

For Immediate Release: August 24, 2010
Contact: Oversight Committee Press Office, (202) 225-5051

Towns, Lynch Want Answers from MetLife on Handling of Federal Employee's Life Insurance Policies

Families of deceased federal employees not receiving immediate, full payment of benefits

WASHINGTON—As part of the [Committee's ongoing inquiry](#) into the life insurance industry's use of retained asset accounts, Chairman Edolphus "Ed" Towns (D-NY) and Rep. Stephen Lynch (D-MA), chairman of the Federal Workforce, Postal Service and District of Columbia Subcommittee, sent a letter to MetLife CEO Robert Henrikson demanding answers on the use of these accounts as they relate to federal civilian employees. MetLife is currently the sole insurance provider for all federal civilian employees.

Towns and Lynch found that upon the death of a federal civilian employee, rather than directly providing the beneficiary of the policy a lump-sum check, MetLife deposits the life insurance proceeds into a retained asset account that MetLife controls. The beneficiary then receives a letter indicating that these funds have been placed in a retained asset account, and is provided with checks that can be used to withdraw all or a portion of the funds in the account. Retained asset accounts are low interest bank accounts that, unlike bank deposits, are not insured by the Federal Deposit Insurance Corporation (FDIC), although they may be protected by state insurance guaranty funds.

"We are concerned that some beneficiaries may not fully understand their right to obtain immediate, lump-sum payments of their benefits," said Towns and Lynch. "We are also troubled by the fact that MetLife currently earns more than four percent on funds deposited in these retained asset accounts, while some beneficiaries earn only half a percent of percent interest."

Towns and Lynch are seeking extensive information from MetLife including: whether MetLife takes appropriate measures to ensure that beneficiaries are aware of the account's existence; whether MetLife's "retained asset accounts" are adequately insured; and how MetLife determines the interest rate for each individual account.

The MetLife inquiry comes on the heels of [Chairman Towns' August 10, 2010 letter to the CEO of the Prudential Insurance Company](#) regarding the use of retained asset accounts for active duty members of the armed forces and veterans. 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."

The letter to MetLife CEO Robert Henrikson is below.

###

□

Documents and Links

□ [Letter from Chairman Edolphus Towns and Rep. Stephen Lynch to MetLife CEO Robert Henrikson](#)