

UNITED STATES COURT OF APPEALS FOR THE THIRD CIRCUIT

Saddler v. Elliott Co.

357 F. App'x 416 (3d Cir. 2009) · Decided December 21, 2009

SUMMARY

The United States Court of Appeals for the Third Circuit affirmed summary judgment for Elliott Company in an ERISA claim seeking severance benefits. The court held that Elliott's determination that the plaintiff did not experience a qualifying job loss was not arbitrary or capricious, while recognizing and considering the administrator's conflict of interest.

CASE DETAILS

COURT	United States Court of Appeals for the Third Circuit
WRITING FOR THE COURT	Sloviter, Circuit Judge; Jordan; Sloviter; Weis
JURISDICTION	Federal
DECIDED	December 21, 2009
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from an order granting Elliott Company summary judgment and denying Saddler's cross-motion for summary judgment on his ERISA claim for severance benefits.
STANDARD OF REVIEW	The Third Circuit reviewed the District Court's grant of summary judgment plenary. The denial of ERISA benefits was reviewed under the arbitrary-and-capricious, or abuse-of-discretion, standard because the Plan vested the administrator with discretion to determine eligibility; the administrator's structural conflict of interest was weighed as a factor in determining whether it abused its discretion.
PRECEDENTIAL VALUE	Nonprecedential appellate decision
PARTIES	Dennis Saddler v. Elliott Company

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QUESTIONS PRESENTED

1. Whether the District Court applied the correct standard in reviewing Elliott Company's denial of ERISA severance benefits.
2. Whether Elliott's determination that Saddler did not suffer a job loss under the Severance Plan was arbitrary and capricious despite the Plan's ambiguity and Elliott's structural conflict of interest.

HOLDINGS

1. When an ERISA benefits plan grants the administrator discretion to determine eligibility, a denial of benefits is reviewed under the arbitrary-and-capricious, or abuse-of-discretion, standard, while any conflict arising from the administrator's dual role as payer and eligibility decisionmaker must be weighed as a factor.
2. Elliott did not act arbitrarily or capriciously in determining that Saddler did not suffer a job loss and therefore was not entitled to severance benefits.

KEY QUOTATIONS

“If the administrator of a benefits plan has discretion to determine eligibility for benefits, as Elliott did here, the denial of benefits is to be reviewed under an arbitrary and capricious standard.” (417)

“In light of those stipulated facts, Elliott did not act in an arbitrary or capricious manner in concluding that Saddler did not suffer a job loss.” (418)

FACTUAL BACKGROUND

Saddler worked for Elliott Company for thirty-two years and participated in Elliott's ERISA-governed Severance Plan. Elliott sold the assets of the Plant Air Packaging Group to F.S. Elliott, and Saddler transferred to the new entity with the same job responsibilities, workplace, desk, telephone number, and the same or better salary. He later voluntarily resigned and sought severance pay, but Elliott concluded that he had not suffered a job loss under the Plan.

PROCEDURAL HISTORY

Saddler sought severance pay under Elliott Company's ERISA-governed Severance Plan after transferring to a successor entity and later voluntarily resigning. Elliott denied the claim and his administrative appeal. The District Court held that Elliott's interpretation of the Plan's job-loss provision was not arbitrary and capricious, granted Elliott summary judgment, and denied Saddler's motion. The Third Circuit affirmed.

DISPOSITION

affirmed

CASES CITED

- Doroshov v. Hartford Life & Accident Insurance Co., 574 F.3d 230, 233-34 (3d Cir. 2009)
- Metro. Life Ins. Co. v. Glenn, 554 U.S. 105, 128 S. Ct. 2343, 171 L. Ed. 2d 299 (2008)

- Firestone Tire & Rubber Co. v. Bruch, 489 U.S. 101, 115, 109 S. Ct. 948, 103 L. Ed. 2d 80 (1989)
- Abnathya v. Hoffmann-La Roche, Inc., 2 F.3d 40, 45 n.4 (3d Cir. 1993)

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