

Knowing The Applicable Law Is Critical

March 1, 2019

Coughlin Midlige & Garland's client was a medical stop-loss insurer who reinsured a self-insured health benefit plan. One of its policyholders, a union that provided its members with health benefits through a self-insured health and welfare benefit plan, filed suit in federal court seeking to apply the Employee Retirement Income Security Act ("ERISA") and the ERISA statutory duties and penalties to the relationship.

Recognizing the importance of a ruling that ERISA does not govern the relationship between a stop-loss insurer and self-insured benefit plan, we aggressively pursued the matter through the summary judgment phase. By way of a summary judgment motion, we were successfully argued to the federal court that ERISA does not govern the relationship between a stop-loss insurer and its self-insured health benefits plan insured. This was a complete and important victory for the client and the industry to avoid the statutory duties and penalties that come with being an ERISA fiduciary to an insured being thrust upon a stop loss insurer.