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Attorneys for Defendant Life Insurance  
Company of the Southwest

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

JOYCE WALKER, KIM BRUCE  
HOWLETT, and MURIEL SPOONER, on  
behalf of themselves and all others  
similarly situated,

Plaintiffs,

vs.

LIFE INSURANCE COMPANY OF THE  
SOUTHWEST, a Texas corporation, and  
DOES 1-50

Defendant.

Case No.: CV 10-9198-JVS(RNBx)

**DECLARATION OF ELIZABETH  
MACGOWAN IN SUPPORT OF  
DEFENDANT LIFE INSURANCE  
COMPANY OF THE SOUTHWEST'S  
OPPOSITION TO PLAINTIFFS'  
MOTION FOR LEAVE TO FILE  
THIRD AMENDED COMPLAINT**

Judge: Hon. James V. Selna  
Date: March 4, 2013  
Time: 1:30 P.M.  
Courtroom: 10C

1 I, Elizabeth MacGowan, declare as follows:

2 1. I am Vice President and Chief Life Product Officer at National Life. In that  
3 position, one of my responsibilities is overseeing the team responsible for pricing and  
4 implementing life insurance products for National Life and Life Insurance Company of  
5 the Southwest ("LSW"), including LSW's SecurePlus Provider ("Provider") and  
6 SecurePlus Paragon ("Paragon") policies.

7 2. I have personal knowledge of the facts stated herein and, if called as a  
8 witness, I could and would testify competently thereto.

9 3. I currently bear responsibility for overseeing the pricing of the products and  
10 determining the rates at which LSW will credit interest and the level of the rates charged.

11 4. LSW intends to provide the Account Value Enhancement starting in year ten  
12 and the reduced Monthly Administrative Charge starting after year ten, as provided on  
13 Provider illustrations. LSW also intends to provide the reduced Monthly Administrative  
14 Charge and reduced Percent of Accumulated Value Charge reflected on Paragon  
15 illustrations when Paragon policies reach their tenth anniversary.

16 5. National Life has issued several life insurance policies that, although quite  
17 different from Paragon and Provider, do include non-guaranteed elements that will accrue  
18 after a policy has been in force for a period of years. In every instance, when the period  
19 of years has run, National Life has provided every non-guaranteed element. These  
20 products include:

- 21 • Navitrak, a universal life insurance product. Navitrak was illustrated  
22 to provide a non-guaranteed Account Value bonus of 0.50%  
23 beginning after policy year ten, and to reduce (on a non-guaranteed  
24 basis) the spread on preferred loans from 1.3% to 0% at the same  
25 time. These non-guaranteed elements have been implemented for  
26 policies that have been in force for at least ten years.

- 1 • Varitrak, a variable universal life insurance product. Varitrak was  
2 illustrated to provide a non-guaranteed Account Value bonus of  
3 0.50% beginning after policy year ten, and to reduce (on a non-  
4 guaranteed basis) the spread on preferred loans from 1.3% to 0.8% at  
5 the same time. These non-guaranteed elements have been  
6 implemented for policies that have been in force for at least ten years.
- 7 • Sentinel Estate Provider, a survivorship variable universal life  
8 insurance product. Sentinel Estate Provider was illustrated to reduce  
9 the policy fee from \$15 per month to \$7.50 per month on a non-  
10 guaranteed basis beginning after the tenth policy year. In addition,  
11 Sentinel Estate Provider was illustrated to show a charge of \$1,000  
12 per death benefit reduced to \$0 on a non-guaranteed basis after policy  
13 year ten. Finally, Sentinel Estate Provider was illustrated to reduce  
14 (on a non-guaranteed basis) the spread on preferred loans from 2.00%  
15 to 0.25% beginning in policy year ten. These non-guaranteed  
16 elements have been implemented for policies that have been in force  
17 for at least ten years.
- 18 • NL Estate Provider, a survivorship universal life insurance product.  
19 NL Estate Provider was illustrated to reduce (on a non-guaranteed  
20 basis) the spread on preferred loans by 0.50 % after policy year ten.  
21 In addition, NL Estate Provider was illustrated to provide a non-  
22 guaranteed interest bonus of 0.50 %, beginning after policy year ten.  
23 These non-guaranteed elements have been implemented for policies  
24 that have been in force for at least ten years.

1 I declare under the penalty of perjury that the foregoing is true and correct.

2 Executed this 29<sup>th</sup> day of January, 2013 at Montpelier, Vermont.

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4 By: Elizabeth MacGowan  
5 Elizabeth MacGowan  
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