Rating Review For Met Life

By Bloomberg Business News

OLDWICK, N.J., July 5 — The Metropolitan Life Insurance Company's financial-strength rating has been placed under formal review by the A. M. Best Company, an insurance-rating firm, because of the company's regulatory difficulties.

Best has been informally reviewing the insurer's A++ (Superior) rating, the top grade, for five months. The rating offers a guide to policyholders.

"We want to examine more closely whether the company can stabilize its sales, productivity and agent force in the personal life-insurance area," Michael Albanese, a Best analyst, said. "These affect the company's ability to realize long-term profits."

Best, based in Oldwick, N.J., expects to make a decision on Met Life's rating in the next month, Mr. Albanese said.

Met Life, the second-biggest life insurer in the country, agreed in March to a $96 million settlement of a nationwide investigation of its sales practices.

Best cited unfavorable publicity about the sales practices in explaining why the company's rating had been placed under formal review. Company sales of personal life insurance, which were down 23 percent in the first four months of the year, have continued to decline at about that rate through the end of June, Mr. Albanese said.

Prudential May Face New Round of Lawsuits

By KURT EICHENWALD

After complaining that their brokers misled them into joining a criticized class action settlement, some former clients of Prudential Securities who lost millions in a real estate investment may be getting another day in court. But the litigation this time would focus not on securities trades, but rather on a more unusual contention: that some Prudential brokers were practicing law without a license.

A ruling quietly issued recently by a Federal judge has caused a number of former clients and their lawyers to explore bringing new litigation against the firm and its brokers for actions they say were taken in the class settlement of claims arising from Prudential's sale of the VMS Mortgage Investment Fund in the late 1980's.

In her ruling, Judge Susan Conlon, who oversaw the VMS case in Federal District Court in Chicago, held that four Michigan investors could bring a new lawsuit against their brokers for dispensing legal advice without a license. Investors who participated in the settlement in 1991 saw a return of pennies for each dollar they invested, while some investors who sued the firm individually received far more.

A Different Tack

Lawyers for some former Prudential clients said the ruling would give investors their first opportunity to bring to trial their accusations that they were misled into joining the settlement.

Other efforts at bringing suit on the issue have usually focused on claims of fraud or negligent misrepresentation, and Judge Conlon has essentially ruled that those matters were covered by the class action settlement.

"Before this order, these clients had no redress," said Cary Lapidus, a lawyer who represents clients who say they were misled. "If Judge Conlon is now allowing some investors to pursue their claims outside of the class action, then she has provided an avenue of relief for them."

Prudential has repeatedly denied that clients were misled into joining the settlement. William Ahearn, a Prudential spokesman, said a number of memos distributed through Prudential's internal computer system had instructed brokers to offer no advice about the settlement. "We are confident that those advisories have been heeded," he said.

Judge Conlon ruled on the matter because she retained control of the class action after the settlement was reached, and so still hears cases involving disputes between Prudential and investors who were part of the class action.

Her decision, which was first reported in Securities Week, a trade publication, came after Prudential filed a motion with Judge Conlon asking her to enforce the settlement and dismiss the cases. Prudential has filed a motion for Judge Conlon to reconsider her decision.

Variety of Accusations

In interviews and in complaints filed with regulators, former clients and former brokers have said that Prudential and some brokers misled investors by persuading them to join the class action settlement. Some former brokers have said they were instructed by their managers to mislead clients about their legal rights, telling them that the class action was their only legal remedy.

In fact, the clients could have brought individual lawsuits against the firm. Former clients said that once they were told they had no other legal option, they agreed to participate in the class action settlement.

These assertions are being investigated by regulators and Government officials.

COMPANY INDEX

Page numbers refer to the beginnings of articles. A dagger (†) denotes a parent company not directly mentioned in an article about a subsidiary.

"ER" in the page column refers to an entry in the Company Earnings report, which today begins on page C6.

A

Abbott Laboratories C3
Actidev ..... ER
Advance Publications† B1, B2
American Electric Power C1
Ameritech C3
Amgen C3

FMR† C13

G

Genentech C3
General Electric C6
Genzyme C3
Grancare C3
Grand Casinos C1, C6

Pacific Telesist C16
Pacific Western Bancshares C3
Paging Network C16
Parallan Computer C6
Partners Preferred Yield C1
Pearson† B2
Pepsico C16
Perma-Fix Enviromental C4
Perseptive Biosystems C3