

The Republican.

Ponsor rejects insurer's claim

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SPRINGFIELD - A federal judge on Thursday issued a decision detailing his refusal to dismiss a lawsuit against Prudential Insurance Company by a group of combat veterans' families, including a Belchertown couple.

Families filed a class action suit in 2009 against the New Jersey-based insurance giant, alleging the company committed fraud and breached contracts by issuing - rather than a lump sum payment - checkbooks amounting to 36 monthly installments - essentially to skim profits off higher rates of interest that it kept instead of passing them along to the beneficiaries.

In his decision, U.S. District Judge Michael A. Ponsor noted that 10 plaintiffs "allege that (Prudential) is aware that grief-stricken families will often not seek an immediate payout of the lump-sum amount, and that the company passes on only a fraction of the interest it accrues in its general account to the families."

The company contended the checkbook satisfied its obligation to pay out a lump sum and sought to dismiss the suit. But Ponsor rejected the argument, highlighting the company's ability to retain money and earn interest on it.

Lawyers for Prudential have admitted that the interest it has earned on the so-called "Alliance Accounts" is more than it pays.

The lead plaintiffs are Kevin and Joyce Lucey, whose 23-year-old son, Jeffrey M. Lucey, committed suicide after returning home from a tour in Iraq in 2004.

Kevin Lucey was present during the last court hearing, but declined to comment while the litigation is pending.

The complaint labels Prudential's business practices with regard to the death policies "abhorrent behavior (that is) not to be tolerated in a civilized society," and lawyers for the plaintiffs allege there is potentially \$850 million on the table in damages and 60,000 families affected.

The plaintiffs contend beneficiaries were paid a maximum of 1 percent in interest while accruing 5.7 percent on deferred payments.

Multiple lawsuits across the country were consolidated in federal court in Springfield and further pretrial hearings for all the plaintiffs will be held here.

A status conference in the case is scheduled for July 15.