

PRUDENTIAL INSURANCE POLICYHOLDERS CONFUSED

From State Insurance Commissioner

■(OKLAHOMA CITY) The Oklahoma Insurance Department has been deluged with Prudential policyholders confused about how — or if — they should file claims relating to Prudential's nationwide settlement of a class action lawsuit alleging misconduct and misleading sales practices.

The lawsuit involves only those people who purchased whole life insurance policies between Jan. 1, 1982 and Dec. 1, 1996 from Prudential Co. of America. It is estimated roughly 65,000 Oklahomans fall in this category.

Prudential is offering to pay a minimum of \$410 million to settle allegations its agents used unscrupulous practices to sell the company's life insurance products. Earlier this month, Prudential sent out information packets to those believed affected, including the 65,000 in Oklahoma.

"While the packets explain the nationwide settlement as simply as possible, they still contain legal and insurance language which may confuse the average person," said Oklahoma Insurance Commissioner John P. Crawford.

Among the questions many callers ask are whether their insurance policies remain in force, whether they should or shouldn't file a claim, or similar questions. Most, however, simply don't know what to do.

"The answer is, policyholders don't have to decide anything right away," Crawford said. "This initial mailing is informative in nature. Subsequent mailings will provide people a chance to formally file complaints and try to claim some of the money."

Many questions are best addressed by calling the Prudential settlement hotline. Hotline representatives can confirm a number of details about callers' policies and the settlement. They do not, however, recommend whether callers should file a claim against Prudential.

"My biggest concern is for policyholders who have a lot of money at stake and believe they may have been misled," Crawford said. "Many of these people have complicated financial decisions to make and should be consulting an independent financial advisor or attorney, if possible."

Crawford's office is monitoring the case to make sure the outcome is as equitable as possible.

"Policyholders who believe they were victimized may either pursue their claims in the class action or they may 'opt out' of the

class and pursue their claims on their own," Crawford said. "I suspect that some people may have been subjected to illegal sales practices, but perhaps didn't realize it. These people may want to remain in the class until they have had an opportunity to better assess their particular situation."

A few of the qualifying deeds of misconduct, according to the Prudential packet are:

- Churning — needlessly selling existing policyholders new policies to generate a new sale and the attendant higher commissions new sales yield.

- Misrepresenting the benefits associated with certain policies.

- Misrepresenting the number of premiums that will have to be paid before the policy is paid for, also known as "vanishing premium."

- A life insurance policy was wrongly characterized as solely an investment or savings vehicle rather than a life insurance policy.

Prudential and independent, court-ap-

pointed advisors will determine the merits of each claim on a case-by-case basis. The size and magnitude of the wrong-doing, as well as the supporting evidence, will be weighed in settling each case. They will follow a court-approved formula for determining the amount of relief due the policyholder.

People who received packets who don't feel they were misled can opt out of the settlement by indicating such in writing to Prudential. The deadline for "opting out" is Dec. 19, 1996. If people don't formally drop out, they will continue receiving mailings regarding the settlement.

The initial mailing describes the three remedies available to policyholders, including two arising from the court case and a third hammered out among 43 state insurance commissioners including Crawford.

The primary reason for the state commissioner-led remedy is to assure that another avenue exists if the court case becomes bogged down, the Commissioner said.

KEATING GRABS NATIONAL SPOTLIGHT AGAIN

By Shawn Ashley
Staff Writer

■(GIT) Earlier this year he was considered a potential vice presidential candidate, first by a radio talk show and later by the national media.

Then, Governor Frank Keating caught the eye of the national media when he traveled to Chicago to serve in the Republican National Committee's so-called truth squad during the Democratic National Convention.

Now, the state's governor is once again in the national eye, this time offering his assessment on the state of partisan political affairs at the Republican Governors' Conference in Grand Rapids, Michigan.

In an article appearing in Tuesday's edition of the *Washington Post*, Oklahoma's governor recalled the atmosphere of two years ago when he, other Republican governors and congressional leaders met in Williamsburg a few weeks after the national elections.

"It was almost jingoistic," Keating told *Post* reporter Dan Balz, referring to the state of mind of Republicans, fresh off what quickly became known as the Republican revolution. "Here, it's back to basics."

The governor went on to say, "We anticipated the city [Washington] would fall overnight. We're in for a long siege. We have to reassess our strategy and tactics... We've got to work together or the American people will unselect all of us."

That assessment is not too unlike the position Keating adopted in Oklahoma in the wake of this year's general election. Although brimming with optimism when more Republican candidates than Democrats filed for office, the state GOP picked up only two state legislative seats, both in the Senate, and managed to protect its control of the veto in the state House — a fact that may not bode well for a governor who said his possible bid for reelection would depend on "more, more, more" Republicans finding their way into the state legislature.

"I hope we can cut the confrontational level and increase cooperation when the new legislature convenes in February," Keating said the day after the general election. "There are important issues on the table such as right-to-work, workers' compensation reform and education. The election is over and it's time to work together to find common ground and to advance a pro-growth, bipartisan agenda for Oklahoma."

Saying he expects partisan disputes in Washington to diminish during the second term of President Bill Clinton, Keating added, "If Bill and Newt and Trent can do it, so can Frank and Stratton and Loyd. Good government is balanced government, and that means finding common ground."

The governor's comments did little to allay the fears of Senate President Pro Tem-

See *Keating*, page 4