

# VA Approved Prudential's Profiteering Plan

## VFW Calls for New Insurance Contractor

Sep 29, 2015

**WASHINGTON** — Unsealed documents received by the Veterans of Foreign Wars of the United States reveal that the Department of Veterans Affairs agreed to how Prudential Insurance Company of America could disperse death payments, and that the insurance giant may have aggressively trained its staff to put the company's interests ahead of grieving families in the payout of those benefits.

The 3,600 pages were ordered released as the result of a motion filed by the VFW to force Prudential to unseal documents related to a class action lawsuit brought against the company for its administering of the Servicemembers Group Life Insurance (SGLI) program. The underlying case, which was resolved in December 2014 in a near \$40 million settlement, alleged that Prudential failed to pay death benefits to military service members, veterans and their families in the manner required by the laws governing SGLI and the Veterans Group Life Insurance (VGLI) programs.

In filing the motion two years ago, the VFW consistently took the position that documents filed by Prudential should be made available so that families and the public could better understand what the company did in connection with its administering of federally subsidized life insurance programs for service members and veterans. Prudential consistently denied wrongdoing throughout the proceedings, even though most of the records filed in the case had been sealed from the public at Prudential's request. The judge's decision last month required Prudential to disclose all but 16 of the documents, which now makes the VFW very suspicious of what's still being kept from the public, because what has been disclosed so far paints a picture of institutional greed with the government's approval.

One document reveals a draft concept for asset retention in which account managers are encouraged to increase earnings by managing client money longer, which validates an earlier allegation by Bloomberg News that the company had earned up to a 4.8-percent return on their Alliance Accounts in 2008 while only paying survivors less than 1 percent in interest. "It clearly tells account managers to meet any additional needs beneficiaries may

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have, but on a playing field tilted toward Prudential,” said VFW National Commander John A. Biedrzycki Jr., who said the document also features a subtitle that simply states, “It’s About Money.” Still another document shows Prudential training its benefits operators on how to deal with survivors who insist on lump sum payments instead of an Alliance Account checkbook.

A document signed in September 2009 between top Prudential and VA officials gives the insurance company permission to “discharge its payment obligations under the Group Policy with respect to lump sum payments by paying the full amount of insurance proceeds in a single distribution to an account held on deposit with the Insurance Company, either in the beneficiary’s name or in trust for the beneficiary.” That account, according to Biedrzycki, is the Alliance Account, from which a beneficiary can use a share draft check for the entire amount or let Prudential hold their money like a bank, which it is not.

“I know my savings account earns far less in interest than what my bank earns by virtue of them holding my money, but the difference is I know that; grieving beneficiaries may not,” said the VFW national commander.

“The documents speak for themselves, and they show that Prudential initiated this program for the money that could be gained, not to help grieving military families — and the VA knew all about it,” said Biedrzycki. “For an insurance company to profit off the dead is sickening, but for our own government to turn a blind eye to profiteering is something entirely else. It’s well past time for an independent investigation into this, and for the SGLI and VGLI contracts to go to another insurance provider.”