UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF CALIFORNIA

WILLIAM WHITE, Plaintiff, v. GUARDIAN LIFE INSURANCE COMPANY, Defendant.	Case No.: 3:22-cv-1788-L-KSC **ORDER:** **(1) CONSTRUING THE PARTY'S MOTIONS FOR JUDGMENT UNDER RULE 52 AS MOTIONS FOR SUMMARY JUDGMENT UNDER RULE 56** **(2) GRANTING DEFENDANT'S MOTION FOR SUMMARY JUDGMENT** **(3) DENYING PLAINTIFF'S MOTION FOR SUMMARY JUDGMENT** **[ECF Nos. 43, 44]**

Pending before the Court are Defendant and Plaintiff's cross-motions for judgment pursuant to Federal Rule of Civil Procedure 52.[1] (ECF Nos. 43, 44.) This case is a review of Defendant Guardian Life Insurance Company's ("Defendant") denial of Plaintiff William White's ("Plaintiff") claim for accidental death and dismemberment

[1] All subsequent references to Rules refer to the Federal Rules of Civil Procedure.

benefits. The parties filed responses, (ECF. nos. 46, 47), and replies (ECF nos. 48, 49). The Court finds that the matter is appropriate for decision without oral argument pursuant to Local Civ. R. 7.1(d)(1). For the reasons stated below, the Court construes the motions for judgment under Rule 52 as motions for summary judgment under Rule 56; GRANTS Defendant's motion; and DENIES Plaintiff's Motion.

In ERISA cases such as this one, depending on the circumstances, the standard of review can be either *de novo* or abuse of discretion. This Court previously decided that the applicable standard of review for this case is abuse of discretion. (ECF No. 36 at 3.) Where the review is *de novo*, the case is typically conducted as a bench trial under Rule 52. *See, e.g., Lafferty v. Providence Health Plans*, 706 F.Supp.2d 1104, 1109 (D.Or. 2010)[2] ("Under Rule 52, the court conducts what is essentially a bench trial on the record, evaluating the persuasiveness of conflicting testimony and deciding which is more likely true."). Where the standard of review is abuse of discretion, a Rule 56 motion for summary judgment is the appropriate "conduit to bring the legal question before the district court." *Harlick v. Blue Shield of Cal.*, 686 F.3d 699, 706 (9th Cir. 2012) (citing *Nolan v. Heald College*, 551 F.3d 1148, 1154 (9th Cir. 2009)). When reviewing a plan administrator's decision under the abuse of discretion standard on Rule 56 motions, "the usual tests of summary judgment, such as whether a genuine dispute of material fact exists, do not apply." *Bendixen v. Standard Ins. Co.*, 185 F.3d 939, 942 (9th Cir.1999), overruled on other grounds in *Abatie v. Alta Health & Life Ins. Co.*, 458 F.3d 955, 966–69 (9th Cir.2006) (*en banc*); *see also Bartholomew v. Unum Life Ins. Co. of Am.*, 588 F.Supp.2d 1262, 1265-66 (W.D. Wash. 2008) ("The administrative record submitted in conjunction with [the] litigation exists as a body of undisputed facts," although "the conclusions to be drawn from those facts are definitely in dispute.").

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[2] Unless stated otherwise, internal ellipses, brackets, citations, and quotation marks may be omitted from citations.

Here the parties have submitted briefing as Rule 52 motions. The Court will construe the arguments as if they were made under Rule 56 as this is the proper conduit for reviewing a case when the abuse of discretion standard applies. *See, e.g.*, *Gallupe v. Sedgwick Claims Management Services Inc.*, 358 F.Supp.3d 1183, 1190 (W.D. Wash. 2019) (reviewing a case under Rule 56 when the parties submitted motions for judgment under Rule 52).

The relevant facts in this case are undisputed.[3] Plaintiff owned a motorcycle, which was registered with the DMV. Plaintiff had a California Class C driver's license, which licenses the holder to drive a passenger vehicle. Plaintiff did not have a Class M1 motorcycle drivers license, which is required under California law to operate a motorcycle.

On May 25, 2022, Plaintiff was hit by a vehicle while operating his motorcycle. As a result of being hit, Plaintiff's left leg was amputated below his knee. California Highway Patrol determined that Plaintiff was not at fault for the accident. However, they did determine that he was driving in violation of Vehicle Code section 12500(b), because he did not hold a "valid driver's license or endorsement" allowing him to drive a motorcycle on California's public streets.

At the time of the accident, Plaintiff was a participant in a group insurance plan (the "Plan") offered by his employer The Staffing Resource Group, Inc. That plan included Accidental Death and Dismemberment (AD&D) Insurance offered by Defendant, which pays benefits in a variety of occurrences. The Plan will "pay the benefits described below if you suffer an irreversible covered loss due to an accident that occurs while you are insured. The loss must be a direct result of the accident, independent of all other causes." Included in the Plan was coverage for the "[l]oss of a foot," in which

[3] All facts are taken from the Administrative Record, filed with the Court as ECF No. 28.

the Plan would pay "50% of Insurance Amount." The total insurance amount for Plaintiff was $100,000.

The Plan had several enumerated exclusions. At issue in this case is the exclusion where Guardian states that it will not "pay for any loss caused directly or indirectly" "while the employee is a driver in a motor vehicle accident, if he or she does not hold a **current and valid driver's license**." (emphasis added). Further, the plan provides that Guardian has "sole discretionary authority to: (a) interpret the terms of this plan; and (b) determine a covered person's eligibility for: (i) coverage; and (ii) benefits under the plan. All such determinations are conclusive and binding, except that they may be modified or reversed by a court or regulatory agency with appropriate jurisdiction." Based on this grant of discretion and controlling Florida law which allows this type of discretionary clause, this Court held in its August 25, 2023 order that abuse of discretion was the proper standard to review the plan administrator's interpretation of the plan. (ECF No. 36.)[4]

Defendant, relying on the above exclusion and based on the California Highway Patrol report that determined Plaintiff was driving without a valid M1 motorcycle license, denied Plaintiff's claim. Plaintiff appealed via administrative process through counsel, which was rejected by Defendant. This litigation follows.

In determining whether a plan administrator abuses its discretion, the district court asks whether it is "left with a definite and firm conviction that a mistake has been committed." *Salomaa v. Honda Long Term Disability Plan*, 642 F.3d 666, 676 (9th Cir. 2011). The "administrator's interpretation of the plan 'will not be disturbed if reasonable.'" *Id.* at 675 (quoting *Conkright v. Frommert*, 559 U.S. 506, 508 (2010)). This reasonableness standard requires deference to the administrator's benefits decision unless

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[4] This Court acknowledged that under California law, such discretionary clauses are disallowed. Cal. Ins. Code § 10110.6. However, this Court found that the policy had a valid choice-of-law provision providing that Florida was the governing law, thus the provision was allowable. (ECF No. 36.)

it is "(1) illogical, (2) implausible, or (3) without support in inferences that may be drawn from the facts in the record." *Id*. at 676. In addition, the Court is to weigh "procedural irregularities" in determining whether an administrator's decision was an abuse of discretion. *See Abatie v. Alta Health & Life Ins. Co*., 458 F.3d 955, 972 (9th Cir. 2006). Such procedural irregularities include whether the administrator (1) provided inconsistent reasons for the denial, (2) failed to adequately investigate the claim or to ask the claimant for necessary evidence, or (3) failed to credit a claimant's reliable evidence. *Id*. at 968-69.

Defendant argues that the plan administrator has discretion to construe the Plan's terms, that the term requiring a valid driver's license was not ambiguous, and that their interpretation of the Plan was objectively reasonable. (ECF Nos. 44, 47.) Defendant argues that the term requires Plaintiff to have a valid license for the type of vehicle he was driving in the incident, which he did not, and so the exclusion was properly applied. (ECF No. 44 at 15.) Plaintiff argues that the Plan unambiguously only requires the Plaintiff to have a Class C driver's license, and that if the Plan was ambiguous, then it should be construed in favor of him. (ECF 43 at 12-17.) Plaintiff argues that "valid and current drivers license" is different than having the "proper motorcycle endorsement," and that the Plan's silence regarding a "motorcycle endorsement" compels this understanding. (*Id*. at 12.)

Plaintiff argues that if there is an ambiguity in the Plan, then the plan administrator is compelled to follow the rule of *contra proferentem*, where ambiguity is construed in favor of the insured. (ECF No. 43 at 16 (citing *Kunin v. Benefit Trust Life Ins. Co.*, 910 F.2d 534 (9th Cir. 1990)).) However, the rule in *Kunin* was subsequently narrowed in *Winters v. Costco Wholesale Corp*., which held that "it is not proper to rely on this principle of construction where, as here, the Plan grants the fiduciary explicit discretion to interpret the Plan." 49 F.3d 550, 554 (9th Cir. 1995). It would be inconsistent with granting the plan administrator discretion to interpret the Plan if they were compelled to resolve ambiguity in a certain way even though the way they otherwise would interpret the Plan would also be reasonable.

Accordingly, if the plan administrator's interpretation of the Plan was reasonable, the Court must uphold their decision. The Court's reasoning starts and ends in the California Vehicle Code. The California Vehicle Code defines "driver's license" as "a valid license to drive the type of motor vehicle or combination of vehicles for which a person is licensed under this code or by a foreign jurisdiction." Cal. Veh. Code § 310. Therefore, Plaintiff's argument of the distinction between a "driver's license" and a "motorcycle endorsement" is not grounded in California law. As the California Vehicle Code defines a "driver's license" as being a license for driving the type of motor vehicle for which the person is licensed, and Plaintiff was not licensed to drive a motorcycle, the plan administrator reasonably interpretated the Plan to deny his claim for not having a "valid and current driver's license." As under the applicable deferential standard of review, the Court will not disturb the plan administrator's interpretation of the Plan unless it is unreasonable, the Court upholds the administrator's interpretation. *See Salomaa*, 642 F.3d at 675.

For the foregoing reasons, the Court construes the motions for judgment under Rule 52 as motions for summary judgment under Rule 56; GRANTS Defendant's motion; and DENIES Plaintiff's Motion. The Clerk of Court shall close this case and enter judgment in favor of the Defendant according to this Order.

IT IS SO ORDERED.

Dated: April 15, 2024

M James Lorenz

Hon. M. James Lorenz
United States District Judge