UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

JULIE GRUNDSTROM, Individually, and as successor-in-interest to DR. RICHARD I. APPLETON; DAVID MERRITT, Individually; and on Behalf of the Class

Plaintiffs,

vs.

WILCAC LIFE INSURANCE COMPANY, an Illinois corporation; TEXAS LIFE INSURANCE COMPANY, a Texas corporation; and WILTON REASSURANCE LIFE COMPANY OF NEW YORK, a New York corporation,

Defendants.

Case No.: 3:20-cv-03445-MMC

~~[PROPOSED]~~ ORDER GRANTING PLAINTIFF'S MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT

Judge: Hon. Maxine M. Chesney

WHEREAS, Plaintiff Julie Grundstrom and David Merritt ("Plaintiffs") have applied to this Court for an order preliminarily approving the settlement of the class claims in this action in accordance with a Settlement Agreement, which, together with the exhibits thereto, sets forth the terms and conditions for a proposed settlement and dismissal of the class claims in this pending action with prejudice upon the terms and conditions set forth therein; and

WHEREAS, the Court read and considered Plaintiffs' Motion for Preliminary Approval of Class Action Settlement, the Settlement Agreement, and the Exhibits and declarations attached thereto.

NOW THEREFORE IT IS HEREBY ORDERED:

1. This Preliminary Approval Order incorporates by reference the definitions in the Settlement Agreement (Supp. Tomasevic Decl., Ex. 1), and all terms defined therein shall have the same meaning in this Preliminary Approval Order as set forth in the Settlement Agreement.

2. The Court has jurisdiction over the Action and all acts within the Action, and over all the Parties to the Action, including Plaintiffs, Class Members, and Defendants.

3. A court must approve the dismissal or compromise of class actions. Fed. R. Civ. P. 23(e). This is a two-step process where the Court first determines whether a proposed class action settlement has the potential to be fair, adequate, and reasonable, and second, after notice is sent to proposed Class Members, whether the settlement merits final approval. *See State of Cal. v. eBay, Inc.*, 2014 WL 4273888, at *5 (N.D. Cal. Aug. 29, 2014). A full fairness analysis is unnecessary at the preliminary approval stage. *Singer v. Becton Dickinson Co.*, 2009 WL 4809646, at *7 (S.D. Cal. Dec. 9, 2009). "Rather, at the preliminary approval stage, the Court need only review the parties' proposed settlement to determine whether it is with the 'permissible range of possible judicial approval' and thus, whether the notice to the class and the scheduling of the formal fairness hearing is appropriate." *Id.* (citations omitted).

4. The Court considers several factors in determining whether the Settlement Agreement is potentially "fair, reasonable, and adequate" under Rule 23(e). The Court should consider whether: (1) "the class representatives and class counsel have adequately represented the class"; (2) "the proposal was negotiated at arm's length"; (3) "the relief provided for the class is adequate," taking into consideration the risks associated with continued litigation, the effectiveness of distributing the proposed relief to the class, the terms of any proposed attorneys' fees, and the underlying settlement agreement; and (4) "the proposal treats class members equitably relative to each other." Fed. R. Civ. P. 23(e)(2). It appears to the Court on a preliminary basis that the Settlement Agreement is fair, adequate, and reasonable and satisfies these factors.

5. First, the proposed Class was adequately represented. Class Counsel recommending the Settlement include experienced class action trial attorneys having specific experience, and a track record of success, in consumer class actions, including against insurers and with respect to

the legal issues here. Class Counsel also appear to have diligently investigated this case, defeated pleading challenges, conducted significant discovery including written discovery, third party discovery, and depositions, successfully prosecuted and defended discovery disputes, and gathered evidence and research. Further, Class Counsel represent that the named Plaintiffs have been instrumental in starting and shepherding this case over many years, having participated actively in discovery, depositions, settlement discussions, and so forth, and has devoted much personal time to the prosecution of this matter.

6. Second, the Settlement appears to be the result of arm's-length negotiations between experienced counsel who utilized the services of an experienced and respected neutral to help negotiate the Settlement. The Settlement occurred only after years of what appears to have been hard-fought litigation among the parties. "[S]uch negotiations are highly indicative of [the] fairness" of the proposed Settlement. *See In re Immune Response Sec. Litig.*, 497 F. Supp. 2d 1166, 1171 (S.D. Cal. 2007).

7. Third, the Settlement, and its recovery, appear to be fair, adequate, and reasonable when balanced against further litigation related to contested certification, liability, and damages issues. The Settlement provides substantial monetary relief including reinstated coverage to families in need of the safety net that life insurance provides, along with a substantial discount on the back premiums they would normally owe. Defendants will also pay $21 million to resolve the potential claims of beneficiaries. It appears that the Parties have conducted extensive and costly investigation, formal and informal discovery, research, and litigation such that Counsel for the Parties are able to reasonably evaluate their respective positions at this time and the value of the case.

8. The Court further finds that the manner of distributing the proposed relief to Class Members is itself reasonable under the circumstances, and that the Plan of Allocation described in the Settlement Agreement is also fair.

9. The Court further finds that the anticipated request for fees in this matter amounting to no more than 25% of the common fund only, appears to be reasonable under the circumstances, subject to further analysis and findings to be made in connection with any formal request for fees the parties may make and Plaintiffs' forthcoming Motion for Final Approval. Similarly, the

anticipated requests for reimbursement of litigation costs, Settlement Administration Expenses, and for Incentive Awards of $10,000 and $5,000 to the named Class Representatives, as further described in the Settlement Agreement, appear to be reasonable and preliminarily fair and appropriate under the circumstances, subject to further analysis at the Final Approval stage.

10. It further appears to the Court that the proposed Settlement Agreement, at this time, will avoid substantial additional costs by all Parties, as well as avoid the risks and delay inherent to further prosecution of the Action. It also appears that the Parties reached the Settlement Agreement as the result of intensive, serious, and non-collusive, arms-length negotiations facilitated by experienced neutrals. Thus, the Court finds on a preliminary basis that the Settlement Agreement appears to be within the range of reasonableness of a settlement that could ultimately be given final approval by this Court. Accordingly, Plaintiffs' Motion for Preliminary Approval of Class Action Settlement is hereby **GRANTED**.

11. Furthermore, for purposes of this Settlement Agreement only, the Court hereby certifies a class of Class Members as described in the Settlement Agreement, specifically: "all owners and beneficiaries (where the Insured has died as of the date of the Preliminary Approval Order) of Class Policies," where "Class Policy", or the plural thereof refers to:

> an individual life insurance policy issued or delivered in California by Wilton, or issued or delivered outside of California by Wilton where the Policy Owner resided in California on the Final Lapse Date, that: (i) lapsed or terminated during the Class Period for nonpayment of the amount due without the benefit of one or more of the requirements of California Insurance Code Sections 10113.71 and 10113.72; (ii) has a Maturity Date that did not expire prior to the Insured's death, or if the Insured is still living, prior to the date of the Preliminary Approval Order; and (iii) was not affirmatively canceled or terminated in writing by the Policy Owner.

12. For purposes of the Settlement Agreement—including the Class definition – "Wilcac" refers to Defendant Wilcac Life Insurance Company, "WRNY" refers to Defendant Wilton Reassurance Life Company of New York, and "TLIC" refers to Defendant Texas Life Insurance Company, collectively referred to as "Defendants."

13. Class Members generally fall into one of two categories, depending on whether the insured(s) under the relevant policy is still alive (the "Alive Population"), or whether the insured(s) has died, thus potentially entitling the policy beneficiaries to death benefits (the "Deceased

Population"). The former are entitled to Injunctive Relief only under the terms of the Settlement, and they and their claims are hereby certified on a non-opt-out basis under Rule 23(b)(2) of the Federal Rules of Civil Procedure. The Deceased Population and claims on the other hand, which includes potential damages relief under the Settlement, are hereby certified with opt-out rights, pursuant to Federal Rule of Civil Procedure 23(b)(3).

14. As to all Class Members, the Court hereby finds that Rule 23(a)'s requirements are satisfied. Both groups (the Alive Population and the Deceased Population), and the Class as a whole easily satisfy the "numerosity" requirement of Rule 23(a). The Court also finds that there is at least one common question of law or fact shared by all putative Class Members here, including whether Defendants' actions satisfied the Insurance Code provisions at issue. The Court also finds that the Class Representatives are members of the Class as defined and in pursuing their own interests will pursue and have pursued the Class Members' interests as well, thus satisfying Rule 23(a)'s "typicality" requirement. The Court also finds that the proposed Class Representatives are adequate representatives who have and will continue to fairly and adequately protect the interests of Class Members, including by having retained experienced counsel, whom this Court also finds is adequate to represent all Class Members.

15. Plaintiffs have also satisfied Rule 23(b)(2) for the Alive Population who are seeking Injunctive Relief. *See* Fed. R. Civ. P. 23 (b)(2) (certification is proper under (b)(2) where the party against whom relief is sought has acted (or refused to act) on grounds generally applicable to a class of persons, thereby making appropriate *declaratory or injunctive* relief with respect to the class as a whole).

16. Furthermore, the Deceased Population and their damages claims satisfy Rule 23(b)(3)'s "Predominance" and "Superiority" Requirements. The most important issues here appear to be common: involving life insurance policies that were all lapsed or terminated for the same reason (non-payment of premium) but were allegedly done so wrongfully (Defendants' alleged failure to fully comply with the Statutes), and where the remedy is singular (payment of the policy amount per the Insurance Code).

17. In light of the above, the Court hereby certifies the Class as described above and in the Settlement Agreement and, in particular, certifies the Alive Population and their claims on a non-opt-out basis under Rule 23(b)(2), and the Deceased Population under Rule 23(b)(3).

18. Furthermore, for Settlement Agreement purposes only, the Court hereby appoints Plaintiffs Julie Grundstrom and David Merritt as Class Representatives.

19. For Settlement purposes only, the Court hereby appoints Craig Nicholas and Alex Tomasevic of Nicholas & Tomasevic, LLP; Jack B. Winters and Sarah Ball of Winters & Associates; and Michelle Myers of Singleton Schreiber, LLP as Class Counsel for all Class Members.

20. The Court approves, as to form and content, the proposed Notices of Class Action Settlement to Class Members, as described in and attached to the Settlement Agreement. The Court finds that the methods selected for communicating the preliminary approval of the Settlement Agreement to Class Members is the best notice practicable under the circumstances, constitutes due and sufficient notice to all persons entitled to notice, and therefore satisfies due process.

21. The Court hereby appoints Angeion Group, LLC as the Settlement Administrator to conduct all Class notice and administration activities contemplated by the Settlement Agreement. The Settlement Administrator Expenses will be subject to final approval of the Court but do appear, at this juncture, to be reasonable under the circumstances.

22. The Court also hereby appoints experienced neutral Thomas Sharkey, Esq., of Judicate West as contemplated by the Settlement, to adjudicate any disputes regarding entitlement to relief pursuant to the Settlement Agreement, including, but not limited to, any disputes regarding the Discounted Reinstatement Amount, and Settlement Administrator's determinations regarding (i) whether a Claimant qualifies as an Authorized Claimant; (ii) the amount an Authorized Claimant is entitled to receive from the Class Benefit Fund; (iii) whether a Requestor qualifies as an Authorized Requestor; and (iv) whether a Policy Owner affirmatively canceled or terminated a policy in writing.

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23. The Parties are hereby directed to comply with, and to include where appropriate in the Class Notice and Detailed Class Notice, the following dates:

A. Deadline to Provide Class Notice to the Administrator: August 31, 2026

B. Deadline for Administrator to Mail Class Notice: November 4, 2026

C. Deadline to File Motion for Attorneys' Fees and Costs: December 2, 2026

D. Deadline to Submit Claim Forms, Reinstatement Relief Forms, Objections, and Requests for Exclusions: January 6, 2027

E. Deadline for filing Motion for Final Approval: February 3, 2027

F. Hearing on Motion for Final Approval: March 5, 2027.

24. The Final Approval Hearing shall be held on March 5, 2027, at 9:00 a.m., to consider the fairness, adequacy and reasonableness of the proposed Settlement, including without limitation, ruling on any objections to the Settlement; Class Counsel's petitions for (i) an award of Attorneys' Fees and Costs; (ii) approval of Incentive Awards to Class Representatives; (iii) approval for payment of the Settlement Administration Expenses incurred to date; and (iv) approval for payment of the Special Master's expenses incurred to date, all of which, if approved, shall be paid from the Settlement Fund.

25. The Court expressly reserves the right to adjourn or continue the Final Approval Hearing from time to time without further notice to Class Members.

IT IS SO ORDERED.

Dated: July 31, 2026

Hon. Maxine M. Chesney
United States District Judge