

UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF
WISCONSIN

**Kathleen Princeton and Richard Bojar v. American Family Mutual
Insurance Company S.I., American Standard Insurance Company of
Wisconsin, and American Family Life Insurance Company**

Princeton · No. 25-CV-1215 · Decided February 12, 2026

SUMMARY

The United States District Court for the Eastern District of Wisconsin denied defendants’ motion to dismiss claims arising from termination-benefit agreements between American Family and its independent contractor insurance agents. The court held that plaintiffs plausibly alleged that designated beneficiaries were entitled to the present value of lifetime annuity payments, and that the contractual language was ambiguous at the pleading stage. The court also allowed plaintiffs’ fiduciary-duty, good-faith-and-fair-dealing, and declaratory-relief claims to proceed.

CASE DETAILS

COURT	United States District Court for the Eastern District of Wisconsin
WRITING FOR THE COURT	Byron B. Conway
JURISDICTION	United States District Court for the Eastern District of Wisconsin
DECIDED	February 12, 2026
DOCKET	25-CV-1215
DISPOSITION	other
PROCEDURAL POSTURE	Defendants removed the action from Marinette County Circuit Court and moved under Federal Rule of Civil Procedure 12(b)(6) to dismiss claims for breach of contract, breach of fiduciary duty, breach of the duty of good faith and fair dealing, and declaratory relief.
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court accepts well-pleaded factual allegations as true, draws reasonable inferences in the plaintiff's favor, and asks whether the complaint states a facially plausible claim for relief. Legal conclusions and conclusory allegations are not entitled to the presumption of truth.
PRECEDENTIAL VALUE	unpublished district court decision; persuasive authority only

TOPICS

motions to dismiss contract interpretation breach of contract implied covenant of good faith
declaratory judgment

PRACTICE AREAS

civil procedure contracts insurance remedies

QUESTIONS PRESENTED

1. Whether plaintiffs plausibly alleged that American Family breached the termination agreements by excluding projected lifetime payments from the present value of remaining termination benefits assigned to a designated beneficiary.
2. Whether plaintiffs plausibly alleged a fiduciary relationship and breach despite the agents' status as independent contractors.
3. Whether plaintiffs plausibly alleged a breach of the implied duty of good faith and fair dealing.
4. Whether the declaratory-relief claim could survive where the underlying breach-of-contract claim survived.

HOLDINGS

1. The complaint plausibly alleged breach of contract and damages because the termination agreements, read as a whole, were reasonably susceptible to plaintiffs' interpretation that assigned remaining termination benefits included the present value of lifetime payments. The claim therefore could not be dismissed at the pleading stage.
2. The complaint plausibly alleged a fiduciary relationship and breach because American Family's exclusive control over benefit calculations and alleged lack of transparency could support an inference of substantial authority, dependence, or inequality. Dismissal was premature because whether a fiduciary relationship existed was fact intensive.
3. Plaintiffs plausibly alleged that American Family breached the implied duty of good faith and fair dealing by allegedly failing to calculate and pay the remaining termination benefits required by the agreements.
4. The declaratory-relief claim survived because the underlying breach-of-contract claim survived the motion to dismiss.

KEY QUOTATIONS

“Skepticism about intent does not render plaintiffs’ interpretation of the agreement implausible as a matter of law.”

“Plaintiffs have set forth plausible claims that would be inappropriate to dismiss at this stage.”

FACTUAL BACKGROUND

Plaintiffs are connected with termination-benefit agreements issued by American Family to independent contractor insurance agents. Princeton is the designated beneficiary of former agent Earl W. Stone, whose agreement provided for extended earnings and assignment of remaining termination benefits to a beneficiary; after Stone's death, American Family offered Princeton a lump-sum payment of \$554,535.61. Bojar is a retired American Family agent receiving monthly termination payments under a separate agreement, and both plaintiffs contend the agreements require calculation and payment of the present value of a lifetime annuity rather than only benefits payable during the first 120 months. Plaintiffs also allege that American Family exclusively controlled the benefit calculations and failed to disclose its methodology.

PROCEDURAL HISTORY

Plaintiffs originally filed the action in Marinette County Circuit Court. Defendants removed it to the Eastern District of Wisconsin under the Class Action Fairness Act and moved to dismiss for failure to state a claim. The court denied the motion in its entirety, concluding that the complaint plausibly alleged each challenged claim.

DISPOSITION

other

CASES CITED

- Bell Atl. Corp. v. Twombly, 550 U.S. 544, 555, 570, 127 S. Ct. 1955, 167 L. Ed. 2d 929 (2007)
- Taylor v. Salvation Army Nat'l Corp., 110 F.4th 1017, 1028 (7th Cir. 2024)
- Ashcroft v. Iqbal, 556 U.S. 662, 678, 129 S. Ct. 1937, 173 L. Ed. 2d 868 (2009)
- McCauley v. City of Chicago, 671 F.3d 611, 616 (7th Cir. 2011)
- Alvarado v. Litscher, 267 F.3d 648, 651 (7th Cir. 2001)
- Matthews v. Wis. Energy Corp., 534 F.3d 547, 553 (7th Cir. 2008)
- N.W. Motor Car, Inc. v. Pope, 51 Wis. 2d 292, 187 N.W.2d 200 (1971)
- Maryland Arms Ltd. P'ship v. Connell, 2010 WI 64, ¶ 22, 326 Wis. 2d 300, 786 N.W.2d 15
- McWane Inc. v. Crow Chi. Indus., Inc., 224 F.3d 582, 584 (7th Cir. 2000)
- MS Real Estate Holdings, LLC v. Donald P. Fox Family Tr., 2015 WI 49, ¶¶ 37, 43, 362 Wis. 2d 258, 864 N.W.2d 83
- Dawson v. General Motors Corp., 977 F.2d 369, 372 (7th Cir. 1992)
- Marlowe v. IDS Prop. Cas. Ins. Co., 2013 WI 29, ¶ 48, 346 Wis. 2d 450, 828 N.W.2d 812
- Levy v. Levy, 130 Wis. 2d 523, 533, 388 N.W.2d 170 (1986)
- HCW LLC v. Alorica Customer Care Inc., No. 20-C-1141, 2022 U.S. Dist. LEXIS 123576, at *11 (E.D. Wis. July 13, 2022)
- Berner Cheese Corp. v. Krug, 2008 WI 95, 312 Wis. 2d 251, 752 N.W.2d 800, 809
- Doe 67C v. Archdiocese of Milwaukee, 2005 WI 123, ¶ 55, 284 Wis. 2d 307, 700 N.W.2d 180
- Dusterhoft v. Onetouchpoint Corp., No. 22-cv-0882-bhl, 2024 U.S. Dist. LEXIS 170993, at *46 (E.D. Wis. Sept. 23, 2024)

- Betco Corp. v. Peacock, 876 F.3d 306, 310 (7th Cir. 2017)
- Foseid v. State Bank, 197 Wis. 2d 772, 796-97, 541 N.W.2d 203, 213 (Ct. App. 1995)
- Olson v. Champaign County, 784 F.3d 1093, 1099 (7th Cir. 2015)
- Hartman v. Gilead Scis., Inc., 536 F.3d 1049, 1057 (9th Cir. 2008)

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