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*Attorneys for Plaintiff*

**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA**

SILVINA KROETZ, on behalf of  
herself and all others similarly situated.

Plaintiff,

v.

JOHN HANCOCK LIFE INSURANCE  
COMPANY and DOES 1 TO 50,  
inclusive,

Defendants.

No. 2:20-cv-2117

**CLASS ACTION COMPLAINT AND  
DEMAND FOR JURY TRIAL**

1. BREACH OF CONTRACTUAL  
DUTY TO PAY A COVERED  
CLAIM
2. BAD FAITH



1 she may have to undergo a new physical exam and be underwritten again,  
 2 risking a significantly more expensive, possibly unaffordable premium if his or  
 3 her health has changed in the years since purchasing the policy. Therefore, the  
 4 protections provided by [the Requirements] are intended to make sure that  
 5 policyholders have sufficient warning that their premium may lapse due to  
 6 nonpayment.”

7 5. This is not a mere hypothetical concern. When one is ill, or in the  
 8 final stages of life, it is not uncommon for a life insurance holder to miss a  
 9 premium payment as a result of their condition.

10 6. John Hancock has repeatedly and intentionally failed to adhere to  
 11 the Designation Notice Requirements, and then failed to honor those life  
 12 insurance policies by refusing to pay beneficiaries the proceeds. John  
 13 Hancock’s conduct has been particularly egregious as it had notice that a Court  
 14 in this very district and a Court in the Southern District of California have  
 15 enforced the Designation Notice Requirements against a life insurance  
 16 company in identical circumstances and awarded the benefits under the policies  
 17 to the beneficiaries. *See Bentley v. United of Omaha Life Insurance Co.*, 2:15-  
 18 CV-07870 (C.D. Cal. Feb. 21, 2019), Dkt. No. 174 at 24-25 (“Jennifer Bentley,  
 19 as the class representative, has successfully demonstrated that United breached  
 20 its contractual duty to pay life insurance benefits because: (1) United issued the  
 21 life insurance policy to Eric Bentley, and Jennifer Bentley is that policy’s  
 22 beneficiary, Jt. Stip. ¶ 15; (2) the Bentley policy was issued, delivered, or  
 23 renewed in California by United, *id.* ¶¶ 16–17; (3) the Bentley policy renewed  
 24 after the Effective Date, *id.* ¶¶ 17, 20; (4) United did not provide Eric Bentley  
 25 with the Offer to Designate or provide Jennifer Bentley with the Designee/30-  
 26 Day Notice required by the Statutes, *id.* ¶¶ 22–24; (5) the Bentley policy lapsed  
 27 for non-payment of premium after the Effective Date, *id.* ¶¶ 4–5, 35–36; and  
 28

(6) to date, United has not paid death benefits on the Bentley policy. *Id.* ¶ 32. Thus, there is no dispute of material fact that United breached its contractual duty to pay Jennifer Bentley’s life insurance claim.”). *Accord Thomas v. State Farm Insurance Company*, Case No 18-cv-00728 (S.D. Cal. Dec. 10, 2019).

7. More specifically, for life insurance policies originally issued prior to January 1, 2013, John Hancock has terminated and refused to pay benefits due to the non-payment of premiums despite failing to adhere to the Designation Notice Requirements mandated by law with respect to such policies.

8. Plaintiff is one of many beneficiaries that have been damaged by John Hancock’s unlawful conduct.

9. John Hancock improperly terminated and refused to pay the benefits of a policy it had issued to Sean Kroetz (“Mr. Kroetz”)—Mrs. Kroetz’s husband—who died on October 17, 2017.

10. Plaintiff brings this suit as a class action to hold John Hancock accountable for its violations of the law, which have severely harmed, and will continue to severely harm if not stopped, numerous families such as Mrs. Kroetz’s.

## II. JURISDICTION AND VENUE

11. This action is a civil matter of which this Court has jurisdiction under the provisions of 28 U.S.C. § 1332.

12. The Plaintiff is a citizen and domiciliary of the state of California residing in Chatsworth, California.

13. John Hancock has its corporate headquarters in Boston, Massachusetts, is incorporated in the state of Michigan, and the amount in controversy well exceeds the jurisdictional minimum under 28 U.S.C. § 1332.



1           19. The Statutes went into effect on January 1, 2013 (the “Effective  
2 Date”) and established, among other things, notice and designation  
3 requirements for life insurance policies.

4           20. The mandates of the Statutes included the Designation Notice  
5 Requirement which required insurers to give their policyholders an annual  
6 opportunity to designate a third party to receive notice of a potential termination  
7 of benefits for non-payment of a premium on an annual basis.

8           21. Section 10113.71 (b)(1) states: “A notice of pending lapse and  
9 termination of a life insurance policy shall not be effective unless mailed by the  
10 insurer to the named policy owner, a designee named pursuant to Section  
11 10113.72 for an individual life insurance policy, and a known assignee or other  
12 person having an interest in the individual life insurance policy, at least 30 days  
13 prior to the effective date of termination if termination is for nonpayment of  
14 premium.”

15           22. Section 10113.72 (b) states: “The insurer shall notify the policy  
16 owner annually of the right to change the written designation or designate one  
17 or more persons. The policy owner may change the designation more often if  
18 he or she chooses to do so.”

19           23. John Hancock has chosen to disregard the Statutes with respect to  
20 life insurance policies it issued or delivered in California prior to January 1,  
21 2013.

22           24. In particular, John Hancock has disregarded the Designation  
23 Notice Requirements for insurance policies it issued or delivered in California  
24 prior to the Effective Date of the Statutes—January 1, 2013—even if the  
25 policies were renewed after the Effective Date.

26           25. As a result of John Hancock’s disregard of the Designation  
27 Requirements of the Statutes, John Hancock has improperly terminated policies  
28

1 and refused to pay out proceeds that are due and owing to the beneficiaries of  
2 such improperly terminated policies.

3 26. The policy issued by John Hancock to Mr. Kroetz—for which  
4 Plaintiff is the sole beneficiary—is one example.

5 27. On June 1, 2002, John Hancock issued a \$1,000,000 “Individual  
6 Term Life Insurance” policy to Mr. Kroetz (Policy No. 075 146 326), a copy of  
7 which is attached hereto as Exhibit A (the “Policy”).

8 28. Pursuant to the Policy, Mr. Kroetz was able to and had the option  
9 to renew the Policy for successive one-year periods by paying the renewal  
10 premium identified in the Policy until the expiration date of June 1, 2019. The  
11 Policy Anniversary was each June 1st of the year.

12 29. Mr. Kroetz made his premium payments for over 15 years, some  
13 after the Effective Date, and, as a result, the Policy renewed each year and  
14 coverage remained in force without interruption during that time. The annual  
15 premiums were \$544.00 per year.

16 30. On August 10, 2017, John Hancock purportedly sent Mr. Kroetz a  
17 letter that advised that coverage under the Policy was being terminated for the  
18 alleged non-payment of the premiums. There is no evidence that Mr. Kroetz  
19 ever received the letter.

20 31. Mr. Kroetz died on October 17, 2017.

21 32. At no time prior to the termination did John Hancock provide Mr.  
22 Kroetz with the opportunity to designate a third party to receive notification of  
23 a pending termination as mandated by the Designation Notice Requirements of  
24 the Statutes.

25 33. Having failed to satisfy the Designation Notice Requirement, John  
26 Hancock, by extension, also failed to notify a third-party designee of Mr.  
27  
28

1 Kroetz's of the pending termination in violation of the Third-Party Notice  
2 Requirement of the Statutes.

3 34. After Mr. Kroetz's death, Mrs. Kroetz (the named beneficiary  
4 under the Policy and Mr. Kroetz's widow) contacted John Hancock and  
5 submitted a claim for benefits. John Hancock was specifically informed of the  
6 rulings in Bentley and Thomas.

7 35. John Hancock denied the claim, stating that no benefits were  
8 payable on the Policy.

9 36. As a result of the denial, Mrs. Kroetz has not received the proceeds  
10 from the Policy, which has caused Mrs. Kroetz to suffer considerable harm in  
11 an amount to be proven at the time of trial.

## 12 **V. CLASS ACTION ALLEGATIONS**

13 37. Plaintiff brings this class action on behalf of herself and all persons  
14 and entities similarly situated pursuant to Rule 23 of the Federal Rules of Civil  
15 Procedure. Specifically, Plaintiff brings this action on behalf of the following  
16 class, which is subject to refinement based on information learned during  
17 discovery:

18 "All beneficiaries who made a claim, or would have been eligible to  
19 make a claim, for the payment of benefits on life insurance policies  
20 renewed, issued or delivered by John Hancock Life Insurance Company  
21 ("John Hancock") in the State of California that lapsed or were  
22 terminated by John Hancock for the non-payment of premium after  
23 January 1, 2013, and as to which policies the notice or notices as  
24 described by Sections 10113.72(b) of the California Insurance Code (the  
25 Designation Notice Requirement") were not sent by John Hancock prior  
26 to lapse or termination." (hereinafter referred to as "Class")



1 As used in the class definition, the “notices described by Sections  
2 10113.72(b) of the California Insurance Code” are:

3 (i) notice to the applicant of the opportunity to designate (with a form  
4 to make the designation by name, address and telephone number) at least  
5 one person, in addition to the applicant, to receive notice of lapse or  
6 termination of an individual life insurance policy for nonpayment of  
7 premium;

8 (ii) notice to the policy owner annually of the opportunity to change  
9 the written designation or designate one or more persons; and

10 (iii) notice (by first-class mail within 30 days after a premium is due  
11 and unpaid, at the address provided by the policy owner for purposes of  
12 receiving notice of lapse or termination) of pending lapse and termination  
13 of a life insurance policy to the named policy owner, a designee named  
14 for an individual life insurance policy, and a known assignee or other  
15 person having an interest in the individual life insurance policy, at least  
16 30 days prior to the effective date of termination if termination is for  
17 nonpayment of premium.

18 38. Excluded from the Class are: a) John Hancock; b) any entity in  
19 which John Hancock has a controlling interest; c) John Hancock’s officers,  
20 directors, and employees; d) John Hancock’s legal representatives, successors,  
21 and assigns; e) governmental entities; and f) the Court to which this case is  
22 assigned.

23 39. Members of Class are so numerous and geographically dispersed,  
24 throughout California and likely the United States, that joinder of all members  
25 is impracticable. On information and belief, the Class is readily identifiable  
26 from information and records in the John Hancock’s possession.  
27  
28

1           40. Plaintiff's claims are typical of the claims of the members of the  
2 Class. The Plaintiff and all members of the Class were damaged by the same  
3 wrongful conduct of John Hancock, that is, *inter alia*, its failure to satisfy the  
4 Designation Notice Requirement and its breach of its insurance policies through  
5 its wrongful termination and non-payment of proceeds.

6           41. The Plaintiff will fairly and adequately protect and represent the  
7 interests of the Class. Having suffered the same injury from the same conduct  
8 of John Hancock, Plaintiff's interests are coincident with, and not antagonistic  
9 to, those of the other members of the Class.

10          42. Plaintiff's counsel in this matter are experienced in the prosecution  
11 of complex commercial class actions such as this one.

12          43. Questions of law and fact common to members of the Class  
13 predominate over questions that may affect only individual class members  
14 because, among other things, John Hancock has acted on grounds generally  
15 applicable to the entire Class, thereby making damages with respect to the Class  
16 as a whole appropriate. Such generally applicable conduct is inherent in John  
17 Hancock's wrongful conduct.

18          44. Questions of law and fact common to the Class include, but are not  
19 limited to:

- 20           • Whether the Designation Notice Requirement applied to John  
21 Hancock policies issued before the Effective Date but renewed  
22 after the Effective Date;
- 23           • Whether John Hancock has failed to satisfy the Designation Notice  
24 Requirements;
- 25           • Whether John Hancock violated the Statutes by not satisfying the  
26 Designation Notice Requirements;

- Whether John Hancock breached its life insurance policies by not satisfying the Designation Notice Requirements;
- Whether John Hancock breached its life insurance policies by terminating policies and not paying claims despite not satisfying the Designation Notice Requirements;
- The quantum of damages sustained by the Class in the aggregate.

45. Treatment of this dispute as a class action is a superior method for the fair and efficient adjudication of this matter over individual actions. Class treatment will permit a large number of similarly situated persons to prosecute their common claims in a single forum simultaneously, efficiently, and without the unnecessary duplication of evidence, effort, or expense that numerous individual actions would require. In addition, class treatment will avoid the risk of inconsistency and varying adjudications.

46. The many benefits of proceeding through the class mechanism, including providing injured persons or entities a method for obtaining redress on claims that could not practicably or cost effectively be pursued individually, substantially outweighs potential difficulties—which Plaintiff does not anticipate—in management of this case as a class action.

**VI. CAUSES OF ACTION**  
**FIRST CAUSE OF ACTION**  
**BREACH OF CONTRACTUAL DUTY TO PAY A COVERED CLAIM**  
**(ON BEHALF OF THE CLASS)**

47. Plaintiff refers to all preceding paragraphs and incorporates them as though set forth in full in this cause of action.

48. John Hancock issued life insurance policies, which were binding contracts, to the policyholders identified in the Class.

1           49. John Hancock breached the terms of such life insurance policies—  
 2 including its policy with Mr. Kroetz, which Plaintiff, as beneficiary, has the  
 3 right to enforce—by, *inter alia*, the following acts and/or omissions:

- 4           a. Failing to timely invite the policyholders identified in the  
 5 Class— including Mr. Kroetz - to designate a third party to  
 6 receive termination notices for non-payment of a premium  
 7 as required by the Designation Notice Requirement of the  
 8 Statutes;
- 9           b. Improperly terminating and refusing to pay benefits to the  
 10 Class members—including Plaintiff—despite not satisfying  
 11 the Designation Notice Requirements of the Statutes; and
- 12           c. Failing to abide by the Statutes at all times after the  
 13 Effective Date.

14           50. As a direct and proximate result of John Hancock's breaches of its  
 15 life insurance policies, the Class—including Plaintiff—has sustained direct  
 16 damages, as well as other foreseeable and incidental damages, in an amount to  
 17 be determined according to proof at the time of trial, plus interest.

18                           **SECOND CAUSE OF ACTION**  
 19                   **BREACH OF THE IMPLIED COVENANT OF GOOD FAITH AND**  
 20                   **FAIR DEALING IN INSURANCE POLICY**  
                                   **(ON BEHALF OF THE CLASS)**

21           51. Plaintiff refers to all preceding paragraphs and incorporates them  
 22 as if set forth in full in this cause of action.

23           52. In every insurance policy there exists an implied duty of good faith  
 24 and  
 25 fair dealing that the insurance company will not do anything to injure the right  
 26 of the insured to receive the full benefit of the policy.

1           53. John Hancock breached the duty of good faith and fair dealing it  
2 owed to the policy holders identified in the Class, including its policy with Mr.  
3 Kroetz, which Plaintiff has the right to enforce.

4           54. John Hancock breached its duty of good faith and fair dealing and  
5 engaged in bad faith by, inter alia, the following acts and/or omissions:

- 6           a. Failing to timely invite the policyholders identified in the  
7 Class—including Mr. Kroetz—to designate a third party to  
8 receive termination notices for non-payment of a premium  
9 as required by the Designation Requirement of the Statutes;
  - 10          b. Failing to properly and lawfully notify the policyholders  
11 identified in the Class—including Mr. Kroetz—in writing  
12 that was going to terminate their life insurance policies  
13 within 30 days for non-payment of a premium as required  
14 by the 30-Day Notice Requirement of the Statutes;
  - 15          c. Failing to properly and lawfully notify a third-party  
16 designee of the policyholders identified in the Class—  
17 including Mr. Kroetz—about the impending and eventual  
18 termination of the subject policies for non-payment of a  
19 premium as required by the Third-Party Notice  
20 Requirement of the Statutes;
  - 21          d. Failing to abide by the Statutes at all times after the  
22 Effective Date; and
  - 23          e. Improperly terminating the respective policies and  
24 unreasonably refusing, without proper cause, to pay benefits to the Class  
25 members—including Plaintiff—despite not satisfying the Designation, 30 Day  
26 Notice and Third-Party Notice Requirements of the Statutes.
- 27  
28

1           55. As a direct and proximate result of John Hancock's breaches of its  
2 duty of good faith and fair dealing, Plaintiff and the Class have sustained direct  
3 damages, as well as other foreseeable and incidental damages, in an amount to  
4 be determined according to proof at the time of trial, plus interest.

5           56. As a further direct and proximate result of the unreasonable, bad  
6 faith conduct of John Hancock, Plaintiff was compelled to retain legal counsel  
7 on behalf of herself and the Class to institute litigation to obtain the full and fair  
8 benefit of the insurance they are beneficiaries of, making John Hancock liable  
9 for those attorney fees, witness fees and litigation costs reasonably incurred in  
10 order to obtain the full benefit.

11           57. John Hancock's conduct described herein was intended to cause  
12 injury and/or was despicable conduct carried out with a willful and conscious  
13 disregard of the rights of the Class, including Plaintiff.

14           58. Said conduct subjected Plaintiff and Class to cruel and unjust  
15 hardship in conscious disregard of their rights and/or was an intentional  
16 misrepresentation, deceit or concealment of material facts known to John  
17 Hancock with the intent to deprive the Plaintiff and the Class of property,  
18 legal rights or to otherwise cause injury.

19           59. John Hancock's conduct constitutes malice, oppression or fraud  
20 under California Civil Code section 3294, and its decision to deny coverage  
21 was done with full knowledge that the Courts based on the long-standing  
22 Renewal Principle, had ruled that its legal position was not a justification to  
23 deny payment, thereby entitling the Class, including Plaintiff, to punitive  
24 damages in an amount appropriate to punish or set an example of John  
25 Hancock.

**PRAYER FOR RELIEF**

Plaintiff, on behalf of herself and each Class member, prays for relief and judgment as follows:

- A. For certification of this matter as a Class Action pursuant to Federal Rule of Civil Procedure 23, and appointment of Plaintiff as a Class Representative and her counsel of record as Class Counsel;
- B. For economic and foreseeable consequential damages, plus prejudgment interest, against Defendant John Hancock for breach of contract;
- C. For an award of attorneys' fees and costs of suit pursuant to, *inter alia*, the Public Benefit Doctrine and California Code of Civil Procedure Section 1021.5 on the basis that private enforcement of these rights is necessary, and the interests Plaintiff seeks to protect significantly benefit the general public and/or pursuant to California Civil Code section 3294;
- D. Prejudgment and post judgment interest; and
- E. All other and further relief as this Honorable court deems just and proper.

**JURY DEMAND**

Plaintiff, on behalf of the Class, hereby demands a jury trial on all causes of action that can be heard by a jury

Respectfully submitted,

March 4, 2020

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