Reminder to Include Grants of Discretion in ERISA Plan and SPD Documents

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An employee wanted to file a claim for disability benefits before his termination of employment, but the employer did not provide him with the necessary paperwork to file a claim under its disability benefits plan for covered employees. This plan was subject to ERISA. After his employment terminated, the former employee submitted claims and appeals for disability benefits, which were denied by the plan?ÃÃs insurer, Prudential. Prudential determined that the former employee had become disabled after his termination of employment and thus did not have plan coverage at that time. A U.S. District Court in Arizona found this denial of benefits should be reviewed *de novo* (*i.e.*, without giving deference to the plan administrator?ÃÃs prior decision to deny benefits) because the plan did not contain an unambiguous grant of discretion to the plan administrator to interpret the terms of the plan and to make final benefit determinations. This discretion was reserved in the summary plan description (?ÃÂ£***SPD***?ÃÂ¥), but the court found that the SPD was not incorporated into the plan document and thus could not be considered to contain the terms of the plan. The court also found that the former employee?ÃÃs claim for disability benefits, regardless of whether it was valid, arose before his employment terminated and, consequently, should not have been denied for lack of coverage at that time. The court reached this conclusion despite the fact that no formal benefits claim had been filed because there was evidence presented that the claimant attempted to file a claim before his coverage terminated. The court noted that it would have reached this conclusion even if applying ERISA?ÃÃs abuse-of-discretion standard of review. Moreover, because Prudential denied the claim solely on the grounds that the claimant was not covered upon occurrence of his disability, Prudential could not later assert that the benefits claim should also be denied because the claimant was not actually disabled. The court ruled that the employee was entitled to disability benefits under the plan. **View the court?ÃÃs opinion** in the case of *Nieves v. Prudential Ins. Co. of Am.*, No. CV-16-00768-PHX-DGC (D. Ariz. Jan. 17, 2017).