

# BENEFICIARY IN ERISA PLAN MUST EXHAUST ADMINISTRATIVE PROCEDURES BEFORE FILING A LAWSUIT

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Mrs. Yates' husband died from a heroin overdose. Mr. Yates was a participant in an ERISA employee benefit plan that provided group life insurance policy coverage and also accidental death and dismemberment coverage. After Mr. Yates' death, Mrs. Yates filed a claim under both coverages. The insurance company paid the life insurance benefit but denied the accidental death benefit on the grounds that the death was excluded from coverage because it was caused by an intentional self-inflicted injury. Mrs. Yates filed a lawsuit under ERISA claiming the accidental death benefit. The insurance company moved to dismiss, stating that Mrs. Yates had failed to follow all administrative procedural remedies.

The insurance contract and plan did not spell out all of the procedures that needed to be followed following a claim denial. However, the claim denial indicated that Mrs. Yates could file an appeal of the claim denial. The denial letter language on filing an administrative appeal was permissive and non-mandatory.

The District Court for the Eastern District of Missouri held that Mrs. Yates must complete the appeal of the initial claim denial before filing a lawsuit under ERISA. The court held that allowing a lawsuit to proceed on the administrative record that exists following the initial claim denial would not be the best record. The court also found that the usual exception to claim exhaustion, that an appeal would be futile, was not present.

*Yates v. Symetra Life Ins. Co., (E.D. Mo. 2021)*

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