



Sears tells retirees to pay for their own life insurance

BY KATE GIBSON

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- As of March 15, some portion of Sears' 90,000 retirees lost their company-paid life insurance
- The policies were worth at least \$5,000, with most ranging from \$8,000 to \$10,000
- A Sears retirees' organization is considering a court challenge to the company's move

In February, the roughly 40,000 people still employed at Sears learned they continue to have jobs, at least for awhile, after a bankruptcy judge approved Eddie Lampert's bid to buy what remains of the retailer out of bankruptcy. But this month, an undisclosed number of Sears' 90,000 retirees learned the retailer had ended their life insurance benefits.

The unwelcome news came in a letter notifying eligible retirees that their life insurance benefit had been canceled March 15, said Ron Olbrysh, who chairs the National Association of Retired Sears Employees, or NARSE. Olbrysh said he received the notice March 20. It offered retirees the option to convert into a whole life policy all or a portion of the prior amount of their group coverage that Sears was paying for (not to exceed \$10,000).

Olbrysh relayed hearing from one 91-year-old retiree -- a Sears employee for 37 years -- who said he had to pay more than \$3,000 a year to maintain his current coverage. The NARSE chair said that premium "would not be competitive in the marketplace."

The notices were sent to "people in their 80s that had had [life insurance coverage for] a long time," said John Freeman, who retired from the retailer in 2002 and leads the retirees' association chapter in upstate New York. Sears had already shaved employee benefits during its decades of financial turmoil, including major cuts to life insurance coverage in the late 1990s. But it still covered life insurance policies worth at least \$5,000 for eligible retirees, with most policies ranging from \$8,000 to \$10,000.

"It's the last benefit that retirees had," other than getting a discount at Sears, which would involve an hour's drive, given the dearth of stores still in business, said Olbrysh. He had spent 25 years at Sears, the last dozen as the retailer's assistant general counsel.

When the company requested bankruptcy protection in October, retirees became more worried about the potential loss of the life insurance benefit than about their pensions, which are covered by the Pension Benefit Guaranty Corp., said Olbrysh. That federal agency took over Sears' pension plans earlier this year.

"We feel they are violating a 2001 settlement agreement" that stipulated the retiree life insurance could only be canceled if Sears liquidated and went out of business, he said. NARSE is considering challenging Sears' move in court, weighing the chances of success of suing "a company that is dying," Olbrysh added. Sears did not return a request for comment.

Olbrysh doesn't know how many retirees are losing coverage, but he said a report on benefits he and others received stated the company had paid about \$16.6 million in premiums for eligible retirees in 2017. The average age of the affected retirees is 80, said NARSE, with some in their 90s.

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