



## Alerts

### Court Rejects Insurer's Interpretation of its Own Policy Language on Limitations Period

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*The LHD/ERISA Advisor*

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In *Spina v. Metro. Life Ins. Co.*, 2021 U.S. Dist. LEXIS 114887, (D.N.J. June 21, 2021), the court rejected both an insurer's and insured's interpretation of when proof of loss was due under a long-term care policy and ultimately held that a lawsuit challenging a benefits denial is not time-barred by the limitations period imposed by the policy.

Dante Spina was insured under a long-term care insurance policy issued by Metropolitan Life Insurance Company (MetLife). In the spring of 2014, Spina continually moved between a nursing home, a hospital, and a rehabilitation facility, having been diagnosed with several serious medical conditions. On May 24, 2014, Spina submitted a claim under the MetLife policy, seeking benefits dating back to his first hospital stay on May 10, 2014. MetLife denied the claim after surveillance showed Spina driving a tractor and working when he claimed to be unable to perform at least two activities of daily living without assistance.

Spina sued MetLife in state court on August 5, 2020, and the case was subsequently removed to a New Jersey district court. MetLife moved to dismiss Spina's complaint on the grounds that he had violated the subject policy's contractual limitations period. The applicable provision stated "[n]o legal action...may be brought after six (6) years from the time written proof of claim is required to be given" and that the policyholder "must submit written proof of claim no later than ninety (90) days after the day You are requesting benefits."

MetLife argued that because Spina claimed to be entitled to benefits starting on March 10, 2014, Spina had until June 8, 2014 (i.e., 90 days) to submit proof of the claim and until June 8, 2020 (six years) to file the action. Following this methodology, Spina filed the action approximately two months late.

Spina countered that the provision required him to file a written proof of claim within 90 days of the last day *for which he was claiming benefits*. Because Spina claimed entitlement to benefits through at least June 2014, he claimed the six years and 90-day period began running on that date. This methodology would have pushed his filing deadline to September 2020, and his complaint would have cleared the deadline by approximately one month. Spina also argued that the contractual limitations period conflicted with New Jersey's statutory limitations period.

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The court rejected the argument of both sides. Preliminarily, the court upheld the validity of the limitations period in the MetLife policy, holding that New Jersey law allows for parties to contract for a limitations period shorter than the one specified by statute. Regarding the policy language, the court held that "90 days after the day You are requesting benefits" requires a claimant to submit proof of loss 90 days after he or she *submits* a claim for benefits. Because Spina submitted his claim on May 24, 2014, he had until August 22, 2014, to provide the written proof of claim and until August 22, 2020, to file the lawsuit. Accordingly, the court held that the plaintiff timely filed his claim by more than two weeks.

In so holding, the court stated that "both parties have overlooked the plain and ordinary meaning of the provision in question."

Applying the plain meaning, the court interpreted the provision to mean that the Spinass were required to submit a written proof of claim *within ninety days of the day they submitted their request for benefits*. Therefore, if the Spinass submitted their benefits claim on May 24, 2014, they had until August 22, 2014, to submit a written proof of claim and until August 22, 2020, to bring their claims without being time-barred.

Thus, the court denied MetLife's motion to dismiss on the basis of the contractual limitations bar.

[>> Return to the October 2021 edition of The LHD/ERISA Advisor](#)