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Nationwide Class Action to Proceed against Conseco Life Insurance Company

Class May Include Nearly 10,000 “LifeTrend” Policyholders

Washington, D.C. – The United States District Court for the Northern District of California has approved a request by seven plaintiff policyholders to certify a nationwide class action against Conseco Life Insurance Company. The plaintiffs allege that Conseco is breaching nearly 10,000 “LifeTrend” insurance policies that the company sold in the 1980s and 1990s, and that Conseco’s contractual violations – including improper premium charges and improper deductions from policyholders’ accounts – could result in losses of tens of thousands of dollars per policyholder.

The LifeTrend policies were sold as “vanishing premium” life insurance policies. Under the policy language, policyholders had to pay large annual premiums during the first few years in which the policies were in effect, after which the policies would be fully paid up. The plaintiffs commenced litigation after Conseco sent each of them a form letter in October 2008 stating that their policies had become “underfunded” and that the company intended to resume charging annual premiums and increase monthly cost-of-insurance deductions and expense charges. Conseco’s letter asserted that the company could have imposed these premiums and deductions many years earlier but that Conseco had not previously done so due to an “administrative error.” Conseco temporarily suspended its announced changes after several state insurance regulators initiated official investigations, but in June 2010 Conseco reached an agreement with the state insurance regulators under which the company now intends to go forward with most of the changes it announced in its October 2008 letter.

Notwithstanding its agreement with state insurance regulators, Conseco’s changes in the administration of the LifeTrend policies still may cost policyholders tens of thousands of dollars per policyholder. In granting the plaintiffs request to proceed with their class action, the federal court rejected Conseco’s argument that its regulatory agreement eliminates the basis for a class action.

“The LifeTrend policyholders paid significant premiums for their policies in the 1980s and 1990s, but now that the policyholders are finally reaching the age when Conseco will have to start paying out death benefits in large numbers, Conseco is trying to rewrite the



terms of its insurance contracts,” said Stephen Weisbrod of Gilbert LLP in Washington, D.C., who represents the plaintiffs. “Conseco is suddenly charging huge and improper premiums and deducting huge and improper “cost-of-insurance” fees out of policyholders’ accounts to make the LifeTrend policies less valuable and to intimidate policyholders into giving up their insurance while they are still alive,” Weisbrod said.

“Winning class certification means we can represent all of the affected LifeTrend policyholders across the country, which is a critical first step in our effort to vindicate their rights in a court of law,” said David Millstein of San Francisco-based Millstein & Associates, who also represents the plaintiffs. “We will fight for these policyholders as long as is necessary,” said Millstein.

About Gilbert LLP

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About Millstein & Associates

Founded by David Millstein, Millstein & Associates is a San Francisco-based law firm that maintains a diverse practice in areas including commercial and complex litigation, medical contracting litigation, family law, and employment law. Mr. Millstein is an experienced trial lawyer with over thirty years experience representing individuals and businesses. For more information about Millstein & Associates, visit www.millstein-law.com.