

Wal-Mart sues insurers over life insurance on employees

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HOUSTON (AP) —Wal-Mart has sued the insurance companies that sold it life insurance policies on its workers as a way to save on taxes, the company claims in a lawsuit.

Wal-Mart says the benefits of the policies were misrepresented by the insurance companies in the lawsuit filed in Delaware, the Houston Chronicle reported.

Wal-Mart said the insurance companies told the corporation that the policies were a way to save on taxes. The policies pay benefits to the companies which purchase them when the insured employee dies. None of the benefits are paid to the employee's survivors. In its lawsuit, Wal-Mart additionally claims the insurance companies did not notify it of federal tax liabilities or that the company may have to pay back proceeds it received from the policies in some states, such as Texas, the newspaper reported.

“Although it is a large and sophisticated company, Wal-Mart did not have internal expertise in the arcane and complicated intricacies,” of the policies, according to the suit. Wal-Mart bought policies for 354,626 of its full-time employees for a three-year period beginning in 1993.

Several courts have ruled that Wal-Mart and other corporations, which purchased the policies without informing employees, must return the insurance money to their deceased employees' families.

U.S. District Judge Nancy Atlas in Houston reaffirmed an earlier ruling last month that Wal-Mart did not have an “insurable interest” in the lives of its Texas employees.

The lawsuit filed by Wal-Mart names AIG Life Insurance Co. and Hartford Life Insurance Co. and the brokers who arranged the insurance policies.

Wal-Mart says it lost \$80 million based on the policies it purchased from AIG Life and \$55 million from Hartford Life. The lawsuit says the insurance companies earned more than \$100 million from the sale of the policies.

AIG spokesman Joe Norton told the Chronicle that the company doesn't comment on pending litigation.

“We intend to vigorously defend ourselves against the lawsuit,” spokesman for Hartford Life in Simsbury, Conn., David Potter, told the newspaper. p