

Mind and Body Are Not One: Lower Limitation on Lifetime Mental Illness Cap Upheld

Insurance Law Update

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U.S. Court of Appeals for the First Circuit

In *Hunt v. Golden Rule Ins. Co.*, ___ 638 F.3d 83 ___, (1st Cir. (N.H.) April 19, 2011), the U.S. Court of Appeals for the First Circuit affirmed a medical insurer's use of different lifetime limits for mental and physical illnesses. The insured sued her medical insurer, Golden Rule, alleging that her policy's \$10,000 lifetime cap on mental or nervous disorders was ambiguous and therefore unenforceable. The insured also argued that the cap impermissibly discriminated against policyholders with mental—as opposed to physical—afflictions. The district court granted Golden Rule's motion for summary judgment, ruling that the lifetime cap policy language was not ambiguous and that New Hampshire law did not proscribe the limit differential between physical and mental illnesses.

The First Circuit affirmed. The court first held that the language setting out the mental and nervous disorder limit was unambiguous. The First Circuit rejected the insured's argument that the reference to "total liability" to "the amount shown on page 3" could refer to either the \$10,000 "mental and nervous disorder limit" or the "maximum benefit limit per person" of \$1 million. The court reasoned that because the mental or nervous disorders fell under exclusion and limitations, the "specific page reference and symmetry of terms" naturally led the reader to the \$10,000 limit on that page. The court disagreed with the insured's argument that "the amount shown on page 3" referred to the \$1 million limit because such an interpretation would improperly render the "total liability language" as "unnecessary surplusage." Finally, the court rejected the insured's alternative reading that the \$10,000 was merely an annual limit because the two limits were the only ones that did not contain temporal parameters, and therefore they should be treated equally.

The court also held that a lower cap for mental or nervous disorders does not amount to illegal discrimination, rejecting the insured's arguments that the difference between limits for mental and physical ailments violated New Hampshire's Unfair Insurance Trade Practices Act. The court held that there is no private right of action under that statute unless the insurance commissioner first finds a violation.

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