UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

DANIEL C.,

Plaintiff,

v.

CHEVRON CORPORATION,

Defendant.

Case No. 24-cv-03851-SK

ORDER DENYING DEFENDANT'S MOTION FOR SUMMARY JUDGMENT AND DENYING PLAINTIFF'S CROSS-MOTION FOR SUMMARY JUDGMENT

Regarding Docket Nos. 32, 33, 36

This matter comes before the Court upon consideration of the motion for summary judgment filed by Defendant Chevron Corporation ("Defendant") and the cross motion for summary judgment filed by Plaintiff Daniel C. ("Plaintiff"). (Dkt. Nos. 32, 36.) This Court has jurisdiction pursuant to 28 U.S.C. §1331 and 29 U.S.C. §1132(e). Both parties have consented to the jurisdiction of a magistrate judge. (Dkt. Nos. 6, 11.) Having carefully considered the parties' papers, relevant legal authority, and the record in the case, the Court hereby DENIES both motions for the reasons set forth below.[1]

BACKGROUND

Plaintiff is a participant in Defendant's Long Term Disability Plan ("the Plan"), an employee welfare benefit plan governed by the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. §§ 1001 et. seq. (Dkt. No. 32, pp. 5-6; Dkt. No. 36-1.) After working for Defendant for four years, Plaintiff requested short term disability leave in October 2017 due to major depressive disorder and "occupational problems" stemming from conflict with his supervisor. (AR_001347, 2117, 2129.) ReedGroup—a third party claims administrator[2]—

[1] The Court GRANTS Defendant's unopposed motion to seal the administrative record, which contains Plaintiff's confidential medical records. (Dkt. No. 33.)

[2] This Order references two distinct administrators—plan administrators and claims administrators. A plan administrator is the "fiduciary responsible for administering [an ERISA] plan" and is typically designated by the terms of the plan document. *Vaught v. Scottsdale Healthcare Corp. Health Plan*, 546 F.3d 620, 622 (9th Cir. 2008); 29 U.S.C. § 1002(16)(A).

approved the request on Defendant's behalf. (AR_002240, 2238.)

On December 31, 2017—the day before Plaintiff was scheduled to return to work—he was hit by a motor vehicle. (AR_2400, 2258.) Plaintiff was in a coma for ten days. (AR_001083.) In response, ReedGroup approved several extensions to Plaintiff's short-term disability leave. (AR_1389.)

On June 14, 2018, Plaintiff applied for long term disability ("LTD") benefits. (AR_1348-51.) On his application, Plaintiff indicated his disability was "Traumatic brain injury" and was related to "Medical" but not "Mental Illness/alcoholism/drug addiction/or use of a hallucinogenic drug." (*Id.*) ReedGroup approved the request. (AR_001359.)

ReedGroup approved Plaintiff's continued requests for LTD benefits through June 30, 2020. (AR_002101.) However, in a letter dated August 4, 2020, ReedGroup informed Plaintiff that his request to continue benefits after June 30, 2020 had been denied. (*Id.*) The letter explained that Plaintiff had previously received LTD benefits based on his healthcare providers' diagnoses of "post-concussion syndrome, major depression with recurrent episodes, and traumatic brain injury." (AR_002102.) As the "Reason for Denial," ReedGroup provided:

> ReedGroup did not receive supportive medical documentation from you or any healthcare provider containing sufficient information to certify you were totally disabled and unable to perform the duties of Any Occupation beginning on 07/01/2020. As a result, you have reached the maximum limit of LTD-benefit eligibility for total disability resulting from a mental/behavioral health condition. Therefore, ReedGroup denied your request for LTD benefits from 07/01/2020 going forward.

(AR_002103.)

Plaintiff pursued an administrative appeal, during which he submitted additional evidence and ReedGroup consulted an independent medical examiner. (AR_001102, 1173-77, 1187-96, 1200-01, 1234-42, 1275, 1283.) ReedGroup upheld its original decision and reiterated its conclusion that "there were no supportive medical findings to certify that you were totally disabled

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Here, the Plan designates Defendant as the Plan Administrator. (Dkt. No. 36-1, § 1.) The Plan defines claims administrator as "the entity appointed by [Defendant] to assist it in processing and reviewing claims with respect to the Plan." (*Id.* at § 18(f).) Defendant retained ReedGroup to serve as the Claims Administrator. (Dkt. No. 33-7, PD_0034.)

and unable to perform the duties of Any Occupation . . . Therefore, you have reached the maximum limit of LTD benefit eligibility for total disability resulting from a mental/behavioral health condition." (AR_001245.)

On June 27, 2024, Plaintiff filed the instant action for breach of ERISA pursuant to 29 U.S.C. §1132(a)(1)(B). (Dkt. No. 1.) Plaintiff seeks to recover benefits allegedly due to him and clarify his rights to future benefits under the terms of the Plan. (*Id.*) Pursuant to a stipulated briefing schedule, both parties submitted motions for summary judgment and replies. (Dkt. Nos. 31, 32, 36, 38, 41.) The Court heard oral argument on May 19, 2025.

ANALYSIS

A. Standard of Review.

The parties dispute the proper standard of review. Plaintiff argues the Court should conduct a de novo review of his eligibility for LTD benefits under the terms of the Plan. (Dkt. Nos. 36, pp. 20-21; 41, pp. 4-8.) Defendant, by contrast, maintains that the Court should review ReedGroup's decision for abuse of discretion. (Dkt. Nos. 32, pp. 10-13; 38, pp. 4-6.) The Court concludes that de novo review is appropriate.

When a fiduciary or plan administrator denies benefits under an ERISA plan, a district court must review that denial de novo "unless the benefit plan gives the administrator or fiduciary discretionary authority to determine eligibility for benefits or to construe the terms of the plan." *Firestone Tire & Rubber Co. v. Bruch*, 489 U.S. 101, 115 (1989). "That means the default is that the administrator has no discretion, and the administrator has to show that the plan gives it discretionary authority in order to get any judicial deference to its decision." *Kearney v. Standard Ins. Co.*, 175 F.3d 1084, 1089 (9th Cir. 1999) (en banc). Further, "the plan must *unambiguously* provide discretion to the administrator." *Abatie v. Alta Health & Life Ins. Co.*, 458 F.3d 955, 963 (9th Cir. 2006) (en banc) (emphasis added) (citing *Kearney*, 175 F.3d at 1090).

Here, the parties agree that the Plan vests Defendant with discretionary authority and permits delegation of that authority. (Dkt. No. 36, p. 16.) The parties disagree, however, about whether Defendant properly delegated such discretionary authority to ReedGroup. (*Id.*; Dkt. No. 38, p. 3.)

If Defendant did not properly vest ReedGroup with discretionary authority, the decision by ReedGroup to terminate Plaintiff's benefits is not entitled to deference, and the Court must reviewed that decision de novo. *Shane v. Albertson's Inc.*, 504 F.3d 1166, 1170 (9th Cir. 2007). In evaluating whether Defendant delegated discretionary authority to ReedGroup, the Court must apply the Plan's delegation clause and evaluate the evidence surrounding the purported transfer of authority. *Id.* at 1171.

Defendant argues that it properly delegated discretionary authority to ReedGroup because the Plan grants discretionary authority to determine whether a participant is disabled to the "Claims Administrator" and because the Summary Plan Description ("SPD") identifies ReedGroup as serving in that role. (Dkt. No. 38, p. 5.) However, the Plan requires that any delegation of fiduciary responsibilities occur "pursuant to a written instrument that specifies the fiduciary responsibilities so delegated to each such person." (Dkt. No. 36-1, § 10(f).) Naming ReedGroup in the SPD does not satisfy this requirement. As the Ninth Circuit held in *Shane*, a delegation "not in compliance with the . . . Plan's stated requirements" triggers de novo review. 504 F.3d at 1171-72; *see generally* 29 U.S.C. § 1105(c) (explaining that the instrument under which a plan is maintained may expressly provide procedures for allocating fiduciary responsibilities).

Defendant argues that the SPD "functions as the designation instrument, communicating to Plan participants the name of the entity that serves as the Claims Administrator and decides all claims." (Dkt. No. 38, p. 5.) However, the SPD cannot function as the *delegation* instrument because it does not specify the fiduciary responsibilities delegated to ReedGroup and is not a "written instrument."

1. Fiduciary Responsibilities.

Defendant has not demonstrated that the SPD specifies fiduciary responsibilities delegated to ReedGroup. Defendant contends that the "Claims and Appeals" section of the SPD outlines ReedGroup's fiduciary responsibilities, but that section describes the procedures that participants in the Plan must follow to file a claim or appeal and merely references the Claims Administrator's role in that process. (Dkt. No. 33-7, PD_0029-31.) The only mention of ReedGroup in this

section is the listing of its address for the submission of written correspondence related to appeals. (Dkt. No. 33-7, PD_0030.) Defendant also points to the sentence, "Chevron *has delegated* to the claims administrator certain responsibilities for claims and disability management." (Dkt. No. 33-7, PD_0034 (emphasis added).) This sentence neither names ReedGroup nor specifies any fiduciary responsibilities. Further, the use of the past tense indicates that Defendant previously delegated responsibilities in a separate document and does not indicate that this sentence operates as a delegation. Because the SPD does not specify any fiduciary responsibilities delegated to ReedGroup, the SPD cannot function as the instrument delegating discretionary authority to ReedGroup.

2. Written Instrument.

The SPD is not a "written instrument" directed at ReedGroup. Rather, it is a disclosure document from a plan administrator to participants in the Plan, and the SPD is not intended to be legally binding. *See CIGNA Corp. v. Amara*, 563 U.S. 421, 437 (2011) (warning that "[t]o make the language of a plan summary legally binding could well lead plan administrators to sacrifice simplicity and comprehensibility in order to describe plan terms in the language of lawyers.").

In arguing that the SPD contains a valid delegation of discretionary authority to ReedGroup, Defendant conflates the SPD and the Plan and argues that the SPD is part of the Plan. However, the Ninth Circuit has made clear that an ERISA plan "is a term of art under ERISA." *Warmenhoven v. NetApp, Inc.*, 13 F.4th 717, 723 (9th Cir. 2021). "It does not mean *any* writing related to a plan; rather, it means the formal 'written instrument' that ERISA requires for each employee benefit plan." *Id.* (quoting 29 U.S.C. § 1102(a)(1)). Here, the Plan is the "written instrument" under ERISA, and the SPD serves a different function. The SPD is "a less formal document intended to give participants essential information about their plan." *Id.*; *see also* 29 U.S.C. §§ 1021, 1022, 1024; *Amara*, 563 U.S. at 437.

Relying on the different functions of ERISA plans and SPDs, the Supreme Court held in *Amara* that statements made in SPDs "do not themselves constitute the *terms* of the plan." *Id.* at 438. Because *Amara* addressed only the circumstance where both a plan document and an SPD existed, the Ninth Circuit has since clarified that an SPD can constitute the terms of the plan where

"the SPD neither adds to nor contradicts the terms of existing Plan documents." *Mull for Mull v. Motion Picture Indus. Health Plan*, 865 F.3d 1207, 1209-10 (9th Cir. 2017) (quoting *Prichard v. Metro. Life Ins. Co.*, 783 F.3d 1166, 1170 (9th Cir. 2015)). In *Mull*, the Ninth Circuit considered a situation in which there was no plan document, and the SPD stated that it "constitutes both the Plan document and the *Summary Plan Description*." *Id.* In those circumstances, the court held that "the SPD is part of the plan itself." *Id.*

This case is governed by *Amara* and readily distinguishable from *Mull*. Here, both a plan document and an SPD exist. The SPD does not state that it "constitutes . . . the Plan document." *Id.* On the contrary, the SPD states that it "describes" the Plan and "do[es]n't cover every provision of" the Plan, and it makes clear that "[i]f these plan descriptions are incomplete, or if there's any inconsistency between the information provided here and the official plan texts, the provisions of the official plan texts will prevail to the extent permitted by law." (Dkt. No. 33-7, PD_0002.); *See Prichard*, 783 F.3d at 1171 (finding that SPD was *not* part of the plan, where SPD declared that "official plan documents . . . remain the final authority" and "shall govern" in the event of conflict with official plan documents). Most importantly, the SPD "adds to . . . the terms of existing Plan documents" by naming ReedGroup as the Claims Administrator. *Cf. Mull*, 865 F.3d at 1210.

An SPD may also form part of the plan document if the plan document incorporates by reference the SPD. *Cf. Prichard*, 783 F.3d at 1170-71 (finding that SPD was *not* part of the plan where the plan document's integration cause did not include the SPD). Courts apply principles from contract law derived from state law to the interpretation of ERISA plans. *Gilliam v. Nevada Power Co.*, 488 F.3d 1189, 1194 (9th Cir. 2007). Here, California law applies. (Dkt. No. 36-1, § 16(c) ("The Plan and all rights thereunder shall be interpreted and construed in accordance with . . . the law of the State of California.")). "Under California law, for one document to incorporate another document by reference, '[t]he reference to the incorporated document must be clear and unequivocal . . . .'" *Cariaga v. Loc. No. 1184 Laborers Int'l Union of N. Am.*, 154 F.3d 1072, 1074 (9th Cir. 1998) (quoting *Slaught v. Bencomo Roofing Co.*, 30 Cal.Rptr.2d 618, 621 (Ct. App. 1994)).

The Plan does not clearly and unequivocally incorporate the SPD. Defendant argues that the Plan incorporates the SPD by stating that plan participants must follow procedures set forth in the SPD when filing claims and appeals. (*See* Dkt. No. 36-1, §§ 12, 13.) This passing reference to SPD procedures does not satisfy the "clear and unequivocal" standard and therefore does not transform the SPD into a governing plan document.

Defendant may not bootstrap a delegation of authority by using a summary to define the terms it is meant only to explain. As many other district courts have concluded, the SPD cannot confer discretionary authority on a third party absent any indication that the SPD is intended to be part of the Plan. *See e.g., Murphy v. California Physicians Serv.*, 213 F. Supp. 3d 1238, 1243-45 (N.D. Cal. 2016); *Ingorvaia v. Reliastar Life Ins. Co.*, 944 F. Supp. 2d 964, 966-67 (S.D. Cal. 2013); *Rada v. Cox Enters., Inc.*, No. 2:11-CV-00652-ECR, 2012 WL 3262867, at *4 (D. Nev. Aug. 7, 2012). Accordingly, the SPD is insufficient evidence to demonstrate that Defendant made a valid delegation of authority to ReedGroup.

It is possible that other documents outside the record demonstrate a valid delegation to ReedGroup. However, it is Defendant's burden to present that evidence to the Court, and Defendant has not done so. *See Pritchard*, 783 F.3d at 1171. Consequently, the Court reviews ReedGroup's denial of benefits de novo.

CONCLUSION

The parties agree that this case cannot be decided by summary judgment under the de novo standard of review. Accordingly, the Court HEREBY DENIES Defendant's motion for summary judgment and DENIES Plaintiff's cross motion for summary judgment.

The parties further agree that no additional evidentiary development is necessary and that the case may be resolved based on the existing record pursuant to Federal Rule of Civil Procedure 52. The parties SHALL meet and confer and agree to a briefing schedule whereby:

- one party files an opening Rule 52 motion by June 27, 2025;
- the other party shall file its opposition and cross-motion by July 11, 2025;
- the reply and opposition to the cross-motion is due by July 25, 2025;
- the reply in support of the cross-motion is due by August 8, 2025;

- the hearing is held August 25, 2025 at 9:30 am via Zoom webinar.

If the parties wish to modify this schedule, they may stipulate to a similar briefing schedule whereby one party files an opening Rule 52 motion seven weeks before the hearing is scheduled to be heard, the other party files its opposition and cross-motion five weeks before the hearing, the reply and opposition to the cross-motion is filed three weeks before the hearing, and the reply in support of the cross-motion is filed two weeks before the hearing. The last day for hearing shall be September 22, 2025.

IT IS SO ORDERED.

Dated: May 20, 2025

SALLIE KIM
United States Magistrate Judge