

Allianz agrees to settle 401(k) fee lawsuit for \$12 million

Other companies, including TIAA and New York Life, settled self-dealing suits for millions of dollars in 2017.

January 2, 2018 [By Greg Iacurci](#)

Allianz has agreed to pay \$12 million to settle a lawsuit alleging it peppered its company 401(k) plan with dozens of high-cost, in-house funds.

Participants in the 401(k) plan originally brought the suit, *Urakhchin v. Allianz Asset Management of America LP*, [in October 2015](#) in California district court. The proposed settlement, which would be split among affected employees who participated in the plan between October 2009 and December 2017, must be approved by a judge in the coming weeks.

A spokeswoman for Allianz said the company denies all plaintiffs' claims and believes it acted in the best interests of participants.

“The defendants have chosen to settle this matter to avoid the uncertainty, expense, and burden of additional litigation,” the spokeswoman said. “In doing so, the defendants have not admitted any fault or liability whatsoever. The settlement does not require [Allianz] or the plan investment committee to make any changes to the plan’s investment lineup.”

The proposed settlement comes amid an environment of [heightened litigation activity](#) around excessive 401(k) plan fees. Financial services companies have become a primary target, with plaintiffs contending such organizations profit at the expense of their employees by including proprietary investment funds in their retirement plans.

Several major firms [agreed to settle](#) such 401(k) self-dealing lawsuits last year, including American Airlines for \$22 million, TIAA for \$5 million and New York Life Insurance for \$3 million.

However, some companies have [prevailed](#) in their respective legal battles — Wells Fargo and Putnam Investments, for example, defeated similar lawsuits in 2017.