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Categories:

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Case study: ERISA claims dismissed as exceeding statute of limitations

Problem

Frost Brown Todd (FBT) represented a Lexington, Kentucky life insurance agent that sold whole life policies to the owners and staff of an ophthalmology practice located in Dublin, Georgia. The policies were part of the funding of a qualified ERISA plan. The life insurance sales took place over 16 years, from 1980 through 1996, and the participants continuously increased the amount of their insurance over this period.

In 2011, more than 30 years after the ERISA plan had been established and the whole life policies were first sold, the ERISA plan trustees (the owners of the ophthalmology practice) filed suit in federal court in Lexington, Kentucky, claiming that (1) our client had misrepresented the suitability of the whole life policies, (2) that he should have sold plan participants other investment products, such as mutual funds or individual stocks and bonds, and (3) he misrepresented the amount of insurance he sold to the plan participants.

Solution

The life insurance agent, and his insurer, retained FBT to defend against the ERISA claims. FBT's trial team, led by [Barry Hunter](#), defended the ERISA claims both on the merits and on the grounds that the statute of limitations barred the claims. On the merits, FBT adduced evidence to demonstrate that, during the 1980's when the pension plan was established, historical stock market returns were quite low, and thus whole life policies provided for relatively attractive returns.

On the statute of limitations defense, FBT demonstrated, by its summary judgment motion, that the ERISA defendants did not need to prove that the ERISA plaintiff actually understood the true facts of its investments but, instead, merely that it was on notice of these

facts more than six years prior to the filing of its lawsuit.

Client Benefit

The court granted summary judgment to our client, the life insurance agent, on statute of limitations grounds, and it awarded him the attorneys' fees expended in his defense of the ERISA claims.

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