

Sixth Circuit Upholds Denial of LTD Benefits by Decision Makers Employed by Another Entity Within the Plan Administrator's Corporate Family

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In *Davis v. Hartford Life & Accident Life Ins. Co.*, 2020 U.S. App. LEXIS 36360 (6th Cir. Nov. 19, 2020) the Sixth Circuit held that a district court properly applied the abuse of discretion standard when reviewing the denial of disability benefits under ERISA, even though the subject plan's decisionmakers arguably were not employed by the corporate entity to which the plan granted discretionary authority.

Plaintiff Richard Davis worked as a senior application developer for U.S. Bank. By virtue of his employment, Davis was insured under a group LTD plan offered by U.S. Bank insured under a policy issued by Hartford Life & Accident Life Insurance Company ("Hartford Life"). Significant to the lawsuit that Davis would file, the plan vested Hartford Life with "full discretion and authority to determine eligibility for benefits" under its policy.

Davis submitted a claim for LTD benefits in 2011, claiming total disability due to chronic back pain, neuropathy, and fatigue caused by multiple myeloma. Hartford Life initially approved Davis's claim, but later terminated benefits upon further evaluation of the medical records. Davis exhausted his administrative remedies and then sued the plan in a Kentucky federal court, bringing claims for breach of contract to recover benefits under 29 U.S.C. § 1132(a)(1)(B), breach of fiduciary under § 1332(a)(3) and disgorgement under §§ 1132(a)(1)(B) and (a)(3).

During discovery, Davis obtained testimony that the individuals who evaluated Plaintiff's claim were technically employed by Hartford Fire Insurance Company ("Hartford Fire"). Armed with this knowledge, Davis argued that the district court should review his claim *de novo* because the plan only granted discretionary authority to Hartford Life, not Hartford Fire.

The district court disagreed with this position. Applying the abuse of discretion standard, the court granted summary judgment to Hartford Life. In so ruling, the court held that Hartford Life did not abuse its discretion by

crediting the opinions of three medical consultants and two of Davis's own treating physicians, all of whom believed Davis could perform the customary duties of his occupation, over the opinion of one of Davis's doctors, who attested to his purported disability. In addition, the district court granted Hartford Life's motion on the pleadings with respect to the breach of fiduciary duty and disgorgement claims, holding that these equitable claims were duplicative of Davis's primary claim for benefits under § 1132(a)(1)(B).

The Sixth Circuit affirmed every aspect of the ruling on appeal. With respect to the standard of review issue, the court held that the plan administrator had not forfeited its discretionary authority simply because a different entity under the same corporate umbrella made the benefits determination.

"In instances like this, where decisionmakers who act on behalf of an authorized plan administrator are employed by another entity within the corporate family, the plan administrator is still exercising (and has not delegated) its discretionary authority."

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