

COA Opinion: Change to age-rated premium structure for retiree supplemental life insurance was not trumped by historical flat-rate premiums

8. September 2010 By Jason Byrne

On September 7, 2010, the Court of Appeals approved its May 27, 2010 opinion in [Butler v. Wayne County, No. 290361](#), for publication. Here, Wayne County retirees asserted a class action based on the fact that their supplemental life insurance program through the County changed from its historical flat-rate structure, to an age-based based premium where older individuals paid more than younger people. The Court of Appeals reversed the lower court, and remanded the matter for entry of an order permitting the change in the rate structure. The Court of Appeals found the the collective bargaining agreement between the County and its employees incorporated the County's benefit plan which unambiguously provided for an age-based premium structure. Thus, the Court of Appeals concluded that the historical practice could only trump that language if plaintiffs showed a meeting of the minds on the flat-rate structure. Reviewing the evidence, the Court of Appeals found that while the plaintiffs might have believed there was an agreement for a flat-fee premium, there was no evidence that the defendants held that belief. Indeed, the Court concluded that the evidence established that the agreement was that the County's insurer set the premiums and determined how they would be calculated, and that the retirees would pay those rates as accepted by the County; so when the insurer determined that the flat-rate structure was inadequate, the change to the age-based premium was permissible.