

For Immediate Release

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COURT URGED TO REDUCE EXCESSIVE ATTORNEYS' FEES IN CLASS ACTION CASE

(Wilson v. Massachusetts Mutual Ins. Co.)

The Washington Legal Foundation (WLF) filed formal objections this week with the First Judicial District Court of Sante Fe County, New Mexico, to the award of attorneys' fees of approximately \$8 million in a case where the class members are to receive no compensation whatsoever. In *Wilson v. Massachusetts Mutual Ins. Co.*, a Sante Fe lawyer filed suit against the insurance company on behalf of policyholders claiming that the company failed to disclose fully the amount of additional payments charged when policyholders choose to pay their premium on a monthly, quarterly, or semi-annual basis rather than on an annual basis, and to disclose the effective interest rate for such payments.

Although the company denied any liability, it has agreed to make the disclosures in the future so that policyholders can better decide whether to pay their premiums in installments or on an annual basis. The company has also agreed not to oppose the award of an attorney's fee of 1) \$5 million in cash; 2) \$250,000 annual annuity for 20 years; and 3) a \$3 million life insurance policy for the attorney. In addition, the lead plaintiff (an attorney himself) is to receive \$250,000 as an "incentive" payment for participating in the suit.

In its opposition to the fees, WLF, representing a policyholder, argued that the fees and payments are grossly excessive, particularly where the class members receive no compensation. WLF noted that even if the disclosures are made, policyholders may still elect to pay their premiums on a monthly or quarterly basis even if it is more expensive than paying a lump sum annual payment. WLF also cited other cases, such as *In re Synthroid*, where a federal court agreed with WLF and reduced an award of 25% of a settlement fund of \$86 million to 10% or \$8.6 million in fees, which is approximately the same amount of fees being sought in this case where the class receives nothing. WLF argued that at most, the attorney should be awarded no more than his hourly rate which WLF estimated should be less than \$350,000.

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