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Contact: Oversight Committee Press Office, (202) 225-5051

Chairman Towns Opens Investigation of Life Insurance Company's Failure to Pay Cash to Families of Fallen Soldiers

Towns demands extensive information from Prudential

WASHINGTON – Chairman Edolphus Towns (D-NY) today announced an investigation of Prudential Insurance Company, the company that provides life insurance for all U.S. armed forces under the Servicemembers Group Life Insurance program (SGLI) and the Veterans' Group Life Insurance program (VGLI). Towns opened the investigation upon learning that Prudential does not automatically deliver a lump-sum check to the families of fallen soldiers, but instead deposits the money in its own general fund. Prudential then tells the families that an account has been opened for them and sends families a checkbook "that they may use at any time."

"I am particularly concerned that some families of soldiers killed while serving their country may not understand that they have the right to this money up front," said Towns. "It seems unjust that the insurance company can take control of this money without first being granted permission from those it belongs to."

In a letter to the Chairman and Chief Executive Officer of Prudential Financial, Towns requested extensive information about Prudential's handling of these life insurance payouts. Towns is particularly interested in whether these families are fully informed of their options; whether the money is adequately guaranteed since it is not deposited in a bank account backed by the FDIC; and whether the interest paid on these accounts is adequate, since the interest rate is determined solely by the insurance company. There have also been reports that some of the "checks" provided by Prudential and others have not been honored by merchants and others.

"Our preliminary investigation indicates that Prudential is not alone in handling life insurance payouts this way. I will continue to look into what may be a pervasive practice in the life insurance industry," added Towns.

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Documents and Links

[Letter from Chairman Edolphus Towns to John Strangfeld](#)