Court: Posting SPDs Solely on Company Intranet Insufficient under ERISA

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A U.S. District Court recently held that posting an SPD on an employer's intranet was insufficient to fulfill its obligation under ERISA to furnish SPDs to plan participants. The case involved a denied claim for life insurance benefits brought by a deceased plan participant's beneficiaries. The participant had stopped paying life insurance premiums when she became disabled and stopped working. She also had not submitted proof of her disability to the insurance company, so she was ineligible for the policy's premium waiver benefit that would have maintained her coverage during disability without additional premium payments. The beneficiaries argued, and the court agreed, that the participant did not have notice of the premium waiver's requirements because she never received a current SPD. The evidence showed that the employer only made the SPD available to its employees via its internal intranet. Therefore, the participant could not have accessed the SPD after she terminated employment. Moreover, while the participant was still employed, the employer had not provided her with any notice that a new version of the SPD had been posted to the intranet. Without sufficient notice of the premium waiver's requirements, the court concluded that the plan's benefit denial was "arbitrary and capricious" under ERISA's standards. The take-away from this case for employers that furnish SPDs electronically is that they must first determine compliance with ERISA's regulatory requirements for the electronic dissemination of SPDs, and all other documents which ERISA mandates must be timely distributed to participants and beneficiaries. *Thomas v. Cigna Group Ins*., 09-CV-5029 (E.D.N.Y. Mar. 2, 2015) is available **here**.