

## MetLife to pay for bias in rates

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MetLife Inc. has agreed to give nonwhite customers as much as \$160-million in compensation to settle accusations that it made them pay higher, race-based rates for life insurance between 1901 and 1972.

The settlement, approved by a federal judge in New York and made public this week, represents one of the biggest payouts to rectify discriminatory insurance practices that first came to light in the Tampa Bay area three years ago.

"We're thrilled. . . . We think it's an outstanding settlement," said Christa Collins of James, Hoyer, Newcomer & Smiljanich, a Tampa law firm that spearheaded litigation into the use of "race-based" pricing for life insurance sold through much of the 1900s.

The MetLife settlement covers about 1.8-million policies issued between 1901 and 1972. Though the deal was reached in New York, other state regulators are expected to sign off. The Florida Department of Insurance has not received settlement details yet, and spokeswoman Tami Torres said Friday that she did not have enough information to discuss Florida's options.

MetLife was one of a score of insurers accused of overcharging millions of African-American customers who bought a once-popular, low-value form of life insurance coverage known as "burial insurance." The sale of race-based policies was halted in the 1960s through civil rights laws. But some insurers kept using the formulas in collecting premiums as old policies continued into the 1980s and 1990s.

The biggest breakthrough came two years ago when insurer American General agreed to pay \$206-million to settle claims of race-based pricing.

Among the largest remaining insurers that have rejected settlement talks so far are Monumental Life, American National Life and Liberty National Life.

MetLife's case was unusual in a few respects.

Beyond used race-based mortality tables to set premiums, MetLife also made nonwhites undergo medical exams and background checks that were not required for whites. Not only were premiums higher for nonwhite policies but they typically paid less in benefits.

MetLife took steps on its own as far back as 1948 to adjust its policies and phase out race-based pricing. Collins said that attempt at "self-remediation" helps explain why MetLife is setting less money aside for

payouts than American General even though it had sold more policies than American General.

In a statement, MetLife chairman and chief executive Robert H. Benmosche said the settlement deals with policies issued decades ago "amid circumstances that are no longer prevailing today."

In February, MetLife said it would take a \$250-million pretax charge against earnings for a reserve that would cover costs stemming from the regulatory investigations and class action lawsuits involving race discrimination. The settlement disclosed this week is bigger than a tentative agreement that MetLife reached last December, but the insurer indicated that its reserve should be sufficient.

The company admitted no wrongdoing in the settlement, which encompasses both class-action cases around the country and regulatory charges.

Payouts are expected to be between \$20 and \$892 per policy. The payments may be in the form of cash or increased life insurance. Policyholders who think they are eligible for reimbursement can call toll-free 1-800-960-2381 or check on the Web site [www.lifasettle.com](http://www.lifasettle.com) for further details.

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