



William Francis Galvin
Secretary of the Commonwealth

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**SECRETARY GALVIN FINES METLIFE \$1 MILLION, ORDERS PAYMENTS TO BE
MADE TO RETIREES**

After a year-long investigation into MetLife for failing to make pension payments to retirees, Secretary of the Commonwealth William F. Galvin has announced that his office has entered into a consent order, requiring MetLife to pay a fine of \$1 million and provide payments, with interest, to hundreds of Massachusetts retirees and beneficiaries it had wrongly designated as “presumed dead.”

“My primary goal in this investigation has always been to get this money returned to the retirees to whom it is owed,” Galvin said. “Many of the people affected are elderly and are surviving on a fixed income. While the payments may have seemed small or insignificant to MetLife, these checks could have made a big difference for the people who never received them. They will now receive those payments, with interest.”

Among the recipients of the pension back payments will be Massachusetts retirees who worked for grocery stores, hospitals, and manufacturers which have since gone out of business. Many of these employees were unaware that they could expect pension payments from MetLife. MetLife acquired the obligation to pay the employees’ pensions from their former employers, which sold their pension obligations to MetLife. This made MetLife’s responsible for paying the companies’ former employees under a Group Annuity Contract. MetLife was required to keep funds in reserve for these retirees and to make payments when the former workers came of age.

“The problem with this system of transferring pension responsibilities is that nobody is policing it,” Galvin said. “I believe that new legislation is necessary to make sure that retirees do not keep falling through the cracks.”

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Galvin first announced that he was opening an investigation into MetLife on December 18, 2017, after the company disclosed that it had failed to make payments to thousands of retired workers, because of MetLife's own inability to locate them.

MetLife provided the names of the missing pensioners to Galvin's office as part of the investigation. Through its own searches, Galvin's Securities Division was able to locate a majority of the Massachusetts retirees affected within just two months. Galvin's office was also able to ascertain that some of the retirees involved had passed away without receiving their pension payments, and that their beneficiaries are potentially entitled to payments from MetLife.

Approximately half of the seniors lost by MetLife were still living at the same address the company had on file for them for the entire time MetLife failed to make payments to them.

MetLife was provided with the results of the Securities Division's searches in March 2018, though several plan participants reported to Galvin's office that MetLife had been slow to respond, had lost their paperwork, or had not provided back payments with interest.

While the average age of retirees affected was 72, many of those whose pension payments were withheld are much older. A 92-year-old woman from Abington had difficulty completing the paperwork MetLife sent her after the investigation began, because she is legally blind. Others had trouble getting in touch with MetLife regarding issues with their paperwork, which delayed payments even further.

In June 2018, Galvin's Securities Division charged MetLife with fraud in connection with the misleading statements the insurance company made in public filings about the company's finances, resulting from the failure to adequately administer employer pension plans. Under these pension plans, MetLife was responsible for reserving enough money to make payments to Massachusetts pensioners. Instead, some reserves were released and became assets which inflated MetLife's bottom line.

The complaint filed in June stated that MetLife did not take reasonable steps to notify plan participants when their pensions were initially transferred. After the transfer, MetLife's only contact with the pensioners was two form letters, sent more than 5 years apart, to those to whom payments were owed. MetLife designated plan participants who did not respond to the notices that were sent to the address on file as "presumed dead."

Once a plan participant was presumed dead by MetLife, the money to which the retiree was entitled was no longer held in reserve by the company and was reported by MetLife as assets in public filings. The complaint stated that these reserves should not have been released and that doing so resulted in misleading financial statements.

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The consent order details specific steps the company must take in order to contact all of the Massachusetts pensioners and beneficiaries that the company lost track of and presumed dead. The company must take meaningful steps to contact those owed payments and to assist them in obtaining the payments, with interest.

In addition to providing financial restitution to retirees to whom back payments are owed, the order sanctions MetLife, and requires the company to pay a \$1 million fine.

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