



## Alerts

### California Federal Court Rules in Favor of Equitable Tolling of Benefit Plan Limitations Period

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*The LHD/ERISA Advisor*

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In *Poisson v. Aetna Life Ins. Co.*, 2020 U.S. Dist. LEXIS 177216 (C.D. Cal. Sep. 21, 2020), a California district court held that the contractual limitations period in a long-term disability plan is equitably tolled based upon a finding of the participant's mental incompetence, even though the participant pursued his legal rights for government disability benefits during that period.

On March 4, 2011, Walter Jones was in an accident that resulted in brain damage. Following his accident, he applied for and received long-term disability benefits through his employer's long-term disability plan until he returned to work on July 24, 2011. Jones was unable to fully resume his pre-disability job responsibilities and on March 9, 2014 his employment was terminated. Jones then submitted a long-term disability claim to Aetna, the insurer and administrator for the Plan. Aetna denied Jones' long-term disability claim in a letter dated July 29, 2014.

Jones alleged that he notified Aetna of his desire to appeal that determination in emails dated July 10, 2015 and July 17, 2015, asking for help because of his brain injury. Jones also filed for Social Security Disability Insurance ("SSDI") benefits on October 29, 2015, and a psychological examination in connection with that claim concluded that "Jones was not competent to manage funds on his own behalf and would require 24-hour care and supervision for the rest of his life." On March 19, 2020, Jones underwent a neurological examination that concluded Jones "would not have been reliably competent in managing his legal and financial affairs since" the time of his motorcycle accident in March 2011.

From late 2015 through 2019, Jones' wife, Joyce Poisson, attempted to pursue her husband's appeal with Aetna, but was told she was not legally authorized. Poisson was named Jones' legal conservator on August 29, 2019. On June 8, 2020, Poisson filed suit against Aetna asserting a claim for benefits under 29 U.S.C. § 1132(a)(1)(B) of ERISA.

Aetna filed a motion to dismiss on the ground that Poisson's claim was barred by the three-year limitations period in the Plan. The district court found the contractual limitations period to be valid under *Heimeshoff v. Hartford Life & Acc. Life Ins.*, 571 U.S. 99, 105-06 (2013), and concluded that, pursuant to the

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terms of the Plan, the limitations period ended on June 15, 2017, which was more than three years before the lawsuit was filed.

Poisson argued that the limitations period was equitably tolled because Jones had been mentally incompetent since the date of his accident in March 2011 and thus the period could not have started until Poisson was named Jones' legal conservator in August 2019. Poisson relied on the Supreme Court's decision in *Heimeshoff*, which stated: "[t]o the extent the participant has diligently pursued both internal review and judicial review but was prevented from filing suit by extraordinary circumstances, equitable tolling may apply."

Aetna argued that equitable tolling did not apply because Jones engaged in activities, such as retaining counsel to file a SSDI claim and filing a complaint with the department of insurance, which collectively demonstrated that Jones did not exercise diligence and was not prevented by "extraordinary circumstances." Applying the federal common law of equitable tolling, the court disagreed.

The court reasoned that "the purpose of equitable tolling is to not bar a claim because a plaintiff was 'excusably ignorant of the limitations period.'" The court noted prior Ninth Circuit precedence holding "mental incompetence constitutes a ground for equitable tolling" and found that the medical findings that Jones suffered "severe cognitive limitations" and "was not competent" to handle his financial affairs as of the date of his accident was an indication that Jones suffered from "extraordinary circumstances."

The Court therefore concluded that Poisson sufficiently alleged that Jones suffered from severe mental incompetence that justified equitable tolling of the contractual limitations period.

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