 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.

## 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 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 account 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 account value exceeds the Initial Basic Amount, the account value is part of the Initial Basic Amount. Once the account 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.** Interest accrues daily and is credited to the account value on the monthly deduction date. An interest rate of at least 4% a year will be applied to the account value. The rate applied to the amount of account value up to the amount of any loan may differ from the rate applied to the account value in excess of the amount of any loan. We will determine these rates based on projected changes in investment earnings, mortality, expenses, and persistency. We may credit not more than an additional  $\frac{1}{2}\%$  a year to policies that have been in force more than 20 policy years. This additional interest is the result of a reduction in the interest margin for expenses. The guaranteed

interest rate of 4% a year is not increased by this additional  $\frac{1}{2}\%$  a year.

**Cash Surrender Value.** You may request surrender of this policy at any time. This policy will terminate on the date we receive the request or later date if you so request it. We will pay you the cash surrender value as of the date coverage ceases plus the monthly deduction for the part of the policy month beyond that date. We will pay you in one sum unless you choose another method of payment. The cash surrender value of this policy is its account value less any surrender charge and 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 account 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. 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. The reduction will be made as if a decrease in the Basic Amount had been requested.

## GUARANTEED VALUES PROVISIONS (CONTINUED)

**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.

You may borrow the loan value less any existing loan and accrued interest and monthly deductions for the next 2 months. If your unpaid loan plus accrued interest exceeds the loan value on the monthly deduction date, the Grace Period provision will apply.

**Loan Value.** The loan value is the account value of this policy less the surrender charge.

**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.

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.

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

- (1) the account 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, account values, and cash surrender values. We may charge a reasonable fee for providing this projection.

**GENERAL PROVISIONS (CONTINUED)**

**Annual Dividends.** We do not expect to pay dividends on this policy; however, we may apportion and pay dividends each year. Any such dividends will be paid only at the end of the policy year. There is no right to a partial or pro rated dividend prior to 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 Account Value.** We will add it to the account value at the end of the policy year.

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 account 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 account 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 account value, and any dividends paid on the Basic Plan.

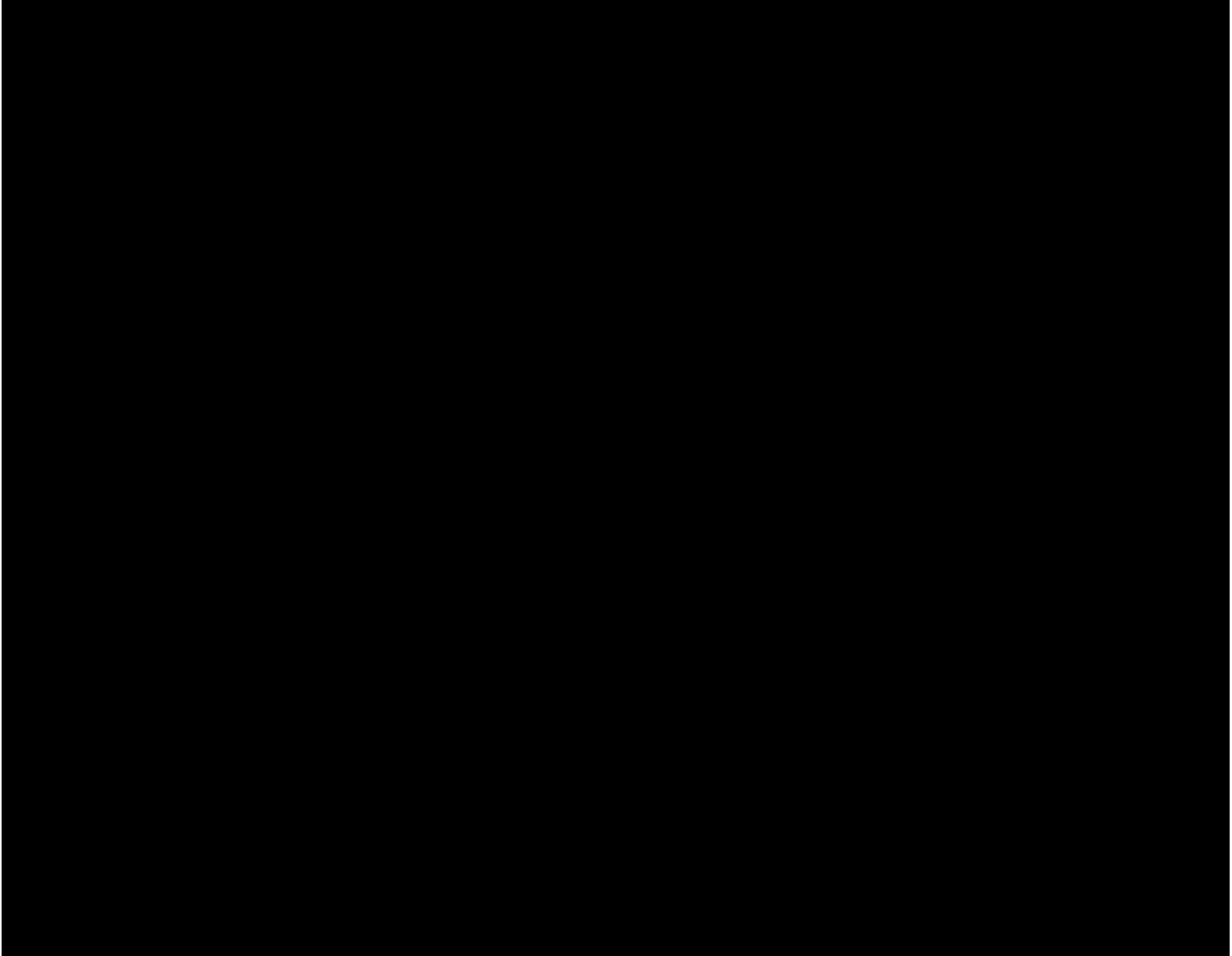
Each rider has its own limited death benefit provision.

STATE FARM LIFE INSURANCE COMPANY  
BLOOMINGTON, ILLINOIS  
APPLICATION FOR LIFE INSURANCE

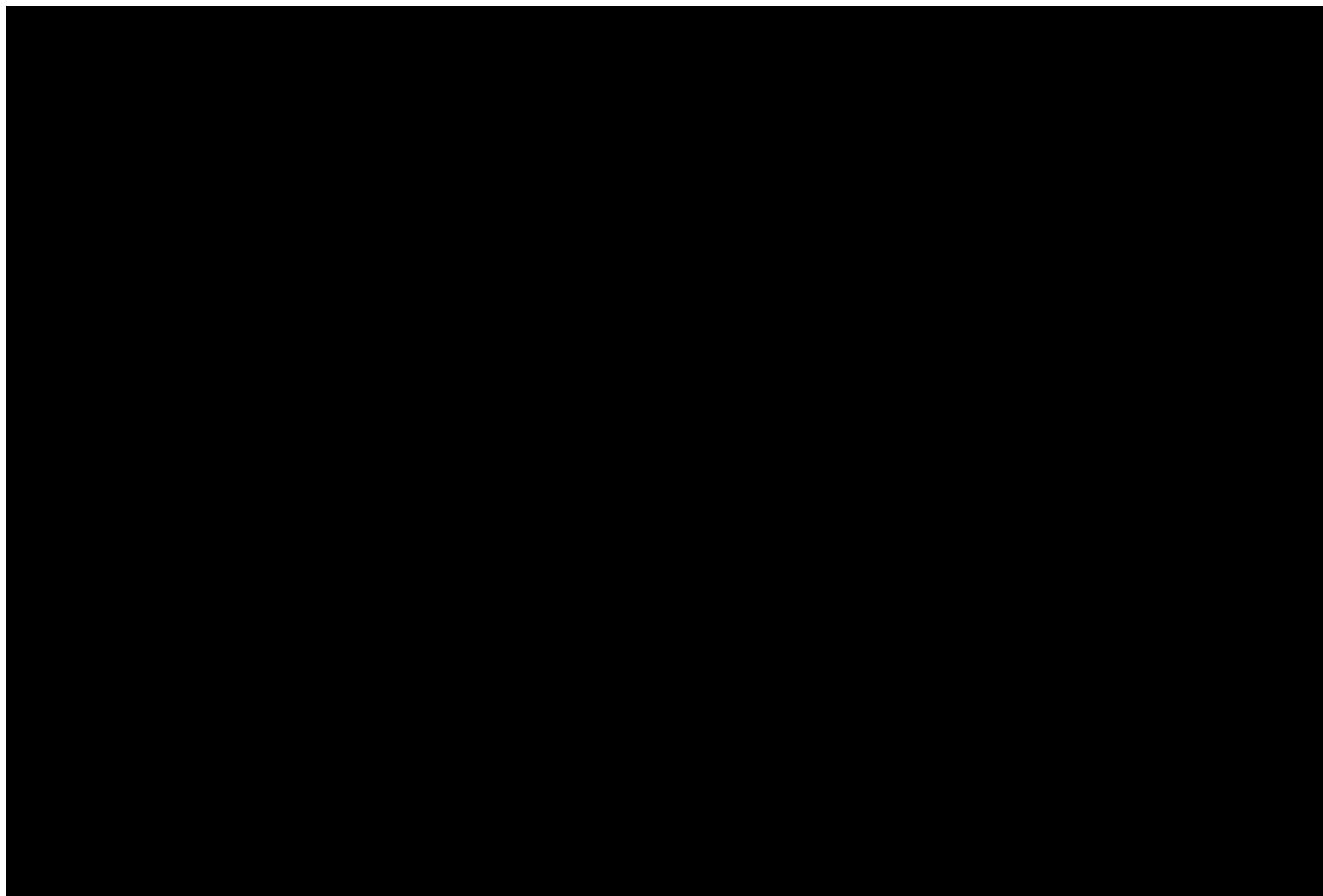
SIGNATURE COPY

PROPOSED INSURED #1: MR MC CLURE,EARL L

In City? YES



SIGNATURE COPY



# 14

## SIGNATURE COPY

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 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.

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. 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 11-13-95

Signature of Proposed Insured 1

Earl McClure

at MESA A2

Signature of  
Agent as witness Nic Tay

\*\*\*\*\*  
STATE FARM LIFE INSURANCE COMPANY  
ACKNOWLEDGEMENT

I have received the Notices and Acknowledgement and Authorization.

AUTHORIZATION

I authorize any source having information about me or my children to give to State Farm Life, its reinsurers, or its representatives all such information as to health history, diagnosis, treatment or prognosis with respect to any physical or mental condition and as to other non-medical information. 'Source' includes any doctor, hospital, clinic, U.S. Veterans Administration hospital, mental health facility or any other medically related facility, MIB, Inc., insurance company or consumer reporting agency. Any information obtained will be used to determine eligibility for insurance. This information may be released to another insurance company or MIB, Inc.; however, no MIB Inc. information will be released to a consumer reporting agency. This authorization is valid for 2 years. A photocopy is as valid as the original.

I elect to be interviewed if an investigative consumer report is prepared and indicate this preference by a "checkmark" in the following box.

Proposed Insured #1

Earl McClure

Date Signed 11-13-95



STATE FARM INSURANCE COMPANIES

HOME OFFICES: BLOOMINGTON, ILLINOIS 61710-0001

STATE FARM LIFE INSURANCE COMPANY

STATE FARM MUTUAL AUTOMOBILE INSURANCE  
COMPANY - HEALTH INSURANCE DEPARTMENT

**MEDICAL EXAMINER'S REPORT-ADULT (PARAMEDICAL)**

**MEDICAL HISTORY portion of LIFE and/or HEALTH INSURANCE APPLICATION**

File No.(s) \_\_\_\_\_

1. a. Name of Proposed Insured

McCLORE, EARL L.

## Part (B)

To:  State Farm Life Insurance Company State Farm Life and Accident Assurance CompanyRe: Policy No.(s) 1446-2943Name of Insured MC CULURE, EARLSignature  
of PolicyownerEarl J. McCleue2-6-97

## AGENT'S CODE STAMP

C. TAYLOR 1689  
EAST VALLEY F750Signature  
of WitnessW. Taylor

City

State

Zip Code

Date



## STATEMENT OF POLICY COST AND BENEFIT INFORMATION

## BASE PLAN 94030:

FLEXIBLE PREMIUM ADJUSTABLE LIFE INSURANCE BENEFIT PAYABLE ON INSURED'S DEATH.  
NON-TOBACCO COST OF INSURANCE RATES

POLICY YEAR	DEATH BENEFIT OF POLICY YEAR	BEGINNING GUARANTEED BASIS	ACCOUNT VALUE CURRENT BASIS	END OF POLICY YEAR GUARANTEED BASIS	CASH SURRENDER VALUE END OF POLICY YEAR GUARANTEED BASIS	PLANNED PREMIUM FOR YEAR
1	\$100,000	\$100,000	\$1,945.40	\$2,803.39	\$145.40	\$3,775.45
2	100,000	100,000	1,990.41	3,837.42	190.41	1,930.92
3	100,000	100,000	1,857.94	4,840.38	57.94	1,930.92

THIS POLICY WILL TERMINATE ON FEB. 6, 2000 AT END OF THE GRACE PERIOD BASED ON THE SCHEDULED PREMIUM PAYMENTS, NO POLICY LOAN, GUARANTEED COST OF INSURANCE RATE AND GUARANTEED INTEREST RATE.

COST OF INSURANCE FOR THE BASIC PLAN AND CHARGES FOR ANY RIDERS ARE INCLUDED IN THE VALUES SHOWN ABOVE.

THIS POLICY IS PARTICIPATING BUT STATE FARM LIFE DOES NOT EXPECT TO PAY DIVIDENDS.

FIGURES SHOWN ON THE CURRENT BASIS USE THE CURRENT INTEREST CREDITED OF 6.50% A YEAR WITH AN ADDITIONAL 1/2% BEYOND THE 20TH YEAR ON THE ACCOUNT VALUE, THE CURRENT MONTHLY COST OF INSURANCE RATES AND CURRENT MONTHLY CHARGES FOR ANY ADDITIONAL INSURED'S TERM RIDER. THESE ITEMS CAN CHANGE AT ANY TIME SUBJECT TO THE GUARANTEED INTEREST RATE OF 4% A YEAR, MAXIMUM MONTHLY COST OF INSURANCE RATES, MAXIMUM MONTHLY CHARGE FOR ANY ADDITIONAL INSURED'S TERM RIDER, AND THE AMOUNT OF ANY POLICY LOAN. INTEREST CREDITED ON THE ACCOUNT VALUE UP TO THE AMOUNT OF ANY POLICY LOAN IS CURRENTLY 6.00% A YEAR.

THE CASH SURRENDER VALUE SHOWN IS EQUAL TO THE ACCOUNT VALUE LESS ANY APPLICABLE SURRENDER CHARGE. A SURRENDER CHARGE APPLIES DURING THE FIRST 10 POLICY YEARS FOLLOWING ISSUE OR AN INCREASE IN THE BASIC AMOUNT.

EFFECTIVE POLICY LOAN ANNUAL INTEREST RATE IS 8% PAYABLE ON POLICY ANNIVERSARIES FOLLOWING THE LOAN DATE.

THE EXPENSE CHARGE IS 5% OF EACH PREMIUM. A MONTHLY EXPENSE CHARGE OF \$5.00 WILL BE DEDUCTED FROM THE ACCOUNT VALUE ON EACH DEDUCTION DATE.

THE DESCRIPTION OF COVERAGE IS GENERAL. A COMPLETE STATEMENT OF COVERAGE IS FOUND ONLY IN THE POLICY.

X18

AGENT: CIE TAYLOR, CLU  
2801 E MCKELLIPS ROAD  
MESA, AZ 85213  
TELEPHONE (602) 830-1513

PAGE 1

FOR: EARL L MC CLURE  
POLICY NUMBER: LF-1518-6782  
PREPARED ON: 02-14-1997

**UNITED STATES DISTRICT COURT  
DISTRICT OF ARIZONA**

**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 District of Arizona.

**The completed cover sheet must be printed directly to PDF and filed as an attachment to the Complaint or Notice of Removal.**

---

**Plaintiff(s): Earl L. McClure**

County of Residence: Maricopa

County Where Claim For Relief Arose: Maricopa

Plaintiff's Atty(s):

**Norman E. Siegel  
Stueve Siegel Hanson LLP  
460 Nichols Road, Suite 200  
Kansas City, Missouri 64112  
816-714-7100**

**Defendant(s): State Farm Life Insurance Company**

County of Residence: Outside the State of Arizona

Defendant's Atty(s):

**Ethan M. Lange  
Stueve Siegel Hanson LLP  
460 Nichols Road, Suite 200  
Kansas City, Missouri 64112  
816-714-7100**

**John J. Schirger  
Miller Schirger, LLC  
4520 Main Street, Suite 1570  
Kansas City, Missouri 64111  
816-561-5600**

**Matthew W. Lytle  
Miller Schirger, LLC  
4520 Main Street, Suite 1570  
Kansas City, Missouri 64111  
816-561-6500**

**Joseph M. Feierabend  
Miller Schirger, LLC  
4520 Main Street, Suite 1570**

**Kansas City, Missouri 64111  
816-561-6500**

**José de Jesús Rivera  
Miller Pitt Feldman & McAnally P.C.  
2800 N. Central Avenue, Suite 840  
Phoenix, Arizona 85004-1069  
602-266-5557**

**Heather L. H. Goodwin  
Miller Pitt Feldman & McAnally P.C.  
2800 N. Central Avenue, Suite 840  
Phoenix, Arizona 85004-1069  
602-266-5557**

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**II. Basis of Jurisdiction:** **4. Diversity (complete item III)**

**III. Citizenship of Principal  
Parties (Diversity Cases Only)**

Plaintiff:- **1 Citizen of This State**  
Defendant:- **5 Non AZ corp and Principal place of Business outside AZ**

**IV. Origin:** **1. Original Proceeding**

**V. Nature of Suit:** **110 Insurance**

**VI. Cause of Action:** **28 U.S.C. Sect. 1332. Breach of contract, conversion, declaratory relief.**

**VII. Requested in Complaint**

Class Action: **Yes**  
Dollar Demand: **Greater than \$5 million**  
Jury Demand: **Yes**

**VIII. This case is not related to another case.**

---

**Signature: José de Jesús Rivera**

**Date: 7/13/2020**

**If any of this information is incorrect, please go back to the Civil Cover Sheet Input form using the *Back* button in your browser and change it. Once correct, save this form as a PDF and include it as an attachment to your case opening documents.**

Revised: 01/2014

1 Name \_\_\_\_\_  
2 Bar # \_\_\_\_\_  
3 Firm \_\_\_\_\_  
4 Address \_\_\_\_\_  
5 \_\_\_\_\_  
6 Telephone \_\_\_\_\_

7 IN THE UNITED STATES DISTRICT COURT  
8 FOR THE DISTRICT OF ARIZONA

10 Plaintiff, \_\_\_\_\_  
11 \_\_\_\_\_  
12 vs. \_\_\_\_\_  
13 \_\_\_\_\_  
14 Defendant. \_\_\_\_\_  
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28 \_\_\_\_\_

**Case No.**

**Corporate Disclosure Statement**

This Corporate Disclosure Statement is filed on behalf of \_\_\_\_\_  
in compliance with the provisions of: *(check one)*

- Rule 7.1, Federal Rules of Civil Procedure, a nongovernmental corporate party to an action in a district court must file a statement that identifies any parent corporation and any publicly held corporation that owns 10% or more of its stock or states that there is no such corporation.
- Rule 12.4(a)(1), Federal Rule of Criminal Procedure, any nongovernmental corporate party to a proceeding in a district court must file a statement that identifies any parent corporation and any publicly held corporation that owns 10% or more of its stock or states that there is no such corporation.
- Rule 12.4(a)(2), Federal Rule of Criminal Procedure, if an organizational victim of alleged criminal activity is a corporation the government must file a statement identifying the victim and the statement must also disclose the information required by Rule 12.4(a)(1).

1           **The filing party hereby declares as follows:**

2            No such corporation.

3            Party is a parent, subsidiary or other affiliate of a publicly owned corporation as  
4           listed below. *(Attach additional pages if needed.)*  
5            Relationship \_\_\_\_\_  
6            Publicly held corporation, not a party to the case, with a financial interest in the  
7           outcome. *List identity of corporation and the nature of financial interest. (Attach*  
8           *additional pages if needed.)*  
9            Relationship \_\_\_\_\_  
10            Other(please explain)  
11             
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**A supplemental disclosure statement will be filed upon any change in the  
information provided herein.**

13           Dated this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

16             
17             
18             
19           Counsel of Record  
20             
21             
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Certificate of Service: