



Court Holds That ERISA Plaintiff Cannot Claim Equitable Remedies When the Plaintiff Has Adequate Remedies to Recover Plan Benefits, Notwithstanding the Expansion of the Kinds of Equitable Relief in *CIGNA Corp. v. Amara*

02.19.2014

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A federal court has ruled that, although a recent U. S. Supreme Court decision expanded the kinds of equitable remedies available to a plaintiff under ERISA § 502(a)(3), those remedies are still unavailable when the ERISA plaintiff has an adequate remedy to recover plan benefits under ERISA § 502(a)(1)(B). The decision of the U. S. District Court for the District of Maryland in *Leach v. Aetna Life Insurance Company*, No. WMN-13-2757 (February 5, 2014), provides valuable guidance on the boundaries of the still-evolving scope of equitable remedies available to ERISA plaintiffs.

- The Background. The plaintiff (Leach) was the wife of an employee of Owens-Corning Corporation. Her husband was enrolled under a group life insurance policy sponsored by Owens-Corning and administered by the defendant, Aetna Life Insurance Company (Aetna). Leach was named as the beneficiary under her husband's coverage. The policy provided that coverage could continue after an employee's Owens-Corning employment if, upon retirement, the employee had reached the age of 55 and completed 10 years of Owens-Corning employment. Leach's husband met both of those requirements, and retired in 2003. Owens-Corning did not inform Aetna of that change in his employment status. Six years later, Leach's husband contacted Aetna to confirm his coverage under the policy and apparently did not reveal his retirement. Based on its records, which still showed the husband as employed by Owens-Corning, Aetna verified the coverage. After receiving that verification, the husband cancelled another life insurance policy. He died in 2012.

Shortly after her husband's death, Leach submitted a claim to Aetna for the insurance benefits under her husband's coverage. Aetna denied her claim, explaining that the coverage ended in 2003 when her husband retired. Aetna further explained that the husband had been erroneously recorded as an active employee after he retired, because of his employer's failure to notify Aetna of the change in his employment status.

Following other unsuccessful efforts to obtain the life insurance benefits, Leach sued Aetna and Owens-Corning in state court in Baltimore alleging state law claims for breach of contract and

breach of a covenant of good faith and fair dealing. Aetna removed the action to the U. S. District Court for the District of Maryland, asserting that Leach's state law claims were really a claim for denial of benefits under an ERISA-governed employee benefit plan and therefore were preempted by ERISA.

Aetna acknowledged that the complete ERISA preemption of Leach's state law claims converted those claims into causes of action for remedies under ERISA. Aetna contended, however, that to the extent Leach intended her "breach of good faith and fair dealing" claims to raise a claim for equitable relief under ERISA § 502(a)(3), such a claim should be dismissed because it overlapped with her remedy to recover plan benefits under ERISA § 502(a)(1)(B). Leach responded that the U. S. Supreme Court's decision in *CIGNA Corp. v. Amara*, 131 S. Ct. 1866 (2011), [see here](#), opened the door to pursuing a claim for "appropriate equitable relief" under ERISA § 502(a)(3) to remedy an alleged breach of fiduciary duty by Aetna, *in addition to* a claim for plan benefits under ERISA § 502(a)(1)(B). Aetna moved to dismiss Leach's claim for fiduciary breach on the grounds that no relief could be awarded on that claim as a matter of law.

- **The Court's Ruling.** Accepting Leach's allegations as true for the purposes of Aetna's motion, the District Court considered the U. S. Supreme Court's 1996 ruling in *Varity Corp. v. Howe*, 516 U.S. 489 (1996), which held that ERISA § 502(a)(3) functions as a "safety net" intended to provide "appropriate equitable relief" only in situations where ERISA provides no other remedy. Where, for example, Congress expressly provided adequate relief for a claim for plan benefits, under the provisions of ERISA § 502(a)(1)(B), *Varity Corp.* showed that there would likely be no need for further equitable relief, and therefore such equitable relief would not be "appropriate" under ERISA § 502(a)(3).

The *Leach* court then held that the U. S. Supreme Court's ruling in *Varity Corp.* was not altered by the subsequent decision in *CIGNA Corp. v. Amara*. The court acknowledged that *CIGNA Corp. v. Amara* expanded the kinds of equitable remedies available under ERISA § 502(a)(3), but ruled that those were still available only where adequate relief for the participant's or beneficiary's injury was not available elsewhere under the statute. A plaintiff could assert claims under both ERISA § 502(a)(1)(B) and ERISA § 502(a)(3) in the same lawsuit if those claims were asserted to remedy different harms or injuries. However, the court found that Leach's claim of fiduciary breach was no different than her claim to overturn Aetna's denial of benefits pursuant to ERISA § 502(a)(1)(B). Her claim against Aetna for equitable relief under ERISA § 502(a)(3) was therefore dismissed.

- **The Significant Lessons.** Notwithstanding the wide attention that has been given to the *CIGNA Corp. v. Amara* decision, the *Leach* case is a useful reminder that the Supreme Court did not sweep away its earlier precedents, and that the efforts by ERISA plaintiffs to read *CIGNA Corp. v. Amara*'s mandate more widely are being considered carefully in the context of those precedents. As a result, there are still limits to the expansion of "appropriate equitable relief" under ERISA § 502(a)(3), and the outcomes will probably turn on the specific facts of the plaintiffs' claims. Under *Leach*, plaintiffs should look for authentic differences between the injuries addressed by their claims for plan benefits and their claims for fiduciary breach. *Leach* likewise suggests that plan fiduciaries should emphasize facts showing that such claims seek to cure the same alleged injury.

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