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Suit over annuities sold to seniors is settled

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American Equity
to make refunds

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A class-action lawsuit settled yesterday in Jefferson Circuit Court allows as many as 24,000 seniors across the country who have purchased annuities from American Equity Investment Life Insurance Co. to make claims for refunds totaling more than \$16 million.

Louisville attorney William McMurry said the settlement, which includes about 1,200 plaintiffs in Kentucky, is the first nation wide class-action lawsuit settled in a Kentucky circuit court.

As part of the settlement, Iowa-based American Equity also agreed to pay \$2.6 million in fees to McMurry and two other Louisville attorneys, Mark Gray and Matt White.

The lawsuit, which was filed in 2001, alleges that American Equity and a Dallas-based insurance and legal marketing firm persuaded elderly couples to buy a living trust out of fear that probate proceedings were costly and not in their family's best interest.

The Dallas company, Advanced Legal Marketing Services and Addison Insurance Marketing, and another defendant have not settled .

The suit claims that after the victims purchased the living trusts, agents of insurance and marketing companies, pretending to be from a Kentucky law firm, approached the plaintiffs and encouraged them to sell their current investments and purchase deferred annuities from American Equity, according to McMurry.

Deferred annuities provide purchasers with a guaranteed payout after a number of years.

McMurry said the deferred annuities were often sold with 20-year terms, even though the buyers were approaching their life expectancy. He said there were substantial penalties for early withdrawals.

As part of the settlement, any member of the class age 79 or older when they purchased a deferred annuity from American Equity can submit a claim form to withdraw up to 25 percent of the policy value for each of the next four years, penalty-free, McMurry said.

The class includes people who bought a policy from American Equity between Jan. 1, 1997, and Dec. 31, 2007.

A call to American Equities was not immediately returned.

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