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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF PENNSYLVANIA

MARSHALL LEWIS TUTOR on behalf of
himself and all others similarly situated,

Plaintiff,

v.

LINCOLN NATIONAL CORP. and
LINCOLN NATIONAL LIFE INSURANCE
COMPANY, collectively d/b/a LINCOLN
FINANCIAL GROUP,

Defendants.

Case No.

17 4150

COMPLAINT – CLASS ACTION

JURY TRIAL DEMAND

Plaintiff, Marshall Lewis Tutor, on behalf of himself and all others similarly situated, files this class action complaint against Defendants Lincoln National Corporation and Lincoln National Life Insurance Company, collectively doing business as Lincoln Financial Group, and alleges as follows:

NATURE OF THE ACTION

1. Beginning August 2017, Lincoln dramatically increased the amount Plaintiff is charged every month to keep his life insurance policy in force. The increase was the product of Lincoln’s decision to increase the “cost of insurance” for Plaintiff’s coverage by approximately forty percent in one month. Lincoln implemented the increase in violation of the terms of Plaintiff’s policy, in an effort to coerce him and other similarly situated policyholders into allowing their policies to lapse, thereby relieving Lincoln of its obligation to administer the policies in accordance with their terms. Plaintiff brings this class action to enjoin Lincoln from

implementing the August 2017 increase and to recover amounts that Lincoln has wrongfully charged and collected from him and other owners of affected policies (the “class policies”).

2. From 1983 to 2008, Jefferson-Pilot Corporation, Lincoln’s predecessor in interest, sold flexible premium adjustable life insurance policies. These policies, known as universal life policies, include both a “death benefit” and an investment component in the form of an “account” that earns interest. The policies are “flexible” in that they allow policyholders to vary the amount of premiums they wish to pay. A policyholder may choose, for example, not to pay a premium, or to pay a smaller premium and use the savings component of their policy—the policy value—to pay the remaining monthly costs associated with their policy. Generally, if a policyholder fails to pay a premium when due, and the policy value is insufficient to cover the monthly deduction, the policy will enter a grace period and the policyholder will receive notification of the minimum amount due. If that amount is not paid within the grace period, the policy is said to “lapse,” and the insurer has no further obligation to the policyholder.

3. The class policies authorize Lincoln to charge policyholders a monthly deduction for the cost of insurance (“COI”). The COI charge under the class policies is a monthly charge assessed for mortality, administration and other expenses associated with the administration of the class policies. Lincoln’s discretion to determine the COI rate is constrained by the terms of the policies, which provide that it must calculate the COI “based on” its “expectations of future mortality, interest, expenses, and lapses.”¹ The policies require Lincoln to implement “any change in the monthly cost of insurance rates . . . on a uniform basis for Insureds of the same rate class.” Under the class policies, Lincoln is required to determine the COI on a monthly basis and

¹ A copy of Plaintiff’s policy form is attached to this Complaint as Exhibit A.

is prohibited from deviating from the COI factors (future mortality, interest, expenses, and lapses).

4. Lincoln breached its policy contracts with Plaintiff and other policyholders by using unauthorized factors to determine the COI rate. Beginning in August 2017, in response to the adverse impact of years of low interest rates on Lincoln's investment portfolio, Lincoln abruptly raised the COI rates on select Lincoln Jefferson-Pilot policies issued between the years 1983 and 2008. Under the express policy terms, however, Lincoln's investment performance is not a proper consideration in setting the COI.

5. The COI increases applied to the class policies are dramatic. Mr. Tutor's COI, for example, increased approximately 40%. Updated illustrations factoring in the increased COI show substantially increased premiums will be required to keep the policy in force. The practical effect of Lincoln's conduct has been higher monthly deductions for Plaintiff and other policy owners that, in many cases, will force a lapse of the policies and a loss of life insurance coverage.

6. Lincoln breached the policies and violated its duty of good faith and fair dealing by: (1) not changing monthly COI rates on a uniform basis for insureds of the same rate class; (2) failing to base COI rates on Lincoln's current expectation of future mortality, interest, expenses and lapses; (3) delaying increases in COI for competitive reasons; (4) failing to determine COI rates on a monthly basis; and (5) drastically raising rates to make up for past financial losses. Lincoln has now implemented COI increases that are not justified by permissible factors, knowing that policyholders will be unable to pay the increased premiums, to force policyholders to relinquish their policies. Plaintiff seeks damages to compensate for wrongfully increased COI charges and injunctive relief prohibiting Lincoln from continuing to maintain and assess the

wrongfully increased COI amounts, and reinstating any policies that lapsed as a result of the August 2017 increases.

PARTIES

A. Plaintiff

7. Plaintiff Tutor is an individual and resident of Fuquay-Varina, North Carolina. He is the owner of a Lifesight 32 flexible premium adjustable policy, purchased from Jefferson-Pilot Life Insurance Company, Lincoln's predecessor in interest.

B. Defendants

8. Defendant Lincoln National Corporation is an Indiana corporation with its principal place of business in Pennsylvania. On April 3, 2006, Jefferson-Pilot merged into one of Lincoln National's wholly owned subsidiaries. Lincoln National Corporation assumed Jefferson-Pilot's contractual obligations, including the class policies, in the merger.

9. Defendant Lincoln National Life Insurance Company—an Indiana Corporation—is a wholly owned subsidiary of Lincoln National Corporation, with its principal place of business in Indiana. Lincoln National Corporation and its affiliates, including Lincoln National Life Insurance Company, conduct business under the fictitious name Lincoln Financial Group.

10. Lincoln National Corporation and Lincoln National Life Insurance Company are collectively referred to as Lincoln.

JURISDICTION AND VENUE

11. This Court has subject matter jurisdiction over the claims against Defendants in this action pursuant to the Class Action Fairness Act, 28 U.S.C. § 1332(d)(2), because Plaintiff brings class claims on behalf of citizens of states different from Defendants' state of citizenship,

the total amount in controversy exceeds \$5 million, and the proposed class contains more than 100 members.

12. This Court has personal jurisdiction over Defendant Lincoln National Corporation because it maintains its principal place of business in Pennsylvania and much of the relevant conduct occurred here.

13. This Court has personal jurisdiction over Defendant Lincoln National Life Insurance Company because it conducts significant business in Pennsylvania and much of the relevant conduct occurred here.

14. Venue is proper in this District under 28 U.S.C. § 1391 because Defendant Lincoln National Corporation maintains its principal executive offices in this District and a substantial part of the events and omissions giving rise to these claims occurred here.

FACTUAL BACKGROUND

A. The Life Insurance Industry

15. This action involves Lincoln's administration of life insurance policies owned by Plaintiff and other class members.

16. The life insurance industry is competitive. Life insurers like Lincoln compete with other insurers based on a number of factors, including investment performance and price. The rates a company charges to its policyholders therefore have a competitive impact as to its position within the larger industry.

17. Life insurance companies typically use an agency structure to sell their products. Some life insurance companies use agents or sales representatives who are "captive," meaning they cannot sell competitors' products. Instead, they sell only the products of the company for which they serve as an agent or sales representative.

18. In selling insurance policies, agents use sales illustrations to show prospective policyholders the policy features and benefits, model premium payments, and to project how the policy value is expected to change over time.

19. Lincoln does not have captive sales representatives or agents, meaning Lincoln agents can sell Lincoln products, or similar products offered by competing insurers. The fact that Lincoln agents are not limited to selling only Lincoln products creates intense pressure for Lincoln to maintain attractive sales illustrations so that Lincoln sales representatives are motivated to sell Lincoln policies rather than those offered by competing insurers.

20. Life insurance companies use a classification system to determine how to price life insurance. Under the classification system, persons with similar health and lifestyle factors are pooled into rate classes. For instance, smokers are pooled into a classification under which their life insurance is more expensive than life insurance for non-smokers of the same general age, health and gender.

21. Life insurance companies consider a range of health and lifestyle factors to determine what rate class a person falls into. Common factors include age, height, weight, cholesterol level, family history, and a person's lifestyle, *i.e.*, whether they engage in dangerous activities like skydiving or riding motorcycles.

22. Insureds with approximately equal expected loss potential are classified equally and charged the same rates. Insureds in higher risk groups are charged more for their insurance.

23. After determining an applicant's rate class, the life insurance company then provides a corresponding quote for a policy. If the applicant accepts the quote, the life insurance company issues a policy that specifies the insured's rate class.

B. Universal Life Insurance Policies

24. Lincoln and its predecessor, Jefferson-Pilot, have sold three types of life insurance products to their customers: term life insurance, whole life insurance, and universal life insurance.

25. Term life insurance provides coverage at a fixed rate of payments for a limited period of time. When the period expires, the policyholder is no longer entitled to coverage under the policy.

26. Whole life insurance remains in force for the policyholder's entire life, provided that the required premiums are paid. Whole life insurance includes an investment component—premiums are contributed to a savings account which the policyholder can borrow against or withdraw from.

27. Universal life insurance policies are flexible-premium, adjustable death benefit life insurance policies. Universal life insurance policies claim to offer the low-cost protection of term insurance as well as a savings component that earns a rate of return based on company-declared interest rates. Policyholders are only required to pay premiums in order to keep their policy value at a level sufficient to cover the monthly deduction.

28. Life insurance companies invest the money that makes up the policyholders' policy value in anticipation of achieving a greater rate of return than the guaranteed interest rate promised to policyholders. Policyholders are not entitled to any returns based on the performance of the life insurance companies' investments. Likewise, the company, not the policyholder, bears the risk of those investments.

29. Life insurance companies often take a monthly deduction from the policyholders' policy value.

30. The COI charge is typically the largest and most important component of the monthly deduction. Even seemingly small changes to the COI can have a dramatic impact on the premium charged to the policyholder. The COI rates are based primarily on factors impacting an insured's mortality such as age, height, weight, tobacco use, blood pressure, cholesterol level, and other factors which affect the risk that the insured will pass away and the company will have to pay a death benefit.

C. The Lincoln Jefferson-Pilot Merger

31. On April 3, 2006, Lincoln announced completion of a merger with Jefferson-Pilot. Under the terms of the merger, Jefferson-Pilot merged into one of Lincoln's wholly owned subsidiaries, and Lincoln Financial Group "assum[ed] all the rights, privileges, immunities, properties, powers and franchises of Jefferson-Pilot." Lincoln likewise assumed Jefferson-Pilot's contractual obligations, including responsibility for the class policies.

D. The Jefferson-Pilot Universal Life Policies

32. Plaintiff and the proposed class purchased their policies from Jefferson-Pilot, Lincoln's predecessor in interest. The class policies include LifeSight series policies such as Lifesight 30, Lifesight 31, and Lifesight 32, in addition to UL101/UL102/UL103, UL130/UL131, Vision 20, and Legend 3000 policies. Jefferson-Pilot issued the class policies between 1983 and 2008.

33. Lincoln has administered Plaintiff's policy and all other class policies following the Jefferson-Pilot acquisition.

34. The class policies are valid and enforceable contracts between the policyholders and Lincoln. The entire contract between the policyholder and Lincoln consists of the policy

itself, the attached application, and any attached endorsement or rider provisions (add-on additional benefit provisions).

35. The terms of the class policies are not subject to individual negotiation and are materially the same. They cannot be altered by an agent's representations at the time of sale, or by any other discussions or writings. Only an "authorized officer" can change the terms of the policy, and any such change must be in writing.

36. Unlike a standard term life insurance policy, Plaintiff's policy, like those of class members, is comprised of two components: (1) the "Specified Amount" of the life insurance benefit defined by the policy; and (2) the policy value, which consists of all premiums paid to date, and interest earned on the premiums. The Specified Amount and the policy value determine the death benefit—the amount that is payable to the beneficiary when the insured passes away.

37. The policy value is credited with monthly interest based on rates specified in the policy. The policy value is invested in the company's general account investment portfolios, so the company bears the risk that investment performance will be unfavorable, just as the company stands to benefit if investment performance is favorable.

38. Both the Specified Amount and the premiums are flexible. Policyholders can adjust the amount and frequency of premium payments, and (for policyholders younger than 75) can raise or lower their Specified Amount. Policyholders are allowed to make such adjustments so long as they do not result in: (1) a Specified Amount or premium lower than the minimums listed in the policy; or (2) payment of more than the maximum annual premium permitted under the policy terms.

39. The class policies authorize Lincoln to take out a monthly deduction from their policy value. The monthly deduction is the sum of the COI; administrative charges; and rider charges. If the monthly deductions result in the policy value declining to \$0, the policyholder is given a 60-day grace period to make a premium payment to raise the policy value above \$0. If the policyholder fails to do so, the policy will lapse, meaning it will terminate without value.

40. The COI is determined on a monthly basis and is the product of the COI rate and the number of thousands of net amount at risk for the month.

41. The net amount at risk for a month is set by a fixed formula and equals the difference between the death benefit and policy value.

42. By contrast, Lincoln sets the COI rate by applying certain criteria set forth in the policy. Lincoln is required to set COI rates using the following criteria:

- The COI must be determined on a monthly basis using certain COI rate factors stated in the policy;
- The COI rate must be “based on” Lincoln’s “expectation of future mortality, interest, expenses and lapses”;
- Any change in monthly COI rates must be “on a uniform basis for Insureds of the same rate class”; and
- The maximum rates must fall within actuarially determined “mortality tables” included in the policy.

43. The class policies require that Lincoln set COI rates each month in good faith in accordance with the policy terms, and do not permit Lincoln to manipulate COI rates to make its policies more attractive than those offered by competitors, increase COI rates to recapture losses experienced in earlier policy periods, use its discretion in determining the timing and amount of

COI increases to induce policy lapses, or otherwise act inconsistently with its obligations as set out in the policies.

E. Lincoln Improperly Raised Cost of Insurance Rates

44. In June and July 2017, Lincoln began issuing form letters to policyholders and agents notifying them that the company would be raising COI rates on the class policies beginning in August 2017. The increases in the COI rates are significant.

45. The notification letter Lincoln sent *to agents* attributed premium and COI increases to “[e]xpected lower investment earnings as a result of projected low interest rates and lower future account values”; “updated mortality assumptions that include instances of both higher and lower expected mortality versus prior expectations”; “updated expenses”; and “updated assumptions of future policyholder persistency/lapses.”

46. The notification letters *to class members* did not specify in the same detail why COI rates were increasing. Lincoln instead advised its insureds that “[COI] rates are based on certain cost factors, including mortality, interest, expenses and the length of time policies stay in force. Our future expectations for these cost factors have changed; therefore, policy COI rates have been adjusted to appropriately reflect these future expectations.” Lincoln did not disclose to policyholders that one of the reasons it was increasing COI rates was “lower investment earnings.”

47. In the FAQs sent to policyholders and the FAQs sent to advisors, Lincoln explained that the amount of the COI rate change “depends upon criteria listed in the policy.”

48. Lincoln recognized that many policyholders would be unable to pay the increased COI and would, therefore, be forced to allow their policies to lapse—in its letter to

policyholders, Lincoln specified several options its insureds had “other than paying additional premiums”:

- Paying the current premium and increasing the amount later to keep the policy in force;
- Paying the premium “for a potentially shorter coverage period and/or reduced policy cash value”;
- “Reducing the specified amount of the policy”;
- Exchanging the policy for a different one; or
- Surrendering the policy.

49. The drastic premium increases dissuade policyholders from maintaining their policies. Policyholders must choose between paying the higher premiums or allowing their policy to lapse once their account value has been depleted. Lincoln’s objective is to cause policyholders to allow their policies to lapse, thus relieving Lincoln of its obligations under the class policies—after having collected years’ worth of policyholder premiums. Lincoln further benefits by collecting greatly increased premiums from policyholders before they allow their policies lapse.

F. None of the Factors Disclosed in the Class Policies Justified the August 2017 COI Rate Increase

50. The factors on which Lincoln based its August 2017 increase do not support such dramatic rate hikes. The factors affecting COI rates for policyholders were relatively stable in 2016 and 2017, and none of the factors cited by Lincoln (investment losses, mortality, expenses, and updated persistency/lapse assumptions) justifies the drastic increase in the COI rate implemented by Lincoln in August 2017.

51. The interest rates in 2016 and 2017 did not justify the drastic hikes. Low interest rates have persisted for years with the 10-year treasury rate dropping and remaining below 4% since mid-2008.² Although prolonged historically low interest rates have adversely impacted Lincoln's business, Lincoln's disclosures to shareholders say it recognized the risks associated with low interest rates and has been proactive in its investment strategies, product designs, rate crediting strategies and overall asset-liability practices to mitigate the risk of unfavorable consequences in a low interest rate environment. New products have been sold with low minimum crediting floors, and Lincoln applies disciplined asset-liability management standards, such as locking spreads on its universal life products—including the class policies—at the time of issue.

52. Further, protracted low-interest rates and Lincoln's investment strategies suggest that Lincoln's interest spreads have been relatively stable for the past decade. In its 2015 and 2016 annual reports, Lincoln noted that it expected no significant changes in net flows into or out of its fixed accounts or other changes that may cause interest rate spreads to differ from its expectations, allowing it to “manage the effects of spreads on near-term income from operations.”

53. Even if there were changes to the interest rate spreads, Lincoln admits in its 2015 and 2016 annual reports that factors such as an “adverse experience on investments . . . cannot be passed on to customers,” and as a result, spreads are reduced in periods of low profitability. Lincoln assumes the risk of adverse investment results stemming from its investment decisions and is prohibited from using COI rates to offset poor investment performance.

² While the 10-year treasury rate was at a low of 1.3% as of July 3, 2017, it has increased to approximately 2.6% in December 2016 and presently remains over 2%.

54. Consequently, the prolonged period of low interest rates that has occurred since 2008 does not justify the sudden and drastic increase in COI rates that Lincoln implemented in August 2017.

55. Likewise, updated mortality assumptions do not justify the drastic rate hikes that Lincoln implemented in August 2017. If anything, mortality assumptions at the time of the COI rate increase suggested that COI rates should go down. Because mortality is the primary factor in determining COI rates, improved mortality should cause COI rates to drop. In its disclosures to the National Association of Insurance Commissioners between 2010 and 2014, Lincoln affirmed that “mortality experience is also predicted to improve in the future.” And in its 2015 NAIC statement, Lincoln did not disclose any change to its mortality experience expectation.

56. Moreover, in its 2016 annual report, Lincoln did not identify an increase in mortality or other expenses as a significant issue going into 2017.

57. Finally, neither Lincoln’s 2016 annual report nor its August 2017 quarterly report suggested that its expenses or assumptions as to policyholder persistency increased so drastically as to support the 2017 COI rate increases.

G. Lincoln Used Competitive Factors to Improperly Delay Its COI Increases

58. The class policies include a provision requiring Lincoln to determine the COI on a monthly basis, which should result in any change in the COI being gradual rather than sudden. Since the factors underlying the COI rates (expectation of future mortality, interest, expenses, and lapses) change in small increments over time, policyholders should not be faced with the financial shock of a drastic increase in COI rates from one month to the next.

59. Had Lincoln gradually increased COI rates, policyholders could have shopped for more affordable policies from competing insurers or surrendered their policies before the

premiums became unsustainable. A gradual increase in COI rates would have also required Lincoln to revise its sales illustrations, further affecting its competitive position and adversely impacting sales.

60. The terms of the class policies do not allow Lincoln to base COI rates on a desire to induce policy lapses from existing policyholders or help Lincoln sell new policies. Additionally, the class policies required Lincoln to make a monthly determination of COI rate; not postpone determination of the new rate for several years. Lincoln therefore breached the class policies by postponing monthly determination of the COI rates for reasons independent of those contemplated by the policies.

H. The 2017 COI Rate Increase Was Based on Improper Factors

61. The class policies require Lincoln to base policyholders' COI rates on Lincoln's current "expectation of future mortality, interest, expenses and lapses." Lincoln is therefore prohibited from setting COI rates to make up for losses. Lincoln recognized such a limitation in its NAIC Annual Statement, noting that cost factors are based on "prospective assumptions" and are "periodically reviewed" so that "past losses (i.e., experience less favorable to the company than expected) are not recouped."

62. In a 2016 letter to policyholders announcing the repricing of a separate block of policies, Lincoln inadvertently acknowledged that the increases were the product of past investment experience, writing that the increase followed "nearly a decade of persistently low interest rates" and "recent historic lows." In its letter to agents announcing the 2017 repricing of the policies at issue here, Lincoln omitted any mention of the impact of interest rates in prior investment periods and framed the increase as the product of "lower investment earnings as a result of *projected* low interest rates," (italics added). But the conditions Lincoln credits for the

COI increase in 2017 existed for years before the 2017 increase. Lincoln is unable to explain its sudden realization in 2017 that interest rates were low and investment earnings would suffer as a consequence.

63. If Lincoln had adjusted COI rates based on the appropriate factors on a monthly basis instead of postponing the COI rate increases for competitive purposes, rates would have been raised gradually. There have been no events affecting mortality, interest rates or expenses that would have justified such a sudden and drastic increase in COI charges in 2017.

I. Lincoln Improperly Raised COI Rates on a Non-Uniform Basis

64. The class policies require Lincoln to change the COI rates on a uniform basis for insureds of the same rate class. Stated differently, Lincoln is prohibited from picking among similarly situated policyholders in assessing COI rate increases.

65. There are sound reasons for such a justification—were a life insurance company permitted to selectively raise COI rates on a non-uniform basis for insureds within the same rate class, the company could effectively conduct improper post-claims underwriting in order to increase the likelihood that policies it no longer deemed profitable would lapse.

66. As explained in its 2017 letter to agents, however, Lincoln engaged in exactly the type of selective increases prohibited by the policies when it adjusted COI rates on only some of its universal life policies. And in 2016, Lincoln raised COI rates on a different block of policies—the Legend Series—which had been issued between 1999 and 2007. Other Lincoln policies remained unchanged. By raising COI rates on only some policies while keeping COI rates of other policies unchanged, Lincoln failed to change COI rates on a uniform basis for all insureds of the same rate class, and therefore violated the terms of the class policies.

67. Lincoln's failure to change COI rates uniformly damaged Plaintiff and other policyholders that are subject to the 2017 increases. A COI rate increase implemented on a uniform basis for insureds of the same rate class allocates the increase on a proportionate basis across those insureds. By raising COI rates on only some insureds of the same rate class and not others, insureds like Plaintiff Tutor bear a disproportionate share of the increase. Had Lincoln changed COI rates on a uniform basis for insureds of the same rate class as required by the class policies, then the amount of the increase would have been lower because the costs would have been spread among more policyholders.

68. Lincoln's reasons for adjusting COI rates based on policy series instead of rate class were financial and competitive: (1) sharply raising COI rates on some policy series deemed no longer profitable encourages lapses, which financially benefits Lincoln; and (2) raising COI rates on only some policies competitively benefits Lincoln with respect to new sales by allowing Lincoln (and thus agents selling its products) to illustrate more favorable future performance than it would if all policies experienced increased COI rates.

CLASS ACTION ALLEGATIONS

69. Plaintiff brings this lawsuit on behalf of himself and all others similarly situated, pursuant to Federal Rules of Civil Procedure 23(a), 23(b)(1), 23(b)(2), 23(b)(3) and/or 23(c)(4), and seeks to represent a class defined as follows:

All persons who own or owned a universal life insurance policy issued by Jefferson-Pilot Corporation, now Defendant Lincoln National Life Insurance Company, who were subjected to a cost of insurance rate increase beginning August 2017.

70. Excluded from the class are Defendants, any entity in which the Defendants have controlling interest, any officers, directors, or employees of the Defendants, the legal representatives, heirs, successors, and assigns of the Defendants, anyone employed with

Plaintiff's counsel's firms, any Judge to whom this case is assigned, and his or her immediate family.

A. Numerosity and Ascertainability

71. The persons who fall within the class number in at least the hundreds, and most likely the thousands, and thus the numerosity standard is satisfied. Because class members are geographically dispersed across the country, joinder of all class members in a single action is impracticable.

72. Class members are readily ascertainable from information and records in Lincoln's possession, custody, or control. Notice of this action can readily be provided to the class through direct mail.

B. Typicality and Adequacy

73. Plaintiff's claims are typical of the claims of the class. Plaintiff owns a class policy, his COI increased dramatically in connection with the 2017 repricing, and he has therefore suffered the same injury as the members of the proposed class in the form of increased COI rates in violation of policy terms.

74. Plaintiff will fairly and adequately protect and represent the interests of the proposed class. Plaintiff's interests are aligned with, and not antagonistic to, those of the proposed class. Plaintiff is represented by counsel who are experienced and competent in the prosecution of class action litigation, and have particular expertise with class action litigation on behalf of universal life insureds.

C. Predominance of Common Issues

75. Questions of law or fact common to Plaintiff and the class include, without limitation:

- (a) whether Lincoln failed to apply any change in COI rates on a uniform basis as required under the policy terms for persons in the same rate class;
- (b) whether Lincoln failed to determine COI on a monthly basis as required under the policy terms;
- (c) whether Lincoln failed to base COI rates on its current expectation of future mortality, interest, expenses and lapses, as required under the policy terms;
- (d) whether Lincoln delayed increases in COI for competitive reasons in breach of the policy terms;
- (e) whether Lincoln otherwise breached the policy contracts or violated applicable actuarial standards of practice with respect to the computation and charging of COI rates on the class policies;
- (f) whether plaintiff and class members sustained damages as a result of Lincoln's conduct, and if so, the amount of damages; and
- (g) whether plaintiff and members of the class are entitled to injunctive relief to prevent further breaches of the class policies by Lincoln and/or to restore policies that have lapsed as a result of Lincoln's breaches.

76. The questions set forth above predominate over any questions affecting only individual persons, and a class action is superior to other available methods for the fair and efficient adjudication of this controversy.

77. Absent a class action, most class members would likely find the cost of litigating their claims prohibitively high and would have no effective remedy. Because of the relatively small size of the individual class members' claims, it is likely that few, if any, class members could afford to seek redress for Defendants' violations.

78. A class action is also superior to piecemeal litigation in that class treatment will conserve the resources of the courts and will promote consistency and efficiency of adjudication. Thus, the case is appropriate for class certification under Rule 23(b)(3) of the Federal Rules of Civil Procedure.

79. Classwide equitable and injunctive relief is appropriate under Rule 23(b)(1), (b)(2), and/or (c)(4) because:

- (a) the prosecution of separate actions by individual class members would create a risk of inconsistent or varying adjudications which would establish incompatible standards of conduct for Lincoln;
- (b) the prosecution of separate actions by individual class members would create a risk of adjudication of their rights that, as a practical matter, would be dispositive of the interests of other class members not parties to such adjudications or would substantially impair or impede other class members' ability to protect their interests; and
- (c) Lincoln has acted and refused to act on grounds that apply generally to the class such that final injunctive relief and/or declaratory relief is warranted with respect to the class as a whole.

CAUSES OF ACTION

FIRST CLAIM FOR RELIEF

(Breach of Contract & Breach of the Contractual Covenant of Good Faith And Fair Dealing)

80. Plaintiff incorporates and restates by reference all of the preceding allegations as though fully set forth herein.

81. Plaintiff and the class purchased universal life insurance policies—the class policies—from Jefferson-Pilot, which ceased to exist following its merger with Lincoln in 2006. After the merger, Lincoln assumed Jefferson-Pilot’s contractual obligations relevant to the class policies.

82. The class policies are valid and enforceable contracts between Plaintiff and the class members and Lincoln.

83. The class policies implicitly contain covenants of good faith and fair dealing, which prohibit Lincoln from exercising discretion afforded to it under the policies in such a way as to frustrate Plaintiff and class members’ reasonable expectations and deprive them of the benefit of the agreement.

84. Plaintiff and class members performed their duties under the class policies, including paying premiums as required by the policies.

85. By allowing unauthorized pricing considerations to enter into decision-making in setting COI rates, by drastically increasing COI rates to induce policy lapses, and make up for lost profits and/or investment losses, Lincoln materially breached the terms of the class policies by failing to determine the COI rate on a monthly basis and failing to base the COI rates on Lincoln’s current expectation of future mortality, interest, expenses and lapses.

86. By varying COI rate adjustments for policyholders of the same rate class, Lincoln breached the terms of the class policies by failing to determine COI rates on a uniform basis for insureds in the same rate class.

87. In the August 2017 repricing, Lincoln also breached the duty of good faith and fair dealing to the extent that it exercised discretion afforded to it under the class policies to: (1) delay increases in COI for self-interested reasons; (2) improperly allow Lincoln’s commercial

interests in ongoing policy sales and policyholder retention to dictate the timing and amount of COI rate increases; (3) manipulate the COI rate to induce policyholder lapses and make up for past losses; and (4) factor unauthorized and undisclosed charges into its COI rates.

88. Because the COI rates are used to calculate the monthly deduction charges under the class policies, Lincoln has deducted and continues to deduct unauthorized monthly deduction charges from the policy values of Plaintiff and the class.

89. As a direct and proximate result of Lincoln's material breaches, Plaintiff and the class suffered damages, and these damages are continuing in nature.

90. Unless Lincoln is preliminarily and permanently enjoined from continuing to assess unlawfully increased monthly deduction charges, Plaintiff and the class will continue to sustain severe and irreparable injury, for which they have no adequate remedy at law.

SECOND CLAIM FOR RELIEF
Violations of North Carolina Deceptive and Unfair Trade Practices Act,
N.C. GEN. STAT. § 75-1, *et seq.* ("NCUDTPA")

91. Plaintiff incorporates and restates by reference all of the preceding allegations as though fully set forth herein.

92. Plaintiff Tutor is a citizen and resident of the state of North Carolina.

93. Prior to the Lincoln merger, Jefferson-Pilot maintained its principal offices in North Carolina.

94. The NCUDTPA prohibits a person from engaging in "[u]nfair methods of competition in or affecting commerce, and unfair or deceptive acts or practices in or affecting commerce[.]" The NCUDTPA provides a private right of action for any person injured "by reason of any act or thing done by any other person, firm or corporation in violation of" the NCUDTPA. N.C. GEN. STAT. § 75-16.

95. Defendants' acts and practices complained of herein were performed in the course of Defendants' trade or business and thus occurred in or affected "commerce," as defined in N.C. GEN. STAT. § 75-1.1(b).

96. Defendants' acts and practices are unfair and deceptive in that Lincoln knowingly assessed wrongful COI rate increases in violation of the terms of the class policies and falsely represented to Plaintiff and the class that the increases were justified by the factors enumerated in the policies, when in fact the COI increases were designed to (1) recover past losses; and (2) force policyholders into allowing their policies to lapse.

97. Defendants' acts and practices are contrary to North Carolina law and policy and constitute immoral, unethical, oppressive, and unscrupulous business practices that caused substantial injury to Plaintiff and class members. The gravity of the harm resulting from Defendants' unfair conduct outweighs any potential utility. The practice of knowingly assessing unauthorized charges to policyholders in order to cause them to reduce their death benefit, policy term, or to increase the lapse rate harms the public at large and is part of a common and uniform course of wrongful conduct. There are reasonably available alternatives that would further Defendants' business interests. The harm from Defendants' unfair conduct was not reasonably avoidable by consumers.

98. Defendants' conduct proximately caused injuries to Plaintiff and the class.

99. Plaintiff and the class were injured as a result of Defendants' conduct in that they have been and will continue to be assessed the wrongfully increased COI rates, resulting in rapid reduction of the policy value, payment of increased premiums, or both. These injuries are the direct and natural consequence of Defendants' violations alleged herein.

100. Plaintiff, individually and on behalf of the class, seeks treble damages pursuant to N.C. GEN. STAT. § 75-16, and an award of reasonable attorneys' fees pursuant to N.C. GEN. STAT. § 75-16.1.

THIRD CLAIM FOR RELIEF
Injunctive Relief as to COI Increases

101. Plaintiff incorporates and restates by reference all of the preceding allegations as though fully set forth herein.

102. Defendants engaged in and/or continue to engage in the following practices, without limitation: (1) assessing the August 2017 COI rate increase though the increase was not justified under the terms of the class policies; (2) failing to disclose, after sale of the policies, the forthcoming dramatic increase that took effect in August 2017; (3) falsely representing to Plaintiff, the class, and agents, that the COI rate increases were justified.

103. Plaintiff respectfully requests that the Court enjoin Defendants from continuing their wrongful conduct, prohibiting them from applying the wrongful 2017 COI rate increases to the class policies, and ordering that any policy that was surrendered or terminated as a result of the COI increases be reinstated. Plaintiff further requests that this Court order restitution be paid by Defendants to the class for the wrongfully increased COI rates.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff, individually and on behalf of all others similarly situated, requests relief and judgment against Defendants as follows:

- (a) That the Court enter an order certifying the class, appointing Plaintiff as 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 Defendants for the cause of action alleged against them;
- (c) For compensatory damages in an amount to be proven at trial;
- (d) For a declaration of the parties' respective rights and duties under the class policies—specifically a declaration of the following:
 - By artificially keeping COI rates low to retain and attract insurers, Lincoln failed to determine COI rates on a monthly basis.
 - By using unauthorized and undisclosed factors to compute the COI rates under the class policies, Lincoln impermissibly increased COI rates for class policies.
 - By increasing COI rates for some policyholders while keeping other policyholders rates the same, Lincoln impermissibly changed COI rates on a non-uniform basis.
 - By varying COI rates adjustments for policyholders of the same rate class, Lincoln impermissibly changed COI rates on a non-uniform basis.
 - By inflating COI rates under the class policies with competitive factors and basing those rates on prior lost profits, Lincoln impermissibly deducted unauthorized charges from the policy values of Plaintiff.
- (e) For a declaration that Defendants' conduct as alleged herein is unlawful and in material breach of the class policies;
- (f) For appropriate injunctive relief, enjoining Defendants from continuing to engage in conduct in breach of the class policies, and from continuing to collect unlawfully inflated charges in violation of the class policies, and order

any policy to be reinstated that lapsed as a result of the improper COI increases;

- (g) For reasonable attorneys' fees as permitted by law;
- (h) For pre-judgment and post-judgment interest at the maximum rate permitted by law;
- (i) For Plaintiff's costs incurred; and
- (j) For such other and further relief in law or equity as the Court deems just and proper.

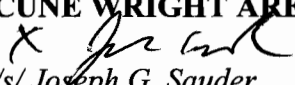
JURY DEMAND

Pursuant to Federal Rule of Civil Procedure 38, Plaintiff, on his own behalf and on behalf of the proposed class, demands a trial by jury on all issues so triable.

DATED: September 18, 2017

Respectfully submitted,

MCCUNE WRIGHT AREVALO, LLP


By: /s/ Joseph G. Sauder
Joseph G. Sauder (State Bar Number 82467)
555 Lancaster Avenue
Berwyn, PA 19312
Tel: (610) 200-0580
Email: jgs@mccunewright.com

GIRARD GIBBS LLP

Daniel C. Girard (*pro hac vice forthcoming*)
Adam E. Polk (*pro hac vice forthcoming*)
Angelica M. Ornelas (*pro hac vice forthcoming*)
Paige B. Pulley (*pro hac vice forthcoming*)
601 California Street, Suite 1400
San Francisco, California 94108
Telephone: (415) 981-4800
Facsimile: (415) 981-4846
Email: dcg@girardgibbs.com
Email: aep@girardgibbs.com

Email: amo@girardgibbs.com

Email: pbp@girardgibbs.com

PHILIP W. THOMAS LAW FIRM

Philip W. Thomas (*pro hac vice forthcoming*)

226 North President St., Ste. B

Jackson, Mississippi 39201

Telephone: (601) 714-5660

Email: pthomas@thomasattorney.com

Counsel for Plaintiff Marshall Lewis Tutor

CIVIL COVER SHEET

17-cv-4150
17 4150

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

MARSHALL LEWIS TUTOR on behalf of himself and all others similarly situated,

(b) County of Residence of First Listed Plaintiff Wake County, NC
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number)
MCCUNE WRIGHT AREVALO, LLP
Joseph G. Sauder
555 Lancaster Avenue Berwyn, PA 19312 Tel: (610) 200-0580

DEFENDANTS

LINCOLN NATIONAL CORP. and LINCOLN NATIONAL LIFE INSURANCE COMPANY, collectively d/b/a LINCOLN FINANCIAL GROUP,

County of Residence of First Listed Defendant Delaware County, PA
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff
- 2 U.S. Government Defendant
- 3 Federal Question (U.S. Government Not a Party)
- 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- | | | | | | |
|---|---------------------------------------|----------------------------|---|----------------------------|---------------------------------------|
| | PTF | DEF | | PTF | DEF |
| Citizen of This State | <input checked="" type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business In This State | <input type="checkbox"/> 4 | <input checked="" type="checkbox"/> 4 |
| Citizen of Another State | <input checked="" type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business In Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Click here for: Nature of Suit Code Descriptions.

CONTRACT	TORTS	FOREFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES	
<input checked="" type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excludes Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury - Medical Malpractice	PERSONAL INJURY <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 367 Health Care/Pharmaceutical Personal Injury Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 690 Other LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Management Relations <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 751 Family and Medical Leave Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Employee Retirement Income Security Act IMMIGRATION <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 465 Other Immigration Actions	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 835 Patent - Abbreviated New Drug Application <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	<input type="checkbox"/> 375 False Claims Act <input type="checkbox"/> 376 Qui Tam (31 USC 3729(a)) <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 896 Arbitration <input type="checkbox"/> 899 Administrative Procedure Act/Review or Appeal of Agency Decision <input type="checkbox"/> 950 Constitutionality of State Statutes
REAL PROPERTY	CIVIL RIGHTS	PRISONER PETITIONS			
<input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	<input type="checkbox"/> 440 Other Civil Rights <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 448 Education	Habeas Corpus: <input type="checkbox"/> 463 Alien Detainee <input type="checkbox"/> 510 Motions to Vacate Sentence <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty Other: <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition <input type="checkbox"/> 560 Civil Detainee - Conditions of Confinement			

V. ORIGIN (Place an "X" in One Box Only)

- 1 Original Proceeding
- 2 Removed from State Court
- 3 Remanded from Appellate Court
- 4 Reinstated or Reopened
- 5 Transferred from Another District (specify)
- 6 Multidistrict Litigation - Transfer
- 8 Multidistrict Litigation - Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):

28 U.S.C. § 1332

Brief description of cause:
Breach of Contract

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P.

DEMAND \$
5,000,000.00

CHECK YES only if demanded in complaint:
JURY DEMAND: Yes No

VIII. RELATED CASE(S) IF ANY

(See instructions):

JUDGE Honorable Gerald J. Pappert

DOCKET NUMBER 2:16-cv-06605-GJP

DATE
09/18/2017

SIGNATURE OF ATTORNEY OF RECORD

SEP 18 2017

FOR OFFICE USE ONLY

RECEIPT # _____ AMOUNT _____ APPLYING IFP _____ JUDGE _____ MAG. JUDGE _____

UNITED STATES DISTRICT COURT

17 4150

FOR THE EASTERN DISTRICT OF PENNSYLVANIA — DESIGNATION FORM to be used by counsel to indicate the category of the case for the purpose of assignment to appropriate calendar.

Address of Plaintiff: 4130 Cokesbury Road, Fuquay Varina, NC 27526

Address of Defendant: 150 North Radnor-Chester Road, Radnor, PA 19087

Place of Accident, Incident or Transaction: North Carolina

(Use Reverse Side For Additional Space)

Does this civil action involve a non-governmental corporate party with any parent corporation and any publicly held corporation owning 10% or more of its stock? (Attach two copies of the Disclosure Statement Form in accordance with Fed.R.Civ.P. 7.1(a)) Yes [] No [X]

Does this case involve multidistrict litigation possibilities? Yes [] No [X]

RELATED CASE, IF ANY: Case Number 2:16-cv-06605-GJP Judge Gerald J. Pappert Date Terminated:

THIS CASE IS RELATED TO: 16cv6605
CIVIL ACTION NO. / 17 4150
CRIMINAL NO.
ASSIGNED TO: Judge Pappert

Previously terminated action in this court? Yes [] No [X]
Terminated within one year previously terminated? Yes [X] No []
Case pending or within one year previously terminated? Yes [] No [X]
Filed by the same individual? Yes [] No [X]

- 3. [] Jones Act-Personal Injury
- 4. [] Antitrust
- 5. [] Patent
- 6. [] Labor-Management Relations
- 7. [] Civil Rights
- 8. [] Habeas Corpus
- 9. [] Securities Act(s) Cases
- 10. [] Social Security Review Cases
- 11. [] All other Federal Question Cases (Please specify)

- Diversity Jurisdiction Cases:
- [X] Insurance Contract and Other Contracts
 - [] Airplane Personal Injury
 - 3. [] Assault, Defamation
 - 4. [] Marine Personal Injury
 - 5. [] Motor Vehicle Personal Injury
 - 6. [] Other Personal Injury (Please specify)
 - 7. [] Products Liability
 - 8. [] Products Liability — Asbestos
 - 9. [] All other Diversity Cases (Please specify)

ARBITRATION CERTIFICATION

(Check Appropriate Category)

I, Joseph G. Sauder, counsel of record do hereby certify:
[X] Pursuant to Local Civil Rule 53.2, Section 3(c)(2), that to the best of my knowledge and belief, the damages recoverable in this civil action case exceed the sum of \$150,000.00 exclusive of interest and costs;
[] Relief other than monetary damages is sought.

DATE: September 18, 2017
[Signature]
Attorney-at-Law

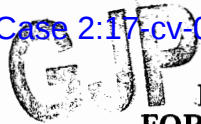
82467
Attorney I.D.#

NOTE: A trial de novo will be a trial by jury only if there has been compliance with F.R.C.P. 38.

I certify that, to my knowledge, the within case is not related to any case now pending or within one year previously terminated action in this court except as noted above.

DATE: _____ Attorney-at-Law _____ Attorney I.D.# _____

SEP 18 2017



IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

CASE MANAGEMENT TRACK DESIGNATION FORM

MARSHALL LEWIS TUTOR on behalf
of himself and all others similarly situated,

v.

LINCOLN NATIONAL CORP., et al.

⋮
⋮
⋮
⋮

CIVIL ACTION

NO. **17 4150**

In accordance with the Civil Justice Expense and Delay Reduction Plan of this court, counsel for plaintiff shall complete a Case Management Track Designation Form in all civil cases at the time of filing the complaint and serve a copy on all defendants. (See § 1:03 of the plan set forth on the reverse side of this form.) In the event that a defendant does not agree with the plaintiff regarding said designation, that defendant shall, with its first appearance, submit to the clerk of court and serve on the plaintiff and all other parties, a Case Management Track Designation Form specifying the track to which that defendant believes the case should be assigned.

SELECT ONE OF THE FOLLOWING CASE MANAGEMENT TRACKS:

- (a) Habeas Corpus – Cases brought under 28 U.S.C. § 2241 through § 2255. ()
- (b) Social Security – Cases requesting review of a decision of the Secretary of Health and Human Services denying plaintiff Social Security Benefits. ()
- (c) Arbitration – Cases required to be designated for arbitration under Local Civil Rule 53.2. ()
- (d) Asbestos – Cases involving claims for personal injury or property damage from exposure to asbestos. ()
- (e) Special Management – Cases that do not fall into tracks (a) through (d) that are commonly referred to as complex and that need special or intense management by the court. (See reverse side of this form for a detailed explanation of special management cases.) ()
- (f) Standard Management – Cases that do not fall into any one of the other tracks. (X)

September 18, 2017

Date

610-200-0580

Telephone

Joseph G. Sauder

Attorney-at-law

610-727-4360

FAX Number

Plaintiff Marshall Lewis Tutor

Attorney for

jgs@mccunewright.com

E-Mail Address

(Civ. 660) 10/02

SEP 18 2017

EXHIBIT A

**Jefferson-Pilot
Life Insurance Company**

100 North Greene Street, P.O. Box 21008
Greensboro, North Carolina 27420
A Stock Company



This policy is a legal contract between the policy owner and the Company. It is important that you read your contract carefully.

Jefferson-Pilot Life Insurance Company will pay the proceeds of this policy to the beneficiary upon receipt of due proof that the death of the Insured occurred while the policy was in force. This payment and all other rights, options and benefits will be subject to the terms of this policy.

Right to Cancel Policy Within 20 days after you receive this policy, you may have it cancelled by returning it to us or to the agent from whom you bought it. The return of this policy will void it from the beginning and we will refund any premiums paid.

Guide To Policy Provisions	Page No.
Annual Report	9
Benefits and Premiums	3
Definitions	5
General Provisions	6
Insurance Coverage Provisions	2
Death Benefit	
Nonforfeiture Provisions	8
Surrender and Surrender Value	
Partial Surrender	
Owner and Beneficiary	5
Policy Loans	10
Policy Specifications	3
Premium Provisions	7
Minimum Monthly Premium	
Grace Period	
Reinstatement	
Settlement Options	13
Table of Maximum Insurance Rates	11

Dennis P. Hess Chief Executive Officer *Robert A. Reed* Secretary

Riders providing supplemental benefits or policy changes, if any, and a copy of the application follow Page 14.

Insured: MARSHALL LEWIS TUTOR

Policy Number: JP4448202 Policy Date: APRIL 10, 1997

Age and Sex: 48 MALE

Specified Amount: \$100,000

Death Benefit Option: B

FLEXIBLE PREMIUM
ADJUSTABLE LIFE

Proceeds payable at death. Flexible premiums payable during lifetime of insured. Policy values determined by declared interest and risk rates. Non-participating.

Insurance Coverage Provisions

Death Benefit The death benefit of the policy will be defined under one of the following options:

Option A The death benefit is the larger of

1. The Specified Amount on the date of death plus the policy value at the beginning of the policy month of death, or
2. The policy value at the beginning of the policy month of death times the percentage shown in the table below.

Option B The death benefit is the larger of

1. The Specified Amount on the date of death, or
2. The policy value at the beginning of the policy month of death times the percentage shown in the table below.

Under either option, the death benefit will be reduced by any indebtedness on the date of death. The policy value at the beginning of the month of death used in calculating the death benefit above is after subtracting all parts of the monthly deduction for the month except for the cost of insurance.

If this policy is in force at the attained age 100 of the Insured, the Specified Amount and Death Benefit Option are subject to change automatically as described in the General Provisions under Changes in Insurance Coverage.

Attained Age	Percentage	Attained 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
		95 & after	100

SCHEDULE OF BENEFITS AND PREMIUMS - POLICY NUMBER JP-4448202

FORM NUMBER	BENEFIT		EFFECTIVE DATE	MONTHLY DEDUCTION	RATE CLASS	YEARS PAYABLE
94-302	INITIAL SPECIFIED AMOUNT	100,000	APR 10, 1997	SEE PAGE 8	STD NON-TOBACCO USER	52

POLICY SPECIFICATIONS

OWNER MARSHALL LEWIS TUTOR, THE INSURED
BENEFICIARY AS STATED IN THE APPLICATION UNLESS LATER CHANGED

INSURED MARSHALL LEWIS TUTOR

POLICY NUMBER JP-4448202

POLICY DATE APR 10, 1997

AGE AND SEX 48 MALE

SPECIFIED AMOUNT \$100,000

DEATH BENEFIT OPTION B

PLAN OF INSURANCE FLEXIBLE PREMIUM
ADJUSTABLE LIFE

INSURED MARSHALL LEWIS TUTOR

POLICY NUMBER JP-4448202

FORM NUMBER 94-302

PLANNED PREMIUM \$200.00 MONTHLY

MINIMUM MONTHLY PREMIUM \$62.07

MINIMUM MONTHLY PREMIUM PERIOD APR 10, 1997 TO APR 10, 2007

MINIMUM SPECIFIED AMOUNT \$30,000.00

FACTORS USED IN CALCULATION OF POLICY VALUES

MONTHLY ADMINISTRATIVE CHARGE
\$3.00 FOR ALL POLICY MONTHS

ADMINISTRATIVE CHARGE PER \$1,000 OF SPECIFIED AMOUNT
\$.00 FOR ALL POLICY MONTHS

NET PREMIUM FACTOR
94.50% FOR ALL POLICY MONTHS

MORTALITY TABLE USED TO CALCULATE MINIMUM CASH SURRENDER VALUES -
1980 CSO MALE OR FEMALE NONSMOKER OR SMOKER

INTEREST RATE USED TO CALCULATE MINIMUM CASH SURRENDER VALUES - 4.00%

PLAN OF INSURANCE FLEXIBLE PREMIUM
ADJUSTABLE LIFE

INSURED MARSHALL LEWIS TUTOR

POLICY NUMBER JP-4448202

FORM NUMBER 94-302

TABLE OF SURRENDER CHARGES PER \$1,000 OF INITIAL SPECIFIED AMOUNT

POLICY MONTH	SURRENDER CHARGE
1- 12	35.13
13- 24	34.35
25- 36	33.58
37- 48	32.80
49- 60	32.01
61- 72	31.24
73- 84	30.46
85- 96	29.67
97-108	28.88
109-120	28.10
121-132	27.31
133-144	26.53
145-156	25.74
157-168	24.96
169-180	24.18
181-192	21.14
193-204	15.85
205-216	10.57
217-228	5.28
229 & OVER	0.00

PLAN OF INSURANCE

FLEXIBLE PREMIUM
ADJUSTABLE LIFE

Definitions

Not all of the terms below appear in all policies. Where they do appear we define them as follows:

We, Our, Us Jefferson-Pilot Life Insurance Company.

You, Your The Owner of the policy.

Home Office Home Office of Jefferson-Pilot Life Insurance Company, PO Box 21008, Greensboro, North Carolina 27420. **The Jefferson-Pilot Home Office Telephone Number is (910) 691-3000.**

Policy Date The date we use to determine policy anniversaries and monetary values.

Age The Insured's age, nearest birthday, on the policy date.

Attained Age The Insured's age as measured from the policy date with allowance for time elapsed.

Indebtedness The principal of a policy loan together with interest due.

Nonparticipating No dividends will be paid on this policy.

Notice, Election, Request Writings satisfactory to us that have been received at our Home Office. We will not be held responsible for any payment or other action we have taken before your writings are recorded at our Home Office.

Irrevocable Beneficiary A beneficiary, named by you as irrevocable, whose written consent is necessary for you to exercise any right specified in this policy.

Monthly Anniversary Day The same day in each month as the policy date.

Cash Surrender Value The policy value as of the date of surrender less the charge, if any, for full surrender, and less any indebtedness.

Proceeds The money we will pay if this policy matures as a death benefit or is surrendered for its cash surrender value.

1. **As a Death Claim** The proceeds will be the amount of insurance as described on page 2.

2. **Upon Surrender** The proceeds will be the cash surrender value.

Tobacco-User One who has used a tobacco product of any kind within a period of 12 months prior to the policy date or the effective date of any increase in the Specified Amount.

Non-Tobacco-User One who has not used a tobacco product of any kind within a period of 12 months prior to the policy date or the effective date of any increase in the Specified Amount.

Owner and Beneficiary

Owner The Owner is shown on page 3 or in a rider attached to the policy. While the Insured is alive, the Owner may exercise every right and option and receive every benefit provided by this policy. These rights, however, are subject to the written consent of any irrevocable beneficiary.

Beneficiary The beneficiary is shown on page 3 or in a rider attached to this policy.

Change of Owner or Beneficiary While the Insured is alive, the Owner or beneficiary may be changed. Any change will take effect as of the date the request is signed. The Insured need not be living when the requested change is recorded at our Home Office.

Death of the Owner or Beneficiary If an Owner other than the Insured dies while the Insured is living, all rights and options of the Owner will belong to the Owner's executors or administrators unless otherwise provided. Unless otherwise provided, the interest of any beneficiary, including any irrevocable beneficiary, who dies before the Insured, will belong to the Owner.

General Provisions

The Contract This policy is issued in consideration of the application and payment of the initial premium. This policy, the attached copy of the application and/or endorsements, and any attached riders form the entire contract. Statements in the application are, in the absence of fraud, considered to be representations and not warranties. No statement will be used to void this policy or be used to deny a claim unless it is contained in the application.

Policy Changes Only one of our authorized officers can change the terms of this policy. A change must be in writing.

Incontestability We will not contest this policy after it has been in force during the Insured's lifetime for 2 years from the effective date. This provision will not apply to disability or accidental death benefits.

An increase in the Specified Amount will not be contested after it has been in force during the Insured's lifetime for 2 years from its effective date.

Suicide If the Insured, while sane or insane, commits suicide within 2 years from the effective date, the amount payable will be no more than the sum of the premiums paid less any indebtedness and any partial surrenders.

If the Insured, while sane or insane, commits suicide within 2 years from the effective date of an increase in the Specified Amount, the amount payable under such increase will be the sum of the monthly deductions for such increase.

Assignment You may assign this policy. We are not bound by an assignment unless we receive notice of it at our Home Office. Policy rights and benefits are subject to any assignment. We are not obliged to see that an assignment is valid or sufficient.

Misstatement of Age or Sex If the age or sex of the Insured has been misstated, the amount of death benefit will be adjusted to the amount which would have been provided by the most recent cost of insurance deduction at the true age and sex. The policy value will not be affected.

Settlement Payment or settlement under this policy will be made at our Home Office. At the time of settlement, any policy indebtedness will be deducted. At the time of settlement, we reserve the right to require surrender of this policy.

Deferment Except for the purpose of paying premiums to us, payment of cash values or making a policy loan may be deferred. The deferral may not be more than 6 months from the date you request the cash value or loan.

Compliance with the Internal Revenue Code We reserve the right to:

1. refund any premium payment, or
2. refuse to make any change in the Specified Amount or the Death Benefit Option

if such premium or change would cause this policy to fail to qualify as life insurance under the Internal Revenue Code.

Changes in Insurance Coverage Upon request, the insurance coverage may be changed at any time after the first policy year and prior to the attained age 100 of the Insured. The changes which can be made are:

1. increase in the Specified Amount,
2. decrease in the Specified Amount,
3. change in the existing death benefit option.

If a change would result in an increase in the amount payable at death, such change will be subject to satisfactory evidence of insurability. Such change will not be allowed if the Insured's attained age is over 75. The Specified Amount may not be decreased below the minimum shown on page 4. A decrease in the Specified Amount will apply first against insurance with the most recent effective date, with the initial Specified Amount being last to be decreased. A change will be effective on the monthly anniversary day on or next following the date of approval by us of the request for the change, unless another date acceptable to us is requested.

If the policy is in force at the attained age 100 of the Insured, the Specified Amount will automatically be set equal to the policy value and the Death Benefit Option will be set to Option B. The Death Benefit Option may not be changed after that date. Cost of insurance charges for all policy months after that date will not apply.

Premium Provisions

Premium Payment The initial premium is due on the policy date and is payable on or before delivery of this policy. Thereafter, premiums may be paid at any time and in any amount, subject to the following conditions, unless otherwise agreed to in writing by us.

The amount of each premium must be at least \$25.

The maximum amount of premium we will accept in any policy year will be 3 times the yearly planned premium shown on page 4.

Your premiums are payable in United States currency. They are payable at our Home Office, at one of our authorized collection offices, or to an agent authorized to collect premiums in exchange for a receipt signed by one of our officers.

Minimum Monthly Premium The minimum monthly premium and the period for which it applies are shown on page 4. This policy may terminate as described under Continuation of Insurance during the period shown if the cumulative premiums paid are less than the cumulative minimum monthly premiums due. The cumulative premiums paid are the total gross premiums paid less any loans or withdrawals made.

A new minimum monthly premium and a new period will be provided after an increase in the Specified Amount or an increase in or an addition of a benefit. The policy may terminate as described under Continuation of Insurance during the new period if the cumulative premiums paid after the change are less than the cumulative minimum monthly premiums due after the change.

Grace Period If on a monthly anniversary day, the conditions described under Continuation of Insurance have not been met, a grace period of 60 days from that date will be allowed for the payment of the minimum amount needed to continue the policy.

We will notify you and any assignee of the minimum amount due at least 30 days before the end of the grace period. If the amount specified is not paid within the grace period, the policy will terminate without value at the end of such period. If the Insured dies within the grace period, the amount needed to continue the policy to the end of the policy month of death will be deducted from the amount otherwise payable.

Reinstatement Application to reinstate this policy may be made within 5 years after the date of termination provided the policy has not been surrendered for its cash surrender value.

In addition to the application, reinstatement will require all of the following:

1. You must furnish evidence of insurability satisfactory to us;
2. You must pay an amount sufficient to keep the policy in force for at least 2 months;
3. You must pay or reinstate any indebtedness.

Reinstatement will be effective on the date we approve the application unless another date acceptable to us is requested.

Premium Refund at Death Any premium paid after the beginning of the policy month of death will be refunded as part of the proceeds, unless you request otherwise.

Nonforfeiture Provisions

Policy Value On each monthly anniversary day, the policy value will be (1) plus (2) plus (3) plus (4) minus (5), where

(1) is the policy value as of the preceding monthly anniversary day minus the monthly deduction for the month ending on the monthly anniversary day.

(2) is one month's interest on (1).

(3) is all net premiums received since the preceding monthly anniversary day.

(4) is interest on (3) from the date the premium is received to the end of the policy month.

(5) is the reduction in policy value caused by any partial surrender since the preceding monthly anniversary day.

On any day other than a monthly anniversary day, the policy value will be (1) plus (3) minus (5) where

(1) is the policy value as of the preceding monthly anniversary day minus the monthly deduction for the current policy month, with

(3) and (5) defined as above.

Interest Rate The guaranteed interest credited in the calculations described above is shown on page 4. Interest in excess of the guaranteed rate may be applied as determined by us. Such interest is referred to in this policy as excess interest. The excess interest rate credited on any policy value held as security for a policy loan may differ from the rate on the rest of the value.

Net Premium Each net premium will be computed by multiplying each gross premium by the factor shown on page 4.

Monthly Deduction The monthly deduction for a policy month will be computed as (1) plus (2) where

(1) is the cost of insurance and the cost of additional benefits provided by rider for the policy month.

(2) is the sum of all administrative charges shown on page 4 as being due for the policy month.

Cost of Insurance The cost of insurance is determined on a monthly basis as the cost of insurance rate for the month multiplied by the number of thousands of net amount at risk for the month. The net amount at risk for a month is computed as (1) minus (2) where

(1) is the death benefit for the month before reduction for any indebtedness, discounted to the beginning of the month at the guaranteed interest rate.

(2) is the policy value at the beginning of the month after subtracting all parts of the monthly deduction other than the cost of insurance.

For months in which death benefit option B is in effect, for the purpose of allocating the cost of insurance between different parts of the Specified Amount, the policy value will be considered as part of the Initial Specified Amount. If such value exceeds the Initial Specified Amount, any excess will be considered part of the earliest addition to the Specified Amount. This allocation will continue in order of all additions to the Specified Amount until all value is allocated.

Cost of Insurance Rates The monthly cost of insurance rates are determined by us. Rates will be based on our expectation of future mortality, interest, expenses, and lapses. Any change in the monthly cost of insurance rates used will be on a uniform basis for insureds of the same rate class. Rates will never be larger than the maximum rates shown on page 11. The maximum rates are based on the mortality table shown on page 4.

Continuation of Insurance This policy and all riders will continue in force according to the terms as long as the cash surrender value is sufficient to cover the monthly deduction. If the cash surrender value is not sufficient, then this policy and all riders will continue in force as long as both:

- a. the policy value less any indebtedness is sufficient to cover the monthly deduction; and
- b. the cumulative minimum monthly premium requirement for the month, if any, has been met;

otherwise, the policy will terminate according to the grace period provision.

If premiums are discontinued on any date, the value on that date will be used to provide insurance under this provision.

Basis of Values Minimum policy values are based on the mortality assumptions and interest rates shown on page 4. The values for this policy are at least equal to the minimum required by law. A detailed statement of the method used to determine policy values and reserves has been filed with the state where this policy is delivered.

Non-Forfeiture Provisions (Continued)

Surrender and Surrender Value Upon request, you may surrender this policy and take its cash surrender value.

Surrender within 31 days after a policy anniversary date will be treated as a surrender on that date.

Partial Surrender Upon request, you may make a partial surrender of this policy. A partial surrender will not be allowed if the remaining cash surrender value would be less than the minimum required by law. The partial surrender may be for any amount not to exceed the cash surrender value less \$500.

When a partial surrender is made:

1. the policy value will be reduced by the amount of the partial surrender, plus a fee of \$25 plus the charge, if any, for the partial surrender;
2. the death benefit will be reduced by the amount at least equal to the reduction in value. Such a reduction may be produced without changing the Specified Amount. If not, we will reduce the Specified Amount so that the reduction in death benefit is equal to the reduction in value. A partial surrender cannot be allowed if it would reduce the Specified Amount below the minimum shown on page 4.

Surrender Charges The charge for full surrender will be the amount shown on page 4 for the number of completed policy months preceding surrender. There will be a partial charge if there is a decrease in the Specified Amount while there is a surrender charge in effect. If there is an increase in the Specified Amount, an additional surrender charge will be in effect for the increase.

Surrender charges are computed based on the number of thousands of Specified Amount. The partial charge for a decrease in Specified Amount will be based on the per thousand charge for the number of thousands of the decrease. A decrease in Specified Amount will apply first against insurance with the most recent effective date.

A new schedule of surrender charges will be provided after a change in such charges.

Annual Report

We will provide you an annual report. This report will show the activity of the policy for the past year. It will list premiums paid, expenses charged, monthly deductions, interest credited, and partial surrenders. It will show the then current death benefit and values and the loan balance outstanding. It will also provide a projection of future values of the policy using the then current values and both guaranteed and current rates of interest and mortality.

We will provide a projection of the policy at any time using other assumptions as to future premiums and interest and mortality rates on request. A fee of not more than \$25 may be charged for this service.

Policy Loans

When Available A loan may be obtained by request when this policy has a loan value. This policy will be the sole security for the loan.

Amount Available The loan value at any time is the then current policy value less an amount equal to the surrender charge which would apply if the policy were surrendered on the date of determination.

The maximum additional loan at any time is the loan value at that time less:

1. any existing loan;
2. accrued interest on any existing loan; and
3. Interest on the total outstanding loan to the end of the policy year.

Loan Interest Interest on a policy loan is due and payable on each policy anniversary. Interest not paid when due will be added to the loan and bear interest at the same rate.

The effective annual policy loan interest rate is 8%.

The effective annual policy loan interest rate on preferred loans is 4%.

Preferred Loan Amounts Certain amounts of policy loans obtained after the 10th policy year will be considered preferred loan amounts as described below. The interest rate used to credit interest on the amount of policy value equal to the preferred loan amount will be 4% compounded yearly.

During each policy year 11 through 20, the first loan made during that year will be considered a preferred loan amount up to a maximum of 10% of the net policy value, where the net policy value is the policy value less the surrender charge on the date of determination and less any outstanding policy loan.

Any amount loaned later in that policy year will not be considered a preferred loan amount.

If the full dollar amount of preferred loan amount made during any policy year is less than the maximum allowed, the balance may not be carried over to increase the eligible preferred loan amount allowed in any subsequent policy year.

Beginning with the 21st policy year, all loan balances will be considered to be preferred loan amounts.

Maximum Loan Amount If the indebtedness at any time equals or exceeds the loan value, this policy will become void 31 days after notice has been mailed to your last known address and to that of any assignee of record.

Loan Repayments You may repay all or part of a loan at any time while this policy is in force. Each partial repayment must be at least \$25.

Unless otherwise noted, each loan repayment will be applied first toward the repayment of any outstanding loans other than preferred loans.

Every payment to us on this policy will be considered a premium payment unless clearly marked for loan repayment or for payment of loan interest.

Table of Guaranteed Maximum Cost of Insurance Rates - Male

Attained Age	Monthly Rate Per \$1,000		Attained Age	Monthly Rate Per \$1,000		Attained Age	Monthly Rate Per \$1,000		Attained Age	Monthly Rate Per \$1,000	
	Non-Tobacco-User	Tobacco-User		Non-Tobacco-User	Tobacco-User		Non-Tobacco-User	Tobacco-User		Non-Tobacco-User	Tobacco-User
0	.34912	.34912	25	.12677	.17854	50	.41026	.80082	75	5.08274	7.31730
1	.08922	.08922	26	.12343	.17353	51	.44713	.87496	76	5.62182	7.99178
2	.08254	.08254	27	.12176	.17188	52	.48989	.95760	77	6.21387	8.68058
3	.08171	.08171	28	.12009	.17019	53	.53771	1.06216	78	6.83324	9.37272
4	.07921	.07921	29	.12009	.17186	54	.59311	1.15868	79	7.49616	10.08913
5	.07504	.07504	30	.12009	.17520	55	.65444	1.27212	80	8.22966	10.86205
6	.07170	.07170	31	.12260	.18105	56	.72255	1.39507	81	9.05445	11.71251
7	.06670	.06670	32	.12510	.18689	57	.79493	1.52246	82	9.99708	12.66752
8	.06336	.06336	33	.12928	.19508	58	.87327	1.65858	83	11.07332	13.73779
9	.06169	.06169	34	.13428	.20694	59	.96182	1.80005	84	12.26712	14.88656
10	.06086	.06086	35	.14096	.21948	60	1.06061	1.95717	85	13.55591	16.07811
11	.06419	.06419	36	.14784	.23452	61	1.17052	2.13432	86	14.91787	17.27457
12	.07087	.07087	37	.15683	.25375	62	1.29585	2.33420	87	16.34412	18.45789
13	.08254	.08254	38	.16685	.27549	63	1.43921	2.56130	88	17.80841	19.76999
14	.09589	.09589	39	.17854	.30059	64	1.60155	2.81241	89	19.33267	21.08692
15	.10758	.13762	40	.19107	.32904	65	1.78129	3.08515	90	20.94168	22.42853
16	.11926	.16599	41	.20611	.36252	66	1.97513	3.37018	91	22.66794	23.82284
17	.12844	.17102	42	.22115	.39686	67	2.18574	3.67025	92	24.57677	25.33222
18	.13345	.18021	43	.23870	.43623	68	2.41241	3.98026	93	26.76407	27.31458
19	.13846	.18856	44	.25626	.47731	69	2.66044	4.31179	94	29.63735	29.94249
20	.14013	.19274	45	.27717	.52428	70	2.94130	4.67927	95	33.93112	33.93112
21	.13929	.19441	46	.29975	.57128	71	3.31274	5.08855	96	41.27938	41.27938
22	.13679	.19191	47	.32401	.62251	72	3.63093	5.55642	97	56.03986	56.03986
23	.13428	.18856	48	.34996	.67630	73	4.05839	6.08662	98	83.33333	83.33333
24	.13094	.18439	49	.37927	.73685	74	4.54126	6.66862	99	83.33333	83.33333

Table of Guaranteed Maximum Cost of Insurance Rates - Female

Attained Age	Monthly Rate Per \$1,000		Attained Age	Monthly Rate Per \$1,000		Attained Age	Monthly Rate Per \$1,000		Attained Age	Monthly Rate Per \$1,000	
	Non-Tobacco-User	Tobacco-User		Non-Tobacco-User	Tobacco-User		Non-Tobacco-User	Tobacco-User		Non-Tobacco-User	Tobacco-User
0	.24121	.24121	25	.09089	.10758	50	.34996	.54694	75	3.17455	3.98816
1	.07253	.07253	26	.09339	.11175	51	.37592	.58556	76	3.58552	4.45292
2	.06753	.06753	27	.09506	.11509	52	.40523	.62923	77	4.02941	4.94359
3	.06586	.06586	28	.09756	.11842	53	.43959	.68050	78	4.50679	5.45796
4	.06419	.06419	29	.10007	.12343	54	.47480	.73264	79	5.03160	6.01271
5	.06336	.06336	30	.10340	.12928	55	.51254	.78735	80	5.62720	6.63228
6	.06086	.06086	31	.10591	.13428	56	.55114	.84209	81	6.31509	7.33837
7	.06002	.06002	32	.10924	.14013	57	.58975	.89434	82	7.11783	8.15276
8	.05836	.05836	33	.11258	.14597	58	.62671	.94326	83	8.06280	9.08725
9	.05752	.05752	34	.11842	.15516	59	.66621	.99389	84	9.10225	10.19935
10	.05669	.05669	35	.12260	.16184	60	.71246	1.04963	85	10.26879	11.32663
11	.05752	.05752	36	.13011	.17436	61	.76715	1.12147	86	11.53529	12.62729
12	.06002	.06002	37	.13929	.19024	62	.83619	1.20861	87	12.91426	13.90116
13	.06253	.06253	38	.14931	.20778	63	.92301	1.32636	88	14.39531	15.36669
14	.06870	.06870	39	.16100	.22784	64	1.02598	1.46789	89	16.00739	16.78571
15	.07003	.07837	40	.17353	.25041	65	1.13753	1.60580	90	17.75602	18.45280
16	.07337	.08254	41	.18856	.27800	66	1.25772	1.75230	91	19.68512	20.26923
17	.07670	.08672	42	.20360	.30393	67	1.37980	1.90505	92	21.86462	22.30077
18	.07921	.09089	43	.21864	.33071	68	1.50291	2.04355	93	23.29047	24.66823
19	.08171	.09422	44	.23369	.35750	69	1.63474	2.19946	94	27.67146	27.67146
20	.08421	.09673	45	.24957	.38513	70	1.78726	2.36513	95	32.32212	32.32212
21	.08505	.09840	46	.26629	.41361	71	1.97000	2.58026	96	40.04678	40.04678
22	.08672	.10090	47	.28469	.44378	72	2.19689	2.84786	97	55.15920	55.15920
23	.08755	.10257	48	.30477	.47480	73	2.47434	3.17541	98	83.33333	83.33333
24	.09005	.10591	49	.32569	.50834	74	2.80204	3.55933	99	83.33333	83.33333

Settlement Options

Instead of payment in one sum, all or part of the proceeds may be applied under one or more of the settlement options shown below. The right to elect and payments under a settlement option are subject to the conditions stated in this provision.

You may make, change or revoke an election at any time while the Insured is alive. Following the death of the Insured, the beneficiary may elect an option if you have not elected one or if proceeds are payable in one sum. A beneficiary may make a change in payment under a settlement option only if you provided for it in your election.

A change of beneficiary automatically cancels a previous election of a settlement option.

If this policy is assigned, the assignee's portion of proceeds will be paid in one sum. Any balance of proceeds may be applied under settlement options.

Proceeds placed under a settlement option for the benefit of any beneficiary must be at least \$2,500 and payments to any payee must be at least \$25.

If proceeds are payable to an executor, administrator, trustee, corporation, partnership or association, payment will be in one sum unless we agree to payment under a settlement option.

Options

1. Income for a Fixed Period Monthly installments will be paid for a period agreed upon.

2. Life Income Monthly installments will be paid as elected under a, b or c:

a. **Life Only** Installments will be paid for as long as the payee lives.

b. **Guaranteed Period** Installments will be paid during the guaranteed period. After that, installments will be paid for as long as the payee lives.

c. **Installment Refund** Installments will be paid until the sum of payments equals all proceeds retained. After that, installments will be paid for as long as the payee lives.

The amount of each installment is determined by the payee's sex and age nearest birthday when payments begin.

3. Interest For a period agreed upon, proceeds will be held by us and will earn interest at a rate we declare annually. This rate will be at least the rate shown on page 14.

During the period agreed upon:

- a. Interest will be paid monthly to the payee; or
- b. Interest can be allowed to accumulate.

At any time during the period agreed upon, proceeds may be placed under one of the other settlement options.

4. Income of Fixed Amount Monthly installments will be paid in an amount agreed upon until proceeds and interest are exhausted.

5. Annuity Settlement Option Instead of any other settlement option, the proceeds may be used to provide an income based on our Single Premium Immediate Annuity rates and rules in effect on the date the proceeds are payable. The amount of each installment will be adjusted to make it payable at the beginning of the payment period.

The amount of each installment provided by the proceeds will be 103% of the installment which normally would be paid under our Single Premium Immediate Annuity.

The amount of each installment based on our Single Premium Immediate Annuity is determined by the payee's sex and age nearest birthday when installments begin.

When Installment Payments Begin Interest under option 3 will be paid at the end of each payment period. Payments under other options are made at the beginning of each payment period. Payment periods begin on the date proceeds become due and payable.

Guaranteed and Excess Interest Payments are calculated at the guaranteed interest rate as shown on page 14. When we declare more than that rate, the excess will be paid as part of each payment under options 1, 3 and 4 and during the guaranteed and refund periods under option 2.

Protection Against Creditors Funds held and payments made under settlement options shall not be assigned and, to the extent permitted by law, shall not be subject to levy, attachment or other judicial process.

Other Conditions and Provisions Before payments begin under a settlement option, this policy must be exchanged for a supplementary contract expressing the terms of settlement.

Unless otherwise provided in the supplementary contract, the present value of any payments due after the death of the last surviving payee will be paid to that payee's estate.

Any indebtedness will decrease the amount placed under a settlement option unless the indebtedness is paid before installment payments begin.

Settlement Option Tables

Monthly Installments per \$1,000 of Proceeds

Guaranteed Basis of Calculation for Settlement Option Installments
 Options 1, 3 and 4: 3% interest compounded annually.
 Options 2 and 5: 3% interest compounded annually and the Progressive Annuity Table.

Option 1 - Income for Fixed Period

No. of Years	Monthly Instrn't	No. of Years	Monthly Instrn't	No. of Years	Monthly Instrn't	No. of Years	Monthly Instrn't	No. of Years	Monthly Instrn't	No. of Years	Monthly Instrn't
1	84.47	6	15.14	11	8.86	16	6.53	21	5.32	26	4.59
2	42.86	7	13.16	12	8.24	17	6.23	22	5.15	27	4.47
3	28.99	8	11.68	13	7.71	18	5.96	23	4.99	28	4.37
4	22.06	9	10.53	14	7.26	19	5.73	24	4.84	29	4.27
5	17.91	10	9.61	15	6.87	20	5.51	25	4.71	30	4.18

Option 2 - Life Income

Age of Payee		Life Only	Guaranteed Period				Instrn't Refund	Age of Payee		Life Only	Guaranteed Period				Instrn't Refund
Male	Female		5 Yrs.	10 Yrs.	15 Yrs.	20 Yrs.		Male	Female		5 Yrs.	10 Yrs.	15 Yrs.	20 Yrs.	
15 & under	19 & under	2.96	2.98	2.97	2.96	2.95	2.95	51	55	4.55	4.54	4.50	4.42	4.31	4.33
16	20	2.98	3.00	2.99	2.98	2.97	2.97	52	56	4.65	4.64	4.59	4.51	4.38	4.41
17	21	3.00	3.01	3.00	2.99	2.98	2.99	53	57	4.76	4.74	4.69	4.59	4.44	4.49
18	22	3.01	3.03	3.02	3.01	3.00	3.01	54	58	4.87	4.85	4.79	4.68	4.51	4.58
19	23	3.03	3.05	3.04	3.03	3.02	3.02	55	59	4.99	4.97	4.90	4.77	4.58	4.67
20	24	3.06	3.07	3.06	3.05	3.04	3.05	56	60	5.12	5.09	5.01	4.86	4.65	4.76
21	25	3.08	3.10	3.09	3.08	3.07	3.07	57	61	5.25	5.23	5.13	4.96	4.72	4.86
22	26	3.10	3.12	3.11	3.10	3.09	3.09	58	62	5.40	5.37	5.25	5.06	4.79	4.97
23	27	3.12	3.14	3.13	3.12	3.11	3.11	59	63	5.56	5.52	5.39	5.16	4.85	5.08
24	28	3.15	3.17	3.16	3.15	3.14	3.13	60	64	5.72	5.68	5.52	5.27	4.92	5.20
25	29	3.18	3.19	3.18	3.17	3.16	3.16	61	65	5.90	5.84	5.67	5.37	4.99	5.32
26	30	3.20	3.22	3.21	3.20	3.19	3.18	62	66	6.09	6.02	5.82	5.48	5.05	5.46
27	31	3.23	3.25	3.24	3.23	3.22	3.21	63	67	6.29	6.21	5.97	5.59	5.11	5.59
28	32	3.26	3.27	3.26	3.25	3.24	3.24	64	68	6.51	6.41	6.13	5.69	5.16	5.74
29	33	3.29	3.30	3.29	3.28	3.27	3.26	65	69	6.74	6.63	6.30	5.80	5.21	5.89
30	34	3.32	3.34	3.33	3.32	3.31	3.29	66	70	6.99	6.86	6.48	5.90	5.26	6.06
31	35	3.36	3.37	3.36	3.35	3.34	3.33	67	71	7.26	7.10	6.66	6.01	5.31	6.23
32	36	3.39	3.40	3.39	3.38	3.37	3.36	68	72	7.55	7.36	6.84	6.11	5.34	6.41
33	37	3.43	3.44	3.43	3.42	3.41	3.39	69	73	7.86	7.64	7.03	6.20	5.38	6.61
34	38	3.47	3.48	3.47	3.46	3.44	3.43	70	74	8.19	7.93	7.22	6.29	5.41	6.81
35	39	3.51	3.52	3.51	3.50	3.48	3.46	71	75	8.55	8.24	7.41	6.38	5.43	7.03
36	40	3.55	3.56	3.55	3.54	3.52	3.50	72	76	8.94	8.57	7.60	6.46	5.45	7.26
37	41	3.60	3.60	3.59	3.58	3.56	3.54	73	77	9.36	8.91	7.79	6.53	5.47	7.51
38	42	3.65	3.65	3.64	3.62	3.60	3.58	74	78	9.82	9.28	7.98	6.59	5.48	7.77
39	43	3.70	3.70	3.69	3.67	3.65	3.63	75	79	10.31	9.66	8.17	6.65	5.49	8.05
40	44	3.75	3.75	3.74	3.72	3.69	3.67	76	80	10.85	10.06	8.35	6.70	5.50	8.35
41	45	3.80	3.80	3.79	3.77	3.74	3.72	77	81	11.43	10.48	8.52	6.74	5.50	8.67
42	46	3.86	3.86	3.85	3.82	3.79	3.77	78	82	12.06	10.92	8.68	6.77	5.51	9.01
43	47	3.92	3.92	3.90	3.88	3.84	3.82	79	83	12.76	11.38	8.83	6.80	5.51	9.37
44	48	3.99	3.98	3.97	3.94	3.89	3.87	80	84	13.50	11.83	8.96	6.82	5.51	9.76
45	49	4.05	4.05	4.03	4.00	3.95	3.93	81	85 & over	14.31	12.32	9.08	6.83	5.51	10.17
46	50	4.13	4.12	4.10	4.06	4.00	3.99	82		15.20	12.80	9.19	6.85	5.51	10.63
47	51	4.20	4.19	4.17	4.13	4.06	4.05	83		16.18	13.28	9.28	6.85	5.51	11.09
48	52	4.28	4.27	4.25	4.20	4.12	4.12	84		17.24	13.76	9.36	6.86	5.51	11.60
49	53	4.36	4.36	4.33	4.27	4.18	4.18	85 & over		18.38	14.25	9.42	6.86	5.51	12.17
50	54	4.46	4.44	4.41	4.35	4.25	4.26								

Option 3 - Interest Installments

Monthly	2.47
Quarterly	7.42
Semiannually	14.89
Annually	30.00

Option 4 - Income of Fixed Amount

Monthly Instrn't	Years		Monthly Instrn't	Years		Monthly Instrn't	Years	
	Months	Months		Months	Months			
5.00	22	10	10.00	9	8	30.00	2	10
6.00	17	10	12.50	7	4	33.33	2	7
6.67	15	6	15.00	6	0	35.00	2	5
7.00	14	7	16.67	5	4	40.00	2	1
7.50	13	5	17.50	5	1	45.00	1	10
8.00	12	5	20.00	4	5	50.00	1	8
9.00	10	9	25.00	3	6			

At the end of the periods shown in Option 4 there is often a small remaining balance which will also be paid.

ClassAction.org

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