

Win for MassMutual in Rare Class Action Trial

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A California jury recently returned a verdict in favor of MassMutual following a 12-day trial in a state-court class action that claimed the insurer failed to pay dividends owed to policy owners.

Named plaintiff Christina Chavez claimed that MassMutual failed to determine whether the participating life insurance policies in the class were sufficiently profitable to trigger the requirement that owners receive a portion of MassMutual's divisible surplus (excess profits). She asserted that MassMutual never even bothered to run the calculations required to determine whether dividends should have been paid. MassMutual responded that the policies at issue never generated enough profit to trigger dividends.

A pivotal issue in the trial was a battle between the experts for the class and the insurer. According to the class' expert, MassMutual owed the plaintiffs somewhere between \$500,000 and \$700,000. MassMutual's experts, however, asserted that the company did not owe the class any additional dividends. MassMutual focused on discrediting the expert for the class and his methods.

Those efforts paid off. The jury concluded that the plaintiffs had failed to prove that their policies were profitable enough to trigger MassMutual's duty to pay them dividends. Interestingly, the special verdict form used by the jury suggests that it agreed with the plaintiffs' assertion that MassMutual did not even run the calculations to determine whether the class members were entitled to dividends. That did not matter, however. MassMutual persuaded the jury that it had since performed the required calculations and found that no dividends were owed.

Authored By



Brendan N. Gooley

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