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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

United of Omaha Life Insurance Company,
Plaintiff,
vs.
Chloe Reavis, et al.,
Defendants.

No. CV 09-0479-PHX-ECV

ORDER

Pending before the court is Defendant AmyJo Lemley’s (“Lemley”) Motion for Judgment on the Pleadings (Doc. #55). Also pending, and related to this motion, are Chloe Reavis’ (“Reavis”) Motion to Extend Time to Respond (Doc. #58), Lemley’s Motion for Leave to File Supplemental Exhibits (Doc. #59), Lemley’s Motion to Strike Reavis’ Response (Doc. #60), and Reavis’ Motion for Leave to File Sur-Reply (Doc. #62). The court has reviewed all the motions, the responses and the replies. Regarding the related motions, the court will grant the motion to extend time to respond, the motion for leave to file supplemental exhibits and the motion for leave to file sur-reply. With respect to the motion to strike Reavis’ response, the court will deny the motion. The court agrees, however, that the response includes many extraneous factual assertions not alleged in the original responsive pleading. The court has not considered any of those unsupported allegations in

1 its decision. The court has limited its use of the response to the legal arguments presented
2 therein.

3 **A. Legal Standard for Rule 12(c) Motion**

4 Rule 12(c) of the Federal Rules of Civil Procedure authorizes a motion for judgment
5 on the pleadings after the pleadings are closed. “A judgment on the pleadings is properly
6 granted when, taking all the allegations in the pleadings as true, the moving party is entitled
7 to judgment as a matter of law.” Dunlap v. Credit Protection Ass’n, L.P., 419 F.3d 1011,
8 1012 n.1 (9th Cir. 2005) (quoting Owens v. Kaiser Foundation Health Plan, Inc., 244 F.3d
9 708, 713 (9th Cir. 2001)). “All factual allegations in the complaint are accepted as true and
10 the pleadings construed in the light most favorable to the non-moving party.” Abagninin v.
11 AMVAC Chemical Corp., 545 F.3d 733 (9th Cir. 2008).

12 **B. Benefit Plans under ERISA¹**

13 ERISA governs the administration of employee benefit plans and protects the interests
14 of the participants in such plans and their beneficiaries with uniform guidelines and rules.
15 Metropolitan Life Ins. Co. v. Parker, 436 F.3d 1109, 1111 (9th Cir. 2006). Under ERISA,
16 “[e]very employee benefit plan shall be established and maintained pursuant to a written
17 instrument.” 29 U.S.C. § 1102(a)(1). A benefit plan must “specify the basis on which
18 payments are to be made to and from the plan.” 29 U.S.C. § 1102(b)(4). The plan
19 administrator must administer the plan “in accordance with the documents and instruments
20 governing the plan insofar as such documents and instruments are consistent with [ERISA’s
21 provisions].” 29 U.S.C. § 1104(a)(1)(D). A “beneficiary” under a benefit plan is “a person
22 designated by a participant, or by the terms of an employee benefit plan, who is or may
23 become entitled to a benefit thereunder.” 29 U.S.C. § 1002(8).

24 A key purpose of ERISA is to protect the integrity of the written plans along with the
25 expectations of the participants and beneficiaries. Duggan v. Hobbs, 99 F.3d 307, 310 (9th
26 Cir. 1996). “Thus, the plain language of an ERISA plan should be given its literal and
27

28 ¹ Employee Retirement Income Security Act

1 natural meaning.” Health Cost Controls v. Isbell, 139 F.3d 1070, 1072 (6th Cir. 1997); see
2 also Parker v. BankAmerica Corp., 50 F.3d 757, 769 (9th Cir. 1995) (party cannot maintain
3 a claim for equitable estoppel under ERISA where recovery would contradict the plan’s
4 written terms).

5 **C. Application**

6 The life insurance benefit plans at issue here provide that to change a beneficiary,
7 “written request should be sent to the office where the beneficiary records are kept.” Doc.
8 #59-1 (at 39 of 59 and 28 of 56). They further provide that “[w]hen recorded and
9 acknowledged, the change will take effect as of the date the request is signed.” Id.

10 Reavis contends that because ERISA does not expressly prescribe how an insured
11 must change a beneficiary designation for an employer sponsored life insurance plan, federal
12 common law has developed. Reavis claims that under such common law, the courts have
13 permitted some deviation from the formal requirements set forth in the benefit plan. Citing
14 two Ninth Circuit cases, Metropolitan Life, 436 F.3d 1109, 1115 (9th Cir. 2006) and
15 BankAmerica Pension Plan v. McMath, 206 F.3d 821, 828 (9th Cir. 2000), Reavis argues that
16 policyholders may change a beneficiary through more than a single means and that
17 substantial compliance with the terms of the plan is sufficient.

18 As the Court explained, however, in McMath, “[c]ourts have discretion to employ the
19 equitable doctrine of substantial compliance, which is intended to circumvent harsh results
20 ‘engendered by a formalistic, overly technical adherence to the exact words of the change
21 of beneficiary provision in a given policy.’” McMath, 206 F.3d at 828. McMath involved
22 an insured who, after submitting a proper beneficiary designation form in 1990, submitted
23 an unsigned beneficiary form in 1996 modifying the designation from 1990. Id. at 823-24.
24 The court exercised its discretion and, after determining that ERISA does not preempt the
25 consideration of state law on this issue, applied the substantial compliance standard under
26 California law. Id. at 830. Even under those circumstances where the insured actually
27 submitted a change of beneficiary form, the Court found that he did not substantially comply
28 with the plan’s requirements. Id. at 831.

1 Nor does the Metropolitan Life case support Reavis' position. In Metropolitan Life,
2 the insured, shortly after a divorce in 1991, executed a change of beneficiary form to
3 distribute his ERISA life insurance benefits. Metropolitan Life, 436 F.3d at 1112. He
4 remarried in 1999 and then died in July 2000, without again changing the beneficiary. Id.
5 Relying on ERISA's general requirement that a fiduciary administer the plan in accordance
6 with the plan documents, the Court explained that its task was to determine whether the
7 insured made an unambiguous beneficiary designation, and if not, whether the plan
8 documents provide a default beneficiary. Id. at 1114. The Court found that the 1991
9 beneficiary change form was ambiguous and remanded the case for the lower court to
10 determine a default beneficiary based on the plan documents that governed at the time of the
11 insured's death. Id. at 1116.

12 Here, the beneficiary designation is clear. There's no dispute that in 2003 Mr.
13 Hoffman designated Amelia Lemley as the sole beneficiary of his life insurance policies.
14 Mr. Hoffman submitted no change of beneficiary forms to his employer prior to his death in
15 2008. Strict compliance with the terms of the plan requires that the life insurance proceeds
16 be paid to Amelia Lemley.

17 Moreover, the facts alleged by Reavis do not warrant the exercise of the court's
18 discretion to apply a substantial compliance standard. Under these facts, the court finds that
19 application of the equitable doctrine of substantial compliance would not act to circumvent
20 harsh results from a formalistic adherence to the terms of the plan.

21 Finally, even if the court applied a substantial compliance standard, it would find that,
22 as a matter of law, the facts alleged by Reavis fail to demonstrate such compliance. Unlike
23 McMath, Mr. Hoffman submitted nothing to his employer, signed or not, to change the
24 beneficiary of his policies. Nor did he execute a new will designating a new beneficiary.
25 Merely requesting the change of beneficiary forms from the employer, even when combined
26 with a request to family members to have a new will drafted, is insufficient. Reavis has
27 provided no case law where similar facts have been found to show substantial compliance.
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1 The court has no difficulty concluding that a substantial compliance standard could not be
2 met with these facts.

3 For the foregoing reasons, the court finds that a standard of strict compliance with the
4 benefit plan documents should be applied here. Under that standard, the court concludes that
5 Amelia Lemley is the designated beneficiary for Mr. Hoffman's life insurance proceeds. The
6 court will therefore grant the motion for judgment on the pleadings and direct the Clerk of
7 Court to release the interpled funds to AmyJo Lemley, as guardian of Amelia Lemley.

8 **IT IS THEREFORE ORDERED:**

9 That Defendant AmyJo Lemley's ("Lemley") Motion for Judgment on the Pleadings
10 (Doc. #55) is **granted**;

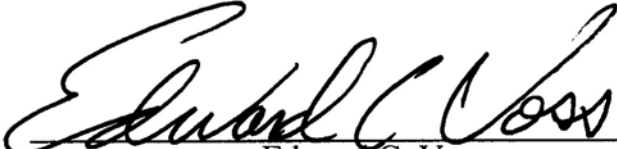
11 That the Clerk of Court is directed to release the remaining interpled funds in this
12 action to AmyJo Lemley, as guardian of Amelia Lemley;

13 That Chloe Reavis' Motion to Extend Time to Respond (Doc. #58), Lemley's Motion
14 for Leave to File Supplemental Exhibits (Doc. #59), and Reavis' Motion for Leave to File
15 Sur-Reply (Doc. #62) are **granted**; and

16 That Lemley's Motion to Strike Reavis' Response (Doc. #60) is **denied**.

17 DATED this 19th day of March, 2010.

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Edward C. Voss
United States Magistrate Judge