"You Can't Bend It That Way, Beckham": Federal Court Dismisses Plaintiff's Attempted Claims for Equitable Relief

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Following the U. S. Supreme Court?s decision in *CIGNA Corp. v. Amara*, 131 S. Ct. 1866 (2011), the federal courts have wrestled with the task of defining the scope of remedies for ?appropriate equitable relief? under ERISA § 502(a)(3) in response to a broader array of plaintiffs? claims for such relief. In *Beckham v. Liberty Life Assurance Co.,* No. 2;13-cv-891 (M.D. Ala. Mar. 18, 2014), a federal district court ruled that, although the Supreme Court?s decision expanded the kinds of equitable remedies available to a plaintiff under ERISA § 502(a)(3), the plaintiff could not repackage her benefits claim into an independent claim for equitable remedies.

The Background. The plaintiff (Beckham) was employed by Home Depot USA, Inc., which sponsored a long-term disability employee benefit plan (the Plan) funded by an insurance policy sold and underwritten by defendant Liberty Life Assurance Co. (Liberty Life). Liberty Life was also the claim fiduciary under the Plan.

Beckham suffered several strokes in 2012 and became disabled. She filed a claim for benefits underthe Plan in September 2012, which Liberty Life approved for payment that month. Subsequently, however, Liberty Life told Beckham that it would begin gathering documentation needed to approve the claim and sent Beckham multiple document authorizations to complete, which Beckham did. On November 6, 2012, Liberty Life denied Beckham?s claim. Shortly afterward, Beckham suffered another stroke and then other medical events.

Beckham appealed Liberty Life?s denial, asserting that Liberty Life had failed to gather records and other needed documentation and did not conduct an adequate and reasonable investigation of her claim. Liberty Life denied the appeal, stating that it had not considered the other documentation because Beckham had not submitted it as part of her supporting evidence. Beckham did subsequently submit the documentation, but Liberty Life contended that her claim file was closed and did not review the documents.

Beckham then filed a lawsuit alleging claims for disability benefits, breach of fiduciary duty and failure to provide plan documents, and seeking an order for equitable relief to remove Liberty Life from its fiduciary role in the Plan?s administration and replace it with a special master to make benefit determinations. Liberty Life moved to dismiss all of Beckham?s claims for equitable relief.

The Court?s Ruling Accepting Beckham?s allegations as true for the purposes of Liberty Life?s motion to dismiss, the District Court noted first that she had asserted a claim for benefits under ERISA § 502(a)(1)(B). The District Court also noted that the U. S. Supreme Court?s decision in *Varity Corp. v. Howe*, 516 U. S. 489 (1996), held that, where Congress provided adequate statutory relief for a benefits claim under ERISA § 502(a)(1)(B)), generally ?there will be no need [under ERISA § 502(a)(3)] for further equitable relief.? Such claims under ERISA § 502(a)(3) would be barred in those circumstances. However, the court also noted that it would be the facts on which a case is based, rather than the relief requested, that controlled the outcome. The court therefore gave Beckham?s claim further review in light of the Supreme Court?s decision in *CIGNA Corp. v. Amara,* to determine whether Beckham?s requested remedies would be allowed under that ruling.

The District Court found key differences between the plaintiffs? case in *CIGNA Corp.* and the factual allegations asserted by Beckham. Beckham clearly sought plan benefits under ERISA § 502(a)(1)(B). However, she also argued that equitable relief was needed in the form of a surcharge, removal of Liberty Life as the claim administrator and appointment of a special master to fulfill that role. She alleged that Liberty Life misled her by first telling her that it would gather documentation about her medical condition, then failing to do so and ultimately denying her claim because of the lack of such documentation. ?In other words?, said the court, ?[Beckham] has alleged that a misrepresentation led to a denial of benefits under the Plan as written, and should be remedied with plan benefits and equitable relief.?

The *Beckham* court noted that the *CIGNA Corp.* plaintiffs had alleged a misrepresentation as to whether the plan provided benefits that were not in fact available under the plan. By contrast, Beckham alleged a misrepresentation made in the course of Liberty Life?s denial of benefits in the process of applying the plan. In Beckham?s case, equity did not require a reformation of the plan terms. It must be acknowledged that the court did not hold, for example, that replacing the plan fiduciary with a special master was not an available remedy in all cases. However, the court clearly found that the requested equitable relief was unavailable under these facts, and that, consistent with *Varity*, Beckham had an adequate remedy through her claim for benefits under ERISA § 502(a)(1)(B). Her claim for equitable relief was therefore dismissed.

The Significant Lessons. *Beckham* reminds us that there are still limits to the expansion of ?appropriate equitable relief? under ERISA § 502(a)(3). While plaintiffs may still allege various misdeeds by plan fiduciaries in the course of claim review, those will not always create a new cause of action independent of the benefits claim itself. The Supreme Court?s decision in *Varity Corp. v. Howe* continues to provide a pragmatic balance to the scope of equitable relief that might be sought by plaintiffs who interpret *CIGNA Corp. v. Amara* more expansively.

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