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Legal News

Accidental Death Benefits

Sixth Circuit Judges Issue Split Ruling That Drunk Driving Death Wasn't 'Accidental'

In a divided decision, the U.S. Court of Appeals for the Sixth Circuit ruled Oct. 10 that Metropolitan Life Insurance Co. did not act arbitrarily and capriciously by denying accidental death benefits to the mother of an individual who was killed in a car crash while his blood alcohol level was three times the legal limit (*Lennon v. Metropolitan Life Insurance Co.,* 6th Cir., No. 06-2234, 10/10/07).

Writing for the majority, Judge John M. Rogers looked to tort law concepts to find that MetLife did not act arbitrarily or capriciously in determining that David Lennon's death was not an "accident" because MetLife could reasonably conclude that Lennon's death was caused by "grossly negligent drunk driving."

Chief Judge Danny J. Boggs wrote a separate opinion concurring in the judgment, but on somewhat different grounds than that used by Judge Rogers. According to Boggs, MetLife's decision denying benefits to Lennon's mother was not arbitrary and capricious because MetLife adhered to a standard used by numerous courts in determining whether a death by drunk driving qualifies as an "accident."

In a dissenting opinion, Judge Eric L. Clay argued that the majority's decision "mark[ed] a clear departure from federal common law" and was "an affront to common sense." Clay argued, among other things, that statistics show that a very small percentage of individuals who drive while intoxicated die in alcohol-related incidents and this low percentage showed it was not "highly likely" that Lennon would die while driving intoxicated.

Lennon's Death

Lennon participated in a personal accident insurance benefit plan sponsored by his employer, General Motors Acceptance Corp., and administered by MetLife. Lennon designated his mother as his plan beneficiary.

The plan provided that benefits would be paid if a participant sustained "accidental bodily injuries" and died as a result of those injuries. The plan excluded payment for deaths caused by suicide, attempted suicide, or self-inflicted injury.

Lennon died in an automobile accident in June 2003. A coroner's report indicated that Lennon's blood alcohol level was three times the legal limit in Michigan at the time of his death.

Lennon's mother submitted a claim for benefits to MetLife, which denied the claim on grounds that Lennon's death was not accidental. In addition, MetLife determined that benefits were not payable because Lennon died of "self-inflicted injuries." Lennon's mother then filed a lawsuit under the Employee Retirement Income Security Act, alleging MetLife's decision was arbitrary and capricious.

In August 2006, the U.S. District Court for the Eastern District of Michigan ruled in favor of Lennon's mother. The district court found it was unreasonable for MetLife to determine that Lennon's death was not accidental. Moreover, the district court said it was unreasonable for MetLife to find that drinking and driving is a "self-inflicted" injury (169 PBD, 9/1/06; 33 BPR 2106, 9/5/06; 39 EBC 2794).

Rogers Looks to Tort Law Concepts

The Sixth Circuit reversed after two judges on the three-judge panel found that it was reasonable for MetLife to have determined that Lennon's death was not accidental.

In his decision, Judge Rogers said MetLife did not act arbitrarily and capriciously when it found that Lennon did not die as a result of an "accident" under the plan because his death resulted from driving with a blood-alcohol level three times the legal limit.

"The record in this case establishes that Lennon's behavior was, to borrow a term sometimes used in tort law, grossly negligent. Lennon broke the law by driving with a blood-alcohol level three times the legal limit, knowing that his drunk and severely impaired driving created a significant risk of bodily harm or death to others and to himself, and the precautions that would eliminate or reduce the risk (*e.g.*, taking a taxi, or staying at a nearby hotel or with a friend) involved burdens that are so slight relative to the magnitude of the risk as to demonstrate Lennon's indifference to the risk," Rogers said.

Rogers said that tort law treats gross negligence the same as it treats intentional conduct and thus it is not arbitrary and capricious for an ERISA plan administrator to treat such conduct as not accidental under a plan that only covers accidents.

Rogers also noted that, while statistically individuals are not that likely to die while driving drunk, this did not mean that drunk driving did not amount to reckless conduct. "[A]t some point the high likelihood of risk and the extensive degree of harm risked, weighed against the lack of social utility of the activity, become not marginally but so overwhelmingly disproportionate that the resultant injury may be outside a definition of 'accidental' that is not unreasonably narrow," Rogers added.

In addition, Rogers said the court was not reaching the question of whether a plan administrator can reasonably deny accident benefits for injuries that result from negligent or any illegal behavior, or from driving while only somewhat impaired. "Instead, the conclusion is only that because Lennon's conduct constituted reckless and entirely unwarranted risk to himself, it was not arbitrary and capricious for MetLife to treat the injury as nonaccidental under the terms of its policy," Rogers said.

ERISA Cases Supported MetLife's Decision

Chief Judge Boggs issued a concurring opinion, stating that he concurred in the judgment but would have reached the results in a different manner. Boggs argued that Rogers focused on whether it was "correct," as a matter of substantive law, for MetLife to deny benefits to Lennon's mother, when the focus instead should have been on whether or not it was merely arbitrary and capricious to do so.

According to Boggs, Rogers used concepts from tort law to determine that it was legally "correct" for MetLife to deny benefits to Lennon's mother. Boggs argued that resort to tort law was not necessary, because an examination of ERISA cases applying an arbitrary and capricious standard of judicial review would have supported MetLife's decision to deny benefits.

"Given that a number of courts, including several within this circuit, have approved characterizing drunk-driving collisions involving drivers of comparable or lower intoxication levels as non-accidents for ERISA purposes, there was no basis for the district court to conclude that MetLife's decision to do the same--under the set of facts presented here, articulated by MetLife and well-analyzed in detail in the lead opinion--was arbitrary and capricious," Boggs said.

Dissent Criticizes Majority's 'Moral Condemnation.'

In his dissenting opinion, Judge Clay argued that the district court had properly concluded that MetLife's interpretation of the plan was arbitrary and capricious. Looking to statistics on drunk driving deaths, Clay noted that in 2003, only 0.17 percent of estimated individuals who drove while intoxicated died in alcohol-related incidents. "Thus, injury or death most certainly cannot be deemed a 'highly likely' consequence of driving while intoxicated," Clay said.

Clay noted that if injury or death were a "highly likely" or even a "reasonably foreseeable"

consequence of driving while legally intoxicated, then one would expect MetLife to expressly exclude from coverage accidents which involved driving under the influence, yet MetLife elected to not include express exclusionary language to that effect.

Clay further argued that the majority's decision was based on its "moral condemnation" of drunk driving. "I do not condone the pernicious effects of drunk driving, nor those who perpetrate it. But neither would I permit moralistic judgments to lull me to acquiesce in [MetLife's] purported 'interpretation' of the" plan, Clay said.

Lennon's mother was represented by Edward G. Lennon of Hyman & Lippitt, Birmingham, Mich., and Brian D. Figot of Weisman, Young, Schloss & Ruemenapp, Bingham Farms, Mich. MetLife was represented by Amy K. Posner of MetLife Group Inc. Law Department, Long Island City, New York, and David M. Davis of Hardy, Lewis & Page, Birmingham, Mich.

The full text of the opinion is at http://pub.bna.com/pbd/062234.pdf.

By Jo-el J. Meyer
