

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No. 2:20-cv-11518-SVW-PVC

Date February 16, 2023

Title *LSIMC, LLC v. American General Life Insurance Company*

Present: The Honorable STEPHEN V. WILSON, U.S. DISTRICT JUDGE

Paul M. Cruz

N/A

Deputy Clerk

Court Reporter / Recorder

Attorneys Present for Plaintiffs:

Attorneys Present for Defendants:

N/A

N/A

Proceedings: ORDER GRANTING MOTION FOR PRELIMINARY APPROVAL OF SETTLEMENT [215]

Before the Court is a motion for preliminary approval of a class settlement reached between the parties. For the reasons below, the motion is GRANTED; the Court preliminarily approves the settlement such that the parties may begin the process of notifying potential class members per the procedures outlined in the moving papers.

Under Rule 23, preliminary approval of a class settlement is warranted when it is sufficiently likely that a court will be able to grant final approval of the settlement and certify the class to justify directing notice to class members. Fed. R. Civ. P. 23(e)(1)(B). Final approval, in turn, requires that a court find the settlement to be “fair, reasonable, and adequate” after considering (A) whether class representatives and counsel provided adequate representation, (B) whether the proposal was negotiated at arm’s length, (C) whether the relief provided for the class is adequate, and (D) whether the proposal treats class members equitably relative to each other. Fed. R. Civ. P. 23(e)(2).¹ Thus, at the preliminary approval stage, courts largely focus on whether “the proposed settlement appears to be the product of serious, informed, non-collusive negotiations, has no obvious deficiencies, does not improperly grant preferential treatment to class representatives or segments of the class, and falls within the range of

¹ The Ninth Circuit has also prescribed additional, related considerations, including “the strength of the plaintiffs’ case; the risk, expense, complexity, and likely duration of further litigation; the risk of maintaining class action status throughout the trial; the amount offered in settlement; the extent of discovery completed and the stage of the proceedings; the experience and views of counsel; the presence of a governmental participant; and the reaction of the class members to the proposed settlement.” *Hanlon v. Chrysler Corp.*, 150 F.3d 1011, 1026 (9th Cir. 1998).

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possible approval.” *Chen v. Chase Bank USA, N.A.*, 2020 WL 264332, *6 (N.D. Cal. 2020) (citation omitted).

Here, in light of these considerations, the Court concludes that preliminary approval is warranted. Plaintiffs and their counsel have vigorously litigated this case, and the settlement was reached after arm’s-length negotiations, including those facilitated by an experienced mediator. *See* Mot. 14-15.

Moreover, the Court concludes that the relief provided for in the settlement is sufficiently adequate to warrant preliminary approval at this stage. *See* Fed. R. Civ. P. 23(e)(1)(B), (e)(2)(C). The Settlement provides approximately \$55.5 million of benefits in the form of cash to the Settlement Class and additional accumulation value for Settlement Class Member with In Force Policies. Plaintiff represents that this value is approximately 44% of Plaintiff’s estimate of alleged under-crediting of interest by Defendant. Mot. at 15-16; Mill Decl. (estimating \$125.7 million in under credited interest); *See Dunleavy v. Nadler (In re Mego Fin. Corp. Sec. Litig.)*, 213 F.3d 454, 459 (9th Cir. 2000) (affirming approval of class settlement which represented roughly one-sixth of the potential recovery); *Brown v. CVS Pharmacy, Inc.*, No. CV 15-7631 PSG (PJWx), 2017 WL 3494297, at *4 (C.D. Cal. Apr. 24, 2017) (approving settlement that represented 27 percent of possible recovery); *Martinez v. Helzberg’s Diamond Shops*, No. EDCV201085PSGSHKX, 2021 WL 4730914, at *8 (C.D. Cal. Apr. 12, 2021) (approving settlement that represented 11 percent of possible recovery).

When compared against the litigation hazards that Plaintiff would face this amount is adequate for preliminary approval purposes. Given that the Class was certified for liability purposes only, Plaintiff faced several risks in terms of presenting a theory of damages that would survive summary judgment, defending against attempts by Defendant to decertify the class after the trial, and converting a liability judgment into actual damages. Thus, in light of the long, contentious, and uncertain road that Class Members would have to traverse to receive relief, the Court finds that the settlement is adequate for preliminary approval purposes. *See Amador v. Baca*, No. 210CV01649SVWJEM, 2020 WL 5628938, at *3 (C.D. Cal. Aug. 11, 2020) (finding class relief adequate where “[t]he class faced the possibility that no workable arrangement for establishing classwide damages would be developed, as well as the possibility that any final judgment would lead to reversal on appeal.”).

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Accordingly, the Court grants preliminary approval of the settlement and of the notification procedures as detailed in the parties' proposed order, ECF No. 215-6. The final approval hearing shall be set for June 26, 2023, at 1:30pm.

IT IS SO ORDERED.

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