

# Lawsuit Alleges Insurer Allows Its Life Insurance Policies to Lapse in Violation of California Law

*California insurance law firm Gianelli & Morris has filed a class-action lawsuit against Northwestern Mutual Alleging Unlawful Practices*

LOS ANGELES, CALIFORNIA, UNITED STATES, November 16, 2021 /EINPresswire.com/ -- On November 12, 2021, the California insurance law firm [Gianelli & Morris](#) filed a lawsuit in federal district court in California, setting forth allegations of unlawful conduct regarding how Northwestern Mutual allows its life insurance policies to lapse for nonpayment of a premium. The complaint seeks declaratory relief as well as money damages for breach of contract and violation of California's Unfair Competition Law. The case is Cheri Poe v. Northwestern Mutual Life Insurance Company (case number 3:21-cv-01924-LAB-RBB).

Court papers document that the named plaintiff in this case, Cheri Poe, is a beneficiary of two life insurance policies issued in 2001 and 2002 for \$700,000 and \$400,000, respectively. The plaintiff's husband, the insured, died in April 2018. Prior to his death, the monthly premium payment on the policies for December 2017 was not paid due to an apparent bank error. When the plaintiff notified Northwestern Mutual about her husband's death, she was told that no coverage was in effect and that the company would not allow a claim for benefits under the policies.



Robert S. Gianelli, Los Angeles Insurance Attorney



Gianelli & Morris



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*Robert S. Gianelli*

The complaint alleges that Northwestern Mutual failed to follow California law in allowing the policies to lapse and denying coverage. The complaint cites two provisions of the California Insurance Code, sections 10113.71 and 10113.72, which require insurance companies to provide a 60-day grace period for nonpayment of premiums. The statutes further require insurers to mail a notice of termination for nonpayment within 30 days of the premium due date and at least 30 days before the termination date. Finally, these laws require the insurance carriers to annually notify policy owners of their right to

designate a person to receive notices of nonpayment or to change their designee.

According to the complaint, Northwestern Mutual did not follow the requirements of California law outlined above and claimed it did not have to follow that law because the life insurance policies were issued before 2013 when the laws went into effect. In response, the plaintiff’s complaint cites the California Supreme Court opinion in the case of *McHugh v. Protective Life Insurance Company* (12 Cal. 5th 213), which held these statutes “apply to all life insurance policies in force when these two sections went into effect, regardless of when the policies were originally issued.”

This case has been filed as a class-action complaint on behalf of the plaintiff and all other persons who were designated as beneficiaries under Northwestern Mutual life insurance policies that were issued before January 1, 2013, and terminated for nonpayment of a premium due on or after January 1, 2013, and where the deaths of the insureds occurred within four years of the filing of this action while the policies were in a terminated status. The complaint seeks benefits due under the policies plus interest and attorney fees, as well as money damages under California’s Unfair Competition Law (Business & Professions Code section 17200) which prohibits unlawful and unfair business acts and practices. The complaint also seeks a declaration by the court of Northwestern Mutual’s obligation to provide notices of nonpayment in accordance with current California law for policies issued prior to 2013.

“The laws were passed in 2013 because seniors and those with significant health problems can miss a premium payment and lose a life insurance policy they have paid on for years,” said Rob Gianelli, lead attorney for the class. “Northwestern Mutual ignored its responsibility to follow the law for policies, has allowed policies to lapse without proper notice, and has failed to pay numerous death claims for deaths occurring while the policies were in lapse. This lawsuit will allow the beneficiaries of those policies to recover the benefits due them.”

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