

VERDICTS & SETTLEMENTS

PROMINENT PLAINTIFF ATTORNEY 'SHOCKED' BY LOSS IN FRAUD LAWSUIT BROUGHT BY POLICYHOLDERS AGAINST PRUDENTIAL INSURANCE

Case: *Maha Mansoir et al. v. Prudential Insurance Company of America*, U.S. District Court, Miami, No. 97-6775-Civil-Moore

Plaintiff attorneys: Jack Scarola, partner, and Patrick E. Quinlan, associate, at Searcy Denney Scarola Barnhart & Shipley in West Palm Beach

Defense attorneys: Kenneth W. Lipman, a partner at Siegel Lipman Dunay & Shepard in Boca Raton; Reid L. Ashinoff, John I. Grossbart, Gary Meyerhoff, Daniel D. Barnowski of Sonnenschein Nath & Rosenthal in New York City; and Jose A. Loreda of Carlton Fields in Miami

Judge: Kevin Michael Moore.

The details: In 1997, Prudential set-

tled a nationwide class action in federal district court in New Jersey that was filed by policyholders alleging that the carrier used fraudulent sales practices to dupe hundreds of thousands of customers into buying life insurance. Specifically, the class had alleged that Prudential agents talked them into trading in their existing life insurance policies for "abbreviated payment plan" policies in which premiums are invested until the policy builds up enough value so that future premiums can be paid from dividends. Instead, interest rates fell and what allegedly was presented as a sure thing turned out to be a disaster for the consumers.

Prudential paid \$2.3 billion to customers who purchased 10.7 million policies from 1982 through 1995. A

dozen plaintiffs opted out of that settlement and filed suit in Florida. Some of those opt-outs settled, but seven plaintiffs went to trial last December before Judge Moore. They sought as much as \$15 billion in damages, the amount of money they said Prudential made through its improper practices.

Plaintiffs' case: Prudential lied to its customers, overcharged for coverage and misrepresented life insurance policies as investments.

Verdict: On Feb. 1, at the conclusion of a trial that began in early December 2001, the jury awarded a total of only \$66,106. The jurors awarded three plaintiffs only what Prudential said they were owed, declining to award the rest even compensatory damages.

Defense reaction: "We were pleased

with the verdict," says Bob deFillippo, spokesman for Newark, N.J.-based Prudential. "We never denied there was a problem and we helped put together a remediation program that provided fair and equitable remedies for those people."

Plaintiff reaction: Scarola did not return calls for comment. He previously told the Palm Beach Post, "I was shocked. It's probably the highest-profile defeat I've sustained. I don't lose too many, and I don't like losing at all."

Post trial: In March, the plaintiffs appealed the jury's decision to the 11th U.S. Circuit Court of Appeals in Atlanta. The court has yet to rule.

— Dan Christensen