UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF PENNSYLVANIA

Prudential Insurance Co. of America v. Bannister

448 F. Supp. 807 (W.D. Pa. 1978) · No. Civ. A. No. 77-37 Erie · Decided April 15, 1978

SUMMARY

The United States District Court for the Western District of Pennsylvania resolved competing claims to life-insurance proceeds in an interpleader action. Applying Pennsylvania's substantial-compliance doctrine, the court held that the insured's execution and submission of a change-of-beneficiary form demonstrated sufficient intent to designate his wife despite the insurer's failure to endorse the policy. The court awarded the proceeds to Judith A. Bannister and awarded $331.00 in costs and attorneys' fees to Prudential's counsel.

CASE DETAILS

COURT	United States District Court for the Western District of Pennsylvania
WRITING FOR THE COURT	Weber, Chief Judge
JURISDICTION	Pennsylvania
DECIDED	April 15, 1978
DOCKET	Civ. A. No. 77-37 Erie
DISPOSITION	other
PROCEDURAL POSTURE	Prudential brought an interpleader action to determine competing claims to the proceeds of a life insurance policy after the insured's wife and sister asserted conflicting beneficiary claims.
PRECEDENTIAL VALUE	published federal district court opinion
PARTIES	Prudential Insurance Company of America v. Judith A. Bannister, Mary Lou Ahlin

TOPICS

life insurance litigation · interpleader · insurance · attorney fees · civil procedure

PRACTICE AREAS

insurance · life insurance · interpleader · remedies

QUESTIONS PRESENTED

1. Whether the insured substantially complied with the policy's change-of-beneficiary requirements despite the insurer's failure to endorse the policy.
2. Whether the policy proceeds should be awarded to the wife based on the insured's intent and reasonable efforts to change the beneficiary.
3. Whether Prudential's counsel should receive costs and attorneys' fees for initiating the interpleader action.

HOLDINGS

1. Under Pennsylvania law, strict and literal compliance with a policy's beneficiary-change provisions is not required when the insured makes all reasonable efforts under the circumstances to comply and clearly intends to change the beneficiary. Bannister's execution and submission of the change-of-beneficiary form constituted substantial compliance.
2. Judith A. Bannister was entitled to the proceeds of William E. Bannister's life insurance policy because the insured's June 1976 acts validly effected a change of beneficiary through substantial compliance.
3. Prudential's counsel was entitled to $331 in costs and attorneys' fees for initiating the interpleader action.

KEY QUOTATIONS

> *"In sum, we find that Mr. Bannister's acts of signing the change of beneficiary form in June 1976 and sending it to the local office evidences his clear intention to make his wife Judith Bannister the beneficiary of his life insurance policy."* (809)

> *"We find that these acts constitute substantial compliance with the terms of the policy and indicate that the insured, who was understandably preoccupied with his serious illness at the time, made all reasonable efforts under the circumstances to change his beneficiary according to the terms of the policy."* (809)

FACTUAL BACKGROUND

William E. Bannister's life insurance policy initially named his sister, Mary Lou Ahlin, as beneficiary, but he previously changed the beneficiary to his wife and later changed it back to his sister. After being diagnosed with acute leukemia, Bannister signed and submitted a form in June 1976 requesting that his wife again be designated as beneficiary, but Prudential did not endorse the change because the policy was not submitted. Bannister was never informed that the change had not been completed, and after his death Prudential filed interpleader because of the competing claims.

PROCEDURAL HISTORY

The case was brought in the United States District Court for the Western District of Pennsylvania as an interpleader action. The court determined that the insured's June 1976 execution and submission of a change-of-beneficiary form substantially complied with the policy and awarded the policy proceeds to his wife, Judith A. Bannister, while awarding Prudential's counsel $331 in costs and attorneys' fees.

DISPOSITION

other

CASES CITED

- Skamoricus v. Konagiske, 318 Pa. 128, 178 A. 809 (1935)
- Provident Mutual Life Ins. Co. v. Ehrlich, 508 F.2d 129, 132-33 (3d Cir. 1975)