

Delegating Fiduciary Duties Under ERISA Plans

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The recent decision in *Hampton v. National Union* by the U.S. District Court for the Northern District of Illinois highlights the importance of following the provisions in ERISA plan documents for delegating fiduciary duties to entities acting as plan fiduciaries, such as third-party service providers and insurers. Following the death of her husband, who was an employee of The Boeing Company (the “*Boeing*”), the plaintiff sought to recover accidental death and dismemberment benefits under insurance policies sponsored by Boeing, for which she was the sole designated beneficiary. After National Union, which underwrote and co-administered the policies with AIG Claims, Inc., denied the plaintiff’s initial benefits claim, as well as her appeal of such denial, the plaintiff brought suit under ERISA. The plaintiff argued that the court should apply a *de novo* standard of review (i.e., no deference given to the plan fiduciary’s prior decisions) because National Union did not have discretionary authority to deny her benefits claim. National Union argued that the more deferential “arbitrary and capricious” standard of review should apply because the plan documents granted National Union such discretionary authority. In support of its argument, National Union pointed to Boeing’s Master Welfare Plan (the “*Plan*”), which provided that the plan administrator could delegate its administrative and fiduciary duties “in whatever manner and extent it chooses to such person or persons it selects,” and its SPD, which defined a service representative as “an agent under contract to the Company to make benefit determinations and administer benefit payments for the plans.” However, the SPD also stipulated that the Plan trumped the SPD. Consequently, because the Plan also provided a specific method for delegating fiduciary authority to a service representative (“any allocation or delegation of fiduciary responsibilities will be in writing, approved by a majority vote”), and because the court determined that National Union acted in a fiduciary capacity in denying the plaintiff’s benefits claim, the court determined that the plan administrator was required to abide by the procedures described in the Plan. The plan administrator had not delegated authority to National Union as required by these procedures and thus, the court held that National Union’s denial of the plaintiff’s benefits claim was subject to a *de novo* standard of review. Employers should review their ERISA plan documents and SPDs to ensure that there are consistent provisions in effect for the delegation of fiduciary duties, particularly to third-party service providers and insurers, and that such provisions are followed. The opinion for this case is available [here](#).