

### LEGAL UPDATE

## Claims Appeals Procedures Must be in Formal Plan Documents

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In *Yates v. Symetra Life Insurance*, the U.S. Court of Appeals for the Eighth Circuit has ruled that a life insurance beneficiary need not exhaust a plan's claims appeals procedures when the plan documents do not specify these procedures. *Yates v. Symetra Life Insurance Company*,—F.4th—, 2023 WL 2174840 (8th Cir. February 23, 2023).

*Law.* ERISA authorizes a plan participant to bring a civil action to recover benefits due under the terms of the plan. However, before bringing such an action, a participant or beneficiary generally must exhaust the administrative remedies required under the particular ERISA plan's provisions. Where a claimant fails to pursue and exhaust administrative remedies that are clearly required under AD&D stating, in a denial letter, that the employee's death fell under the "intentionally self-inflicted injury" exception. The denial letter provided that the spouse could "request a review" of its decision by "submitting a written request within 60 days of her receipt of the letter." The letter outlined this internal review process in detail and also noted that the spouse "had the right to file a civil action" under ERISA "following completion of" the "appeal review process." Rather than appeal, the spouse sued in federal court. The district court granted summary judgment in favor of the spouse.

*Appeals Court.* The insurer conceded that the plan documentation (including the plan document and the summary plan description) did not provide for any internal review or appeal procedures that a covered participant may or must exhaust following a denial of a claim for plan benefits. However, it argued that the ERISA lawsuit is nonetheless barred because the spouse failed to exhaust the administrative remedies described in the denial letter.

The Court disagreed, stating that the spouse is not subject to the exhaustion requirement because the written plan documents do not provide for, or describe, any appeal or review procedures for her to exhaust. The Court noted that the denial letter was not part of the plan documentation.

The Court next explained that, "ERISA requires that the terms of an employee benefit plan be committed to written

a particular ERISA plan, the claim for judicial relief is barred.

*Facts.* After an employee died of a heroin overdose, his spouse, as beneficiary, claimed both his regular life insurance benefits as well as his accidental death and dismemberment (AD&D) benefits under the decedent's employer-sponsored benefit plan.

The AD&D coverage paid a benefit if a covered individual "suffer[ed]" certain losses, including a "[l]oss of life," due to "accidental bodily injury." The policy excluded "any loss caused wholly or partly, directly or indirectly by...intentionally self-inflicted injury, whi[le] sane." The plan's insurer paid the regular life insurance but denied her claim for plan documents...so that plan participants, by reviewing those documents, can learn their rights and obligations under the plan at any time.... Requiring [the spouse] to exhaust internal review procedures that cannot be found in the Plan documents would thus render her reliance on those documents largely meaningless in this context."

The Court determined that because the plan documents did not describe any internal claims review process or remedies, the plan did not establish a reasonable claims procedure pursuant to ERISA regulations. Consequently, the spouse's administrative remedies must be deemed exhausted and the spouse's claim should not be dismissed.

The Court concluded by observing that, while the heroin overdose was the cause of death, this overdose was not an "intentionally self-inflicted injury." It therefore ruled in favor of the spouse.

*Application.* Plan sponsors and advisors of 401(k) plans should review the written plan documentation to ensure that all applicable claims review processes and rules are adequately described.

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