On June 19, 2017, Los Angeles Superior Court Judge Ann I. Jones, sided with plaintiffs and denied CalPERS' request to dismiss the claims of approximately 123,000 class members who purchased Long Term Care insurance from CalPERS and had their premiums increased by 85%. A copy of the Court's order can be found at http://www.calpersclassactionlawsuit.com/court-documents.html

In this case, the plaintiffs asserted five causes of action against CalPERS: breach of fiduciary duty; breach of contract; breach of the implied covenant of good faith and fair dealing; rescission; and declaratory and injunctive relief. The court previously certified the breach of fiduciary duty and breach of contract claims for class treatment.

CalPERS filed a motion for summary judgment seeking to eliminate the case in its entirety. CalPERS argued that plaintiff's breach of fiduciary duty claims were barred because it had immunity for any breaches that may have led to the 85% rate increase. On the breach of contract claim, CalPERS argued that the claim should be dismissed because it was permitted to raise rates under the contract of insurance and that the claims were barred by the statute of limitations.

The Judge denied the motion for the second cause of action for breach of contract, the third cause of action for breach of implied covenant of good faith and fair dealing, and the fifth cause of action for declaratory and injunctive relief. With respect to the breach of fiduciary duty claim, the Court found that CalPERS had immunity for this claim.

The Court rejected CalPERS' argument that the Class' breach of contract claims were barred by the statute of limitations. The Court found the time period to contest the 85% rate increase did not begin to run until CalPERS actually announced the rate increase in 2013. The Court also found that the rate increase potentially violated certain provisions in the insurance contract that prohibited rate increases that are "a result of" the increasing benefits that were being provide to policyholders who purchased inflation protection. Since CalPERS primarily implemented the rate increase on policyholders that purchased inflation protection, the Court found that a jury could infer that the rate increases were implemented as a result of this benefit.