
Metropolitan Life Insurance Co. v. Glenn: “Conflict of Interest” is a Factor in Reviewing An ERISA Plan Administrator’s Denial of Benefits

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On June 19, 2008, the United States Supreme Court issued a decision in *Metropolitan Life Insurance Co. v. Glenn*,¹ an important case relating to the standard of judicial review for benefit claims determinations under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).² The majority decision held that (i) a plan administrator who both evaluates benefit claims and pays benefit claims operates under a conflict of interest and (ii) such conflict of interest is a factor in determining whether the plan administrator has abused its discretion. The Court held that it is appropriate to take the presence of such conflict into account in reviewing a determination made by an insurer in respect of a claim (as was done by the Court of Appeals in this case), but the decision does not provide clear guidance as to the precise analytic steps a court should follow in carrying out such a review. While the Court affirmed the decision of the Court of Appeals in this case, we will have to wait to see how other courts will apply this ruling in reviewing benefit claims determinations in the future. In response to the decision, claims administrators might want to consider adopting one of the structural steps suggested by the majority decision for reducing (and possibly eliminating) the significance of the conflict, such as walling off the claims administrators from those interested in firm finances or imposing management checks that penalize inaccurate decisionmaking regardless of whom the inaccuracy benefits.