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Legal News

## In Brief

### Plan Didn't Afford Effective Review of Denial

A long-term disability benefit plan participant was not afforded an effective and meaningful review of the plan's decision to terminate her benefits because the plan did not specify the reasons for the termination in its denial letter, the U.S. Court of Appeals for the Seventh Circuit ruled Sept. 7 in reversing and remanding a district court's ruling (*Schneider v. Sentry Group Long Term Disability Plan*, 7th Cir., No. 04-2689, 9/7/05).

Although the plan identified two doctors' reports as the basis for its termination of benefits, the appeals court said the plan violated the Employee Retirement Income Security Act and its regulations by not telling the participant the specific reasons for the denial. The plan did not provide one of the doctor's reports to the participant, who had no way of getting the report or knowing what reasons motivated the doctor's conclusions, the appeals court said. Furthermore, the appeals court said that the letter provided no way in which the participant could seek to perfect her claim. The appeals court also noted that the letter failed to identify the plan provision upon which the denial was based.

Since the participant stopped receiving benefits after the plan used improper notification procedures, the appeals court said benefits would be reestablished to the participant to restore status quo prior to the defective procedures. The appeals court noted, however, that the denial of benefits was not necessarily wrong and that the plan was allowed to revisit the participant's eligibility.

The full text of the opinion can be found at <http://pub.bna.com/pbd/042689.pdf>.

