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CLERK OF THE
DISTRICT COURT
CAROL MUESSIG
2010 FEB 1 PM 1 06
FILED
BY _____
DEPUTY

Attorneys for Plaintiff

**MONTANA THIRTEENTH JUDICIAL DISTRICT COURT,
YELLOWSTONE COUNTY**

STEVE WILLIAMSON, on behalf of
himself and all those similarly situated,

Plaintiffs,

vs.

AMERICAN NATIONAL
INSURANCE COMPANY,

Defendants.

Cause No. DV - 10 - 0158

Judge: INGRID GUSTAFSON

COMPLAINT AND JURY DEMAND

PUTATIVE CLASS ACTION

COMES NOW Plaintiff Williamson, by and through the undersigned, and
for his Complaint, states and alleges as follows:

SUMMARY OF CASE

1. This is a putative class action brought pursuant to the Montana Unfair Trade Practices Act (M.C.A. § 33-18-101 et. seq.) to remedy Defendant's systematic collection of excess premiums by selling level term insurance policies (as opposed to decreasing term policies) on declining balance consumer loans in

violation of Montana law. Plaintiff Williamson, individually and on behalf of all persons similarly situated, seeks damages and declaratory judgment and relief against Defendant American National Insurance Company (hereafter "American National").

PARTIES AND JURISDICTION

2. Plaintiff Williamson was at all times relevant hereto a resident of Yellowstone County, Montana.

3. Defendant American National is a foreign entity engaged in the insurance business in the State of Montana, and specifically provides credit life, credit disability and property insurance coverage to consumer lendees in the State of Montana.

4. Credit life insurance is a type of insurance designed to match the principle balance of the loan at any given point and to pay off the loan in full in the event of the insured person's death. The beneficiary is ultimately the lender, who is assured that the loan will be paid off even if the borrower dies. Credit life insurance is high priced compared to regular forms of life insurance, and is usually offered by lenders who receive a commission from the insurance company for selling it to consumers.

5. Level term credit life insurance provides for a fixed premium and fixed benefits. Decreasing term life insurance provides for a declining premium commensurate with a declining benefit.

6. Montana law prohibits insurers from selling level term credit life insurance on consumer loans. This prohibition appropriately requires a decrease in the insurance premium collected commensurate with the decrease in the consumer's loan for which the credit life insurance applies.

7. In return for the privilege of earning income by selling insurance policies to Montanans, American National had the responsibility to issue insurance policies in accordance with Montana law, including: (1) not issuing level term credit life insurance on a declining balance consumer loan, and (2) not issuing level term credit life insurance in excess of 12 months. American National knows that it may not collect more in premiums than is allowed by Montana law.

8. On or about July 31, 2009, American National issued Plaintiff a policy of insurance, Policy No. MT Z 1020363, a copy of which is attached hereto as Exhibit "1" and incorporated by reference herein (hereafter "the Policy"). The Policy covers and applies to a consumer loan made between Big Sky Financial, Inc. and Mr. Williamson pursuant to the Montana Consumer Loan Act. The Policy correctly reflects Montana law in its statement:

AMOUNT OF LIFE INSURANCE. Level term life insurance is available only on agricultural loans, for terms up to 12 months, that are to be repaid in one lump sum at the end of the term.

9. While acknowledging in the boilerplate of the Policy that level term life insurance is available only on agricultural loans, American National nevertheless issued Williamson a level term life insurance policy on a declining balance consumer loan, and further issued the policy for a term in excess of 12 months.

10. American National has violated Montana insurance law by selling a level term credit life insurance policy on a declining balance consumer loan.

11. Upon information and belief, American National regularly sells and issues level term credit life insurance policy on declining balance consumer loans to Montanan consumers.

12. Plaintiff and the putative class have suffered damages in the form of paying higher premiums than they would have paid under a decreasing term credit life policy. Pursuant to Montana law, the acceptable rate would be:

$$OP_n = \frac{10SP_n}{\sum_{t=1}^n \left[v^{t-1} x \frac{(n-t+1)}{n} \right]}$$
$$v = \frac{1}{1 + (dis)}$$

S_p = Single premium rate per \$100 of initial credit life insurance coverage.

O_p = \$.80, the prima facie credit life insurance premium rate for monthly outstanding balance coverage from (1).

I_t = The scheduled amount of insurance for month t.

I_i = Initial amount of insurance. For a net insurance policy, I_i equals the initial principal balance of the loan.

dis = .0036, representing an annual discount rate of 4% for the interest plus .4% for mortality.

n = The number of months in the term of the insurance.

A.R.M. § 6-6-1101. Defendant American National has been unjustly enriched to the same degree as it has reaped profits as a result of its collection of higher premiums on level-term life insurance rates than the maximum acceptable rate proscribed under Montana law.

CLASS ALLEGATIONS

13. Plaintiff brings this action on his own behalf and on behalf of a class of persons similarly situated pursuant to Rule 23, Montana Rules of Civil Procedure.

14. The class is comprised of all persons who satisfy the following criteria: all Montana consumers who were sold a level term credit life insurance policy by Defendant on a declining balance consumer loan.

15. The class is believed to be so numerous that joinder of all members is impracticable. The Complaint concerns a routine insurance practice as set forth above. There are common questions of law or fact common to the class. These

include whether or not Defendant's sale of level term credit life insurance on declining balance consumer loans violates the Montana Unfair Trade Practices Act. The claims of Plaintiff are typical of those of the class. All of Plaintiff's claims are based upon the same factual and legal theories.

16. Plaintiff will fairly and adequately protect the interests of the class. Plaintiff has no interest antagonistic to those of the class. Plaintiff's counsel is competent and experienced in insurance litigation and consumer class actions.

17. Defendant has acted on grounds generally applicable to the class, thereby making final relief and declaratory relief appropriate with respect to the class as a whole.

18. The questions of law and fact common to the class predominate over any question affecting only individual members, and a class action is superior to other available methods for the fair and efficient adjudication of this controversy. The class members are consumers who may be unable to locate or afford attorneys. Most are probably unaware that their rights under Montana law have been violated. The amounts of actual damages per consumer, while not insignificant to a consumer, are generally small, and thus a consumer class action is particularly well-suited to address violations and for recovery by the class.

19. The class may be certified under Rule 23(b)(3), Mont.R. Civ. P., as such represents a superior method for the fair and efficient adjudication of this controversy in that:

(a) Most of the class members are not aware of their rights and have no knowledge that their rights have been violated.

(b) The interest of class members individually controlling the prosecution of separate claims is small because of the limited damages per consumer.

(c) Management of this class action is not likely to present significant difficulties.

(d) Defendant acted on grounds generally applicable to the class thereby making appropriate final injunctive and declaratory relief with respect to the class as a whole.

(e) Certification of a class under Rule 23 of the Montana Rules of Civil Procedure is appropriate in that Defendant has acted on grounds generally applicable to the class thereby making appropriate declaratory relief with respect to the class as a whole.

20. Plaintiff requests certification of a hybrid class action combining both declaratory relief (ending the illegal insurance practice) with monetary damages.

REQUEST FOR RELIEF

WHEREFORE, Plaintiff Williamson, on behalf of himself and the putative class, respectfully requests the following relief against Defendant American National:

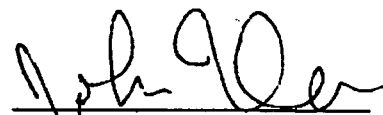
- a. This Court certify the class and appoint Plaintiff class representative and his attorneys as class counsel.
- b. Actual damages.
- c. Statutory damages, including exemplary damages.
- d. Costs and attorney's fees to the extent allowed by law.
- e. Entry of a declaratory judgment.
- f. Such other and further relief as the Court may deem just and proper.

JURY DEMAND

Plaintiff demands a trial by jury on all claims.

Dated this 19th day of January, 2010.

HEENAN LAW FIRM



John Heenan
Mandi Gibbs
Attorneys for Plaintiffs

Exhibit 1

AMERICAN NATIONAL INSURANCE COMPANY
P.O. Box 9007
LEAGUE CITY, TEXAS 77574-9007

LOAN NO. 0-13413 SCHEDULE POLICY NO. MT **7 1020363**

INSURED DEBTOR'S NAME STEVE WILLIAMSON		AGE	SOCIAL SECURITY #	INSURED DEBTOR'S ADDRESS			
INSURED CO-DEBTOR'S NAME (IF JOINT)		AGE	SOCIAL SECURITY #	INSURED CO-DEBTOR'S ADDRESS, MT 59101			
AGENT NO.			CREDITOR BENEFICIARY AND ADDRESS			SECOND BENEFICIARY: DEBTOR'S ESTATE <input type="checkbox"/>	
B&S SKY FINANCIAL, INC. - 323 24TH STREET WEST - SUITE 500 LEAGUE CITY, MT 59102			OR				
NUMBER OF ODD DAYS IN DEBT <u>14</u>		LOAN INTEREST RATE <u>5.99%</u>		INITIAL AMOUNT OF INSURED LOAN \$ <u>(8,012.67)</u>			
TYPE OF COVERAGE (Maximum Total Coverage Per Policy is \$100,000)		EFFECTIVE DATE OF INSURANCE	TERM (MAXIMUM 120 MOS.)	EXPIRATION DATE OF INSURANCE	MONTHLY AMOUNT OF INSURANCE	MONTHLY PAYMENT	SINGLE PREMIUM FOR TERM
Decreasing Term Life Single <input type="checkbox"/> Joint <input type="checkbox"/>			MONTHS				
Net Balance Term Life Single <input type="checkbox"/> Joint <input type="checkbox"/>			MONTHS				
Level Term Life Single <input type="checkbox"/> Joint <input type="checkbox"/>			MONTHS (MAX 12 MONTHS)				
TOTAL DISABILITY BENEFITS COMMENCE AS OF THE DAY OF SUCH DISABILITY PROVIDED DISABILITY HAS EXISTED CONTINUOUSLY FOR <u>1</u> DAYS.		<u>07/31/11</u>	<u>MONTHS 4 (MAXIMUM 120 MONTHS)</u>	<u>08/14/11</u>	<u>8,028.64</u>		<u>15</u>

*SOCIAL SECURITY NUMBER IS NOT REQUIRED TO OBTAIN INSURANCE. 08/14/11 337 36 26

Does this Policy replace an existing Policy due to renewal or refinancing? X Yes No. If yes, indicate:
 Existing Policy No. 21111-9 Effective Date: 12/1/10 Term: 24 Outstanding Insured Indebtedness \$ 24,415

Only persons 15 years or over and not over age 65 on the effective date are eligible for coverage. No insurance may be written which would terminate after an Insured shall reach age 71. All insurance must terminate when an Insured reaches age 71. In this Policy: The Insured is "you" and "your" and American National Insurance Company is "we," "our," and "us."

Application:
 I hereby apply to the Company for insurance in the amount of and for the terms as stated in the Schedule. I declare that to the best of my knowledge and belief, I am in good health and am gainfully employed (Includes unemployed due to seasonal layoff) and that my age is as stated above. During the past three years I have not received any medical care or treatment for heart, lungs or respiratory system, stomach or digestive system, brain or nervous system, liver, kidneys or intestines, diabetes, Acquired Immune Deficiency Syndrome (AIDS) or (ARC), high blood pressure, alcoholism, drug addiction, or cancer to any part of the body except as follows:

I understand that this insurance is not a factor in the approval of my loan, and that I may provide insurance through existing policies or procure and furnish policies of insurance from other insurers.

I understand that the Company, in deciding whether to issue the insurance being applied for, will rely upon the truth of the statements which I have made in this application, and if material misstatements have been made, the Company may not be bound to pay the insurance in the event a claim is made within the first 2 years. If joint life coverage is applied for, the above statements pertain to both the Debtor and the Co-Debtor.

I understand that this insurance is not a factor in the approval of my loan, and that I may provide insurance through existing policies or procure and furnish policies of insurance from other insurers.

SIGNED this 31st day of July 2011

Signature of Insured Debtor [Signature] Signature of Joint Debtor

Licensed Resident Agent [Signature]

POLICY OF INSURANCE

WHAT YOU GET

If we have been paid the premium shown in the Schedule of Insurance, you are insured for the coverage shown in the Schedule.

If the amount of the original indebtedness is \$15,000.00 or less, any life insurance provided hereunder shall equal the loan amount.

If the amount of the original indebtedness exceeds \$15,000.00, any life insurance provided hereunder shall not exceed the loan amount.

WHO GETS PAID

Claim payments are made to the Creditor Beneficiary named in the Schedule to pay off or reduce your debt. If claim payments are more than the balance of your debt, the difference will be paid by separate Company check to you or to the Second Beneficiary named in the Schedule.

LIFE INSURANCE

WHAT WE WILL PAY

SINGLE LIFE INSURANCE BENEFIT. If you die while you are insured for single life coverage, we will pay the amount of insurance in force at the time of your death after we receive proof of your death.

JOINT LIFE INSURANCE BENEFIT: If you or your co-debtor dies while insured for joint life coverage, we will pay the amount of insurance in force at the time you or your co-debtor dies after we receive proof of the death. Only one death benefit is payable.

AMOUNT OF LIFE INSURANCE. Level term life coverage is available only on agricultural loans, for terms up to 12 months, that are to be repaid in one lump sum at the end of the term. The proceeds are the initial amount of insurance shown in the Policy Schedule. When decreasing term life is purchased, the amount of life insurance is the initial amount of insurance shown in the Schedule. Your insurance reduces each month by the amount of the monthly payment as shown in the Schedule. If the amount of the original indebtedness is \$15,000.00 or less, the amount of life insurance shall equal the loan amount. If the amount of the original indebtedness is \$15,000.00 the amount of life insurance shall not exceed the Maximum Total Coverage as shown in the Policy Schedule.

NET INDEBTEDNESS. If net indebtedness coverage is issued, the amount of insurance in force at any time during the term shall be equal to the unpaid balance of the original amount insured, plus any accrued interest on such amount, less any delinquent payments, plus any payments made in advance.

DISABILITY INSURANCE

DISABILITY DOES NOT COVER INSURED CO-DEBTOR

WHAT WE WILL PAY

TOTAL DISABILITY INSURANCE BENEFIT. If the amount of the original indebtedness is \$15,000.00 or less, any disability insurance provided hereunder shall equal the loan amount. The monthly disability benefit shall equal the loan amount divided by the number of months in the term of the loan.

If the amount of the original indebtedness exceeds \$15,000.00, any disability insurance provided hereunder shall not exceed the Maximum Monthly Disability Benefit as shown in the Policy Schedule.

Commencing with day stated in the Schedule, for any period during which you are totally disabled for the period stated in the Schedule, we will pay a daily benefit equal to one thirtieth ($1/30^{\text{th}}$) of the amount of monthly payment stated in the Schedule.

DEFINITION OF TOTAL DISABILITY. During the first 12 consecutive months of total disability, total disability means that you are not able to perform any of the duties of your occupation because of sickness or accidental injury. After the first 12 months of total disability, the definition changes and requires that you are not able to perform the duties of any occupation for which you are reasonably qualified by education, training, or experience. You will be required to give us written proof of your continuing total disability from time to time.

WHAT WE WON'T PAY

MISSTATEMENT OF AGE. Subject to the incontestability provision, if your age is misstated and you have reached age 66 on the Effective Date, no insurance under this Policy will take effect and our liability shall be limited to a refund of all premiums paid. If your age is not within the above stated limits but was correctly stated when applying for coverage and a Policy was issued, we will terminate coverage and return the premium to the Creditor for refund or credit to your account. We will also notify you of such termination of coverage and return of premium. If such return of premium has not been made and you have not been notified within 60 days from the effective date of the Policy, our liability shall include all amounts for which premiums have been paid. If you die within this 60 day period and before the coverage has terminated, we will be liable for the full risk. This provision also applies to you co-debtor if you applied for joint life coverage.

SUICIDE. We won't pay a claim if you commit suicide within two years of the Effective Date shown in the Schedule, but we will refund the life insurance premium. This also applies to your co-debtor if you applied for joint life coverage.

TOTAL DISABILITIES NOT COVERED. We won't pay the claim or refund the premium for disability resulting from:

1. an intentionally self-inflicted injury; or,
2. foreign travel or residence; or,
3. flight in a non-scheduled aircraft; or,
4. war or military service; or,
5. a pre-existing illness, disease, or physical condition for which you received medical diagnosis or treatment within the 6 months preceding the Effective Date as shown in the Schedule, and which causes loss within 6 months following the Effective Date as shown in the Schedule. However, a separate period of disability commencing thereafter resulting from such condition shall be covered.

RENEWAL OR REFINANCING. If an indebtedness insured under this Policy is paid prior to the scheduled maturity date by renewal or refinancing, we will issue a new Policy to you covering the total debt. However, the amount of the debt outstanding at the time of renewal or refinancing shall be governed by the provisions and Effective Date of the original Policy for the remainder of the term shown on the original Policy. Thereafter, the Effective Date and provisions of the new Policy shall govern.

WHEN INSURANCE STOPS—REFUNDS

This insurance stops on the Expiry Date or when your loan is paid off, renewed, refinanced, or otherwise stops, whichever happens first. The termination must be without prejudice to any claim starting prior to termination. In case of termination prior to expiry the refund of unearned premium shall be determined as follows: (a) level term life refunds shall be calculated on the "Pro Rata" refund formula; (b) the refund for decreasing term life or disability coverage shall be based on the "Rule of 78" formula. If you die, the life insurance is deemed earned and no refund is due. Disability premium is not earned and shall be refunded, but refunds or credits of less than a dollar won't be made.

NOTICE OF EARLY TERMINATION: To receive a refund or credit of any unearned premium that may be due, you must give us written notice of the early termination of your debt. Notice must contain your name, the certificate number, the effective date and termination date of the certificate, proof of the date of termination of your debt and should be mailed to us at American National Insurance Company, Credit Insurance Division, P.O. Box 9007, League City, TX 77574-9007. If you have a question as to how to obtain a refund, call us at 1-800-899-6502.

WHAT THE CONTRACT IS AND HOW YOUR STATEMENT AFFECTS IT – INCONTESTABILITY PROVISION

The Policy, the application, and any endorsements are the complete contract of insurance. All statements made by you in the Application are considered to have been made to the best of your knowledge and belief. No statement can be used to void this Policy or deny a claim unless that statement is in your signed Application. After 2 years from the Effective Date, no statement made by you in your Application can be used to void this Policy or deny a claim unless that statement was fraudulent.

RULES FOR FILING A TOTAL DISABILITY CLAIM

Write us or our agent about your claim within six months after the beginning of your total disability or as soon after that as you can. We will send claim forms within 15 days after you tell us about the claim. If we do not send the forms in 15 days, you can send us written proof of your disability. The proof must show the date and cause of the disability and how serious it is. It must be signed by a physician. The proof of disability must be sent to us no later than 90 days after your disability ends. If you cannot file within 90 days, you must file as soon as you can. Unless you have been legally incapable of filing the proof of disability, we will not accept it if it is filed after 1 year from the time it should have been filed. You cannot start any legal action until 60 days after you send us the proof of your disability, and you cannot start any legal action more than 3 years after the proof is filed.

RULES FOR FILING A LIFE CLAIM

We must be given a certified copy of the death certificate as proof of a life claim.

CONFORMITY WITH STATE STATUTES

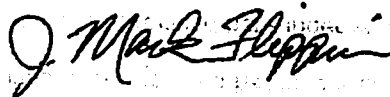
Any part of this Policy which, on the Effective Date of this Policy, conflicts with the statutes of the state where the Policy was delivered to you, is changed to conform to the minimum standards of those statutes.

PHYSICAL EXAMINATION AND AUTOPSY

We, at our own expense, have the right, and you must allow us the opportunity to examine your person as often as is reasonably required while a claim is pending. We may also require an autopsy in case of death, if it is not forbidden by law.



Authorized Officer



Authorized Officer