

Pennsylvania District Court Rejects Effort to Certify Retained Asset Account Claims Against Prudential

December 22, 2016

In *Huffman v. Prudential*, a federal judge in the Eastern District of Pennsylvania recently rejected the plaintiffs' effort to certify for class adjudication a claim for alleged breach of ERISA (alternatively, state law) fiduciary duty related to Prudential's payment of claims under employer-sponsored life insurance policies through a retained asset account. The plaintiffs, beneficiaries of the life insurance policies, allege that Prudential's actions failed to comport with the language of the plan documents requiring payment of death benefits to be made in "one lump sum" and that, by investing funds in the accounts for its own benefit prior to withdrawal, Prudential was "not acting exclusively" to provide them their benefits. The plaintiffs also allege that Prudential's conduct triggered an ERISA prohibited transaction under Section 406(a)(1)(C), which, *inter alia*, prohibits fiduciaries from causing a plan to partake in a transaction involving the provision of services between a plan and a party in interest. The denial turned on the court's finding that Federal Rule of Civil Procedure 23(b)(3)'s predominance requirement was not met. The court recognized that whether Prudential was acting as an ERISA fiduciary at the time it determined to pay the plaintiffs' benefits through the retained asset accounts and invest the remaining funds in those accounts for itself was "of critical importance." The court further recognized that resolution of that question depended on whether Prudential fulfilled its obligations under the documents of the 2,200 plans encompassed in the putative class. The court concluded, however, that there was no way to determine whether it did so on a class-wide basis where the terms relevant to claim settlement varied from plan to plan, and where the plans had different mechanisms for selecting payment methods. Indeed, in some plans, an individual beneficiary could select the payment method of her liking; and, as the court explained, assessing whether an individual beneficiary may have in fact agreed to be paid through a retained asset account would only be further complicated by the lack of any uniform mechanism by which beneficiaries were to select payment methods. Individualized issues, thus, predominated, striking a

fatal blow to the plaintiffs' class certification effort. Note that the plaintiffs' motion for reconsideration of the ruling was still pending as of our publication date.

Related Industries

[Life, Annuity, and Retirement Solutions](#)

©2024 Carlton Fields, P.A. Carlton Fields practices law in California through Carlton Fields, LLP. Carlton Fields publications should not be construed as legal advice on any specific facts or circumstances. The contents are intended for general information and educational purposes only, and should not be relied on as if it were advice about a particular fact situation. The distribution of this publication is not intended to create, and receipt of it does not constitute, an attorney-client relationship with Carlton Fields. This publication may not be quoted or referred to in any other publication or proceeding without the prior written consent of the firm, to be given or withheld at our discretion. To request reprint permission for any of our publications, please use our [Contact Us](#) form via the link below. The views set forth herein are the personal views of the author and do not necessarily reflect those of the firm. This site may contain hypertext links to information created and maintained by other entities. Carlton Fields does not control or guarantee the accuracy or completeness of this outside information, nor is the inclusion of a link to be intended as an endorsement of those outside sites.