

California Court Disallows Non-Party Spouse to Health Insurance Policy the Ability to Sue for Fraud

Posted on April 16, 2009 by [Robert McKennon](#)

[*The Mega Life and Health Insurance Company v. Superior Court \(Closson\)*](#), 2009 WL 989386, ___ Cal. App. 4th ___ (April 14, 2009)

The California Court of Appeal recently addressed the issue of whether a widower, who was not a party to the health insurance policy at issue, could sue the health insurer for fraud in his individual capacity. In *The Mega Life and Health Insurance Company v. Superior Court (Closson)*, 2009 WL 989386, ___ Cal. App. 4th ___ (April 14, 2009), the court held that although the non-contracting party spouse could properly sue as his spouse's representative to receive all damages legally available on her behalf, he had no separate and individual tort claim based on the policy.

Christopher and Kathy Closson decided to purchase a health insurance policy for Kathy from The Mega Life and Health Insurance Company ("Mega Life"). Kathy alone signed the application for the policy, which named her as primary insured and her three children as covered dependents. Christopher, who had his own policy, was not a party to the policy. Christopher alleged that after Kathy's death, he was pursued by creditors and struggled to pay the medical debts. Christopher sued Mega Life for various causes of action, including fraud.

Mega Life filed a motion for summary adjudication of the fraud cause of action based on the legal premise that Christopher had no cause of action. In response, Christopher pointed to evidence that he participated in the decision to select the Mega Life policy, arguing it was a "joint decision" and that the premium payments were made from community funds. The trial court denied Mega Life's motion for summary adjudication, opining that Christopher did have standing to seek recovery on his own behalf.

The Court of Appeal reversed, relying in part on the holding in *Hatchwell v. Blue Shield of California*, 198 Cal. App. 3d 1027 (1988). The court held that Christopher had no cause of action against Mega Life because he was not a party to the health insurance policy, reasoning that Christopher was a stranger to the insurance contract, and any reliance by him could not have caused him to alter his position to his injury or risk, since Mega Life owed no duty to him.