UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

Cipriani v. Sun Life Insurance Co. of America; Sun Life Insurance Co. of America v. Cipriani

757 F.2d 78 (3d Cir. 1985) · No. No. 84-1210 · Decided March 19, 1985

SUMMARY

The Third Circuit reviewed a dispute over whether an insured substantially complied with the requirements for changing the beneficiary of a life insurance policy. The court held that the evidence, if credited, was sufficient to establish substantial compliance despite the insurer's failure to record the change, and that the district court improperly excluded testimony under Pennsylvania's Dead Man's Act. The court reversed and remanded.

CASE DETAILS

COURT	United States Court of Appeals for the Third Circuit
WRITING FOR THE COURT	A. Leon Higginbotham, Jr.; Anthony J. Scirica; Barron P. McCune
JURISDICTION	Federal
DECIDED	March 19, 1985
DOCKET	No. 84-1210
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	Sun Life appealed from a nonjury judgment entered by the United States District Court for the Eastern District of Pennsylvania in favor of Marie Cipriani in her action to recover life-insurance proceeds.
STANDARD OF REVIEW	The court reviewed the district court's legal conclusions regarding substantial compliance and application of the Pennsylvania Dead Man's Act de novo; factual credibility determinations were addressed in the context of whether the admitted evidence was legally sufficient.
PRECEDENTIAL VALUE	published precedential federal appellate opinion
PARTIES	Sun Life Insurance Co. of America v. Marie Cipriani

TOPICS

life insurance litigation · evidence · authentication · best evidence rule · appellate procedure

PRACTICE AREAS

life insurance evidence appellate procedure

QUESTIONS PRESENTED

1. Whether the evidence was sufficient as a matter of law to establish that Edward Cipriani substantially complied with the policy's change-of-beneficiary requirements despite Sun Life's failure to record the change at its home office.
2. Whether testimony from Sun Life's agent and employees concerning Edward Cipriani's statements, actions, and attempted beneficiary change was admissible under the Pennsylvania Dead Man's Act.
3. Whether agents and employees of a surviving party are rendered incompetent witnesses under the Pennsylvania Dead Man's Act.

HOLDINGS

1. Under Pennsylvania's equitable substantial-compliance doctrine, an insured's intended change of beneficiary must be given effect when the insured made every reasonable effort to comply with the policy provisions. If the Sun Life witnesses were credible, the evidence was legally sufficient to establish substantial compliance because Edward provided written notice through the insurer's agent, and the failure to record the change resulted from an error attributable to Sun Life rather than to Edward.
2. Marie Cipriani, as the alleged beneficiary of the policy, did not represent an interest of the deceased insured within the meaning of the Pennsylvania Dead Man's Act; therefore, the statute did not bar Sun Life's testimony concerning Edward's statements and actions.
3. Agents and employees of a surviving party are not rendered incompetent to testify under the Pennsylvania Dead Man's Act merely because they acted for that party.

KEY QUOTATIONS

> *"When the insured's intent and attempted compliance is clear, a court will exercise its equitable power to carry out the manifested intent and not permit that intent to be frustrated."* (¶ 17)

> *"We therefore hold that the district judge erred in excluding the above proffered testimony."* (¶ 22)

FACTUAL BACKGROUND

Edward Cipriani's life-insurance policy named his then-wife, Marie Cipriani, as beneficiary. After the couple separated and divorced, Edward asked his insurance agent to change the beneficiary to his mother, Margaret Cipriani, and signed a witnessed change-of-beneficiary form. The form was returned for additional information, resubmitted, and apparently lost by Sun Life before being recorded at its home office. Sun Life ultimately paid the policy proceeds to Margaret, while Marie claimed that she remained the beneficiary of record.

PROCEDURAL HISTORY

Marie Cipriani sued Sun Life in Pennsylvania state court, alleging that she remained the beneficiary of her former husband's life-insurance policy. Sun Life removed the case on diversity grounds and filed a third-party complaint against Margaret Cipriani, to whom it had paid the proceeds. After bifurcating the trial, the district court excluded evidence under the Pennsylvania Dead Man's Act and entered judgment for Marie; the third-party complaint was later dismissed without prejudice pursuant to stipulation. Sun Life appealed, and the Third Circuit reversed and remanded.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remand for proceedings consistent with the opinion, including consideration of the evidence that the district court improperly excluded and resolution of any other evidentiary questions in the first instance.

CASES CITED

- Provident Mutual Life Insurance Co. v. Ehrlich, 508 F.2d 129, 132-33 (3d Cir. 1975)
- Gannon v. Gannon, 88 Pa. Super. 239, 243-44 (1926)
- Skamoricus v. Konagiskie, 318 Pa. 128, 177 A. 809 (1935)
- Ruggeri v. Griffiths, 315 Pa. 455, 173 A. 396 (1934)
- Riley v. Wirth, 313 Pa. 362, 169 A. 139 (1933)
- Prudential Insurance Company of America v. Bannister, 448 F. Supp. 807 (W.D. Pa. 1978)
- Provident Indemnity Life Insurance Company v. Durbin, 541 F. Supp. 4, 8 (E.D. Pa. 1981)
- Visscher v. O'Brien, 274 Pa. Super. 375, 418 A.2d 454 (1980)
- Gritz v. Gritz, 336 Pa. 161, 7 A.2d 1 (1939)
- Grasso v. John Hancock Mutual Life Insurance Company, 206 Pa. Super. 562, 214 A.2d 261 (1965)
- Sargeant v. National Life Insurance Company, 189 Pa. 341, 41 A. 351 (1899)