Vandana Upadhyay v. Aetna Life Ins. Co.

Year: 2014
Court: U.S. Court of Appeals, 9th Circuit
Case Number: 14-15420

In this case, the District Court held that the insured's ERISA action was untimely under the provisions of the Long-Term Disability Plan because the contractual deadline for filing suit ended on July 1, 2010, even though the insured had a right to file her claim for benefits after that time and did so on December 15, 2010. In construing the relevant Plan provision, the District Court did not apply superseding state insurance law that supplants the Plan's strict deadline for filing claims and which enabled the insured to file her claim at any time up to 90 days following the time she is no longer disabled and eligible for benefits. Because of California's notice-prejudice rule, the insurer had to accept the claim because it could not demonstrate any prejudice in receiving notice of the insured's disability claim beyond the Plan's stated deadline for proof of loss. Additionally, the insurer not only invited the insured to file a civil action beyond the time that it asserted had already passed, but it failed to inform her of the Plan's contractual limitations provision in the claim denial letter, which violates ERISA. In its brief, United Policyholders requested that the Court 1) find that the California Insurance Code supplants the Plan's deadline for filing claims, thereby extending the date on which accrual of the contractual limitation period begins; 2) find that California's notice-prejudice rule requires extending a Plan's proof of loss deadline to the date when a claimant submits a claim that does not prejudice an insurer; and 3) find that the Plan's contractual limitations provision cannot be enforced against the insured because it did not inform her of the Plan's provision in the letter denying her appeal in violation of ERISA. UPdate 5/24/16: After a panel of the Ninth Circuit affirmed summary judgment in favor of the insurer, UP submitted a brief of amicus curiae supporting the policyholders' petition for rehearing en banc. UP urged the Ninth Circuit to grant the petition in order to avoid confusion in the law since granting summary judgment for the carrier in this case conflicts with U.S. Supreme Court precedent and California's notice-prejudice rule.

UP's brief was authored pro bono by Michelle L. Roberts, Esq. of Springer and Roberts LLP with review by UP Executive Director Amy Bach, Esq. and Staff Attorney Dan Wade, Esq.

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