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Friday, January 14, 2005

Isle group sues over life insurance

**Consumers allege fraudulent
policies have cost them tens
of millions of dollars**

By Rick Daysog
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More than 150 local consumers -- including several prominent attorneys, doctors and a federal judge -- have sued a mainland life insurer, alleging they were sold fraudulent policies that are costing them tens of millions of dollars.

In a complaint filed in U.S. District Court yesterday, the consumers alleged that Conseco Life Insurance Co. of Indiana increased their premiums sevenfold in 2003, forcing them to cash in their policies, let them lapse or pay "exorbitant" new rates.

The higher premium was based on a "mysterious" pricing policy that was not disclosed to the consumers when they purchased the policies 10 to 20 years ago, the suit said. They are seeking unspecified damages.

"The promises made early when these policies were sold ... have just been washed out the window," said attorney Mark Davis, whose firm Davis Levin Livingston Grande filed the suit with the law firm of Cronin Fried Sekiya Kekina & Fairbanks.

"These policyholders in Hawaii have been faced with losing their life insurance or paying ridiculous premiums."

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which is similar to class-action lawsuits filed against Texas, California and Indiana, applies to universal life insurance policies sold by Massachusetts Life Insurance Co. and Philadelphia Life Insurance Co. through independent insurance agents in the 1980s and 1990s.

Massachusetts Life and Philadelphia Life, which were acquired by Conseco in 1996, sold more than 300 such policies in Hawaii.

Conseco officials could not be reached for immediate comment. But in response to previous lawsuits, the company said that the higher premium was prompted by weakness in the economy, a declining stock market and mounting policy losses.

Attorney Rick Fried estimated the potential losses for Hawaii consumers at "tens of millions of dollars" since the average policyholders had purchased about \$475,000 in life insurance coverage.

Fried said local policyholders include several prominent doctors and lawyers, including an attorney who drafted his will and trust documents. They also include U.S. Magistrate Kevin Chang and Lynn Wakatsuki, former state commissioner of financial institutions.

Fried noted none of the policy documents had any disclosures about the premium increases and that the independent agents who sold them were also unaware of them.

"Part of the egregious conduct that this company engaged in is that at the very point where these people need the policy the most, the rug is being pulled from underneath them," added attorney Tom Grande.

Conseco Life Insurance

www.conseco.com/

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