UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MONTANA, BILLINGS DIVISION

Dona McLeod v. Reliance Standard Life Insurance Company, and John Does 1-10

CV 22-87-BLG-SPW · No. CV 22-87-BLG-SPW; 1:22-cv-00087 · Decided April 27, 2026

SUMMARY

The United States District Court for the District of Montana adopted a magistrate judge's findings and recommendation in an ERISA dispute concerning the reduction of Dona McLeod's long-term disability benefits. The court held that the governing policy unambiguously permitted Reliance Standard Life Insurance Company to offset McLeod's benefits by the amount of her lump-sum employer pension distribution, including funds rolled into an IRA. The court granted Reliance Standard's motion for summary judgment, denied McLeod's motion, and dismissed the action with prejudice.

CASE DETAILS

COURT	United States District Court for the District of Montana, Billings Division
WRITING FOR THE COURT	Susan P. Watters
JURISDICTION	United States District Court for the District of Montana, Billings Division
DECIDED	April 27, 2026
DOCKET	CV 22-87-BLG-SPW; 1:22-cv-00087
DISPOSITION	dismissed
PROCEDURAL POSTURE	Order adopting a magistrate judge's findings and recommendation on cross-motions for summary judgment in an ERISA benefits action.
STANDARD OF REVIEW	De novo review applies to specifically objected-to portions of a magistrate judge's findings and recommendation under Federal Rule of Civil Procedure 72 and 28 U.S.C. § 636(b)(1)(C); unobjected-to portions are reviewed for clear error. The court reviewed the ERISA benefits determination de novo because the policy did not grant discretionary authority to the plan administrator.

PRECEDENTIAL VALUE	Unpublished district court order; nonprecedential except as permitted by applicable rules.
PARTIES	Dona McLeod v. Reliance Standard Life Insurance Company, John Does 1-10

TOPICS

employee benefits · erisa · insurance coverage · contract interpretation · remedies

PRACTICE AREAS

ERISA · insurance · employee benefits · contract interpretation · civil procedure

QUESTIONS PRESENTED

1. Whether the district court should adopt the magistrate judge's recommendation granting Reliance Standard summary judgment and denying McLeod summary judgment.
2. Whether the ERISA plan's lack of discretionary-authority language required de novo review of Reliance Standard's benefits determination.
3. Whether the policy unambiguously permitted Reliance Standard to offset McLeod's long-term disability benefits by the amount of her employer-funded lump-sum pension distribution rolled into an IRA.
4. Whether contra proferentem required construing any ambiguity in the policy in McLeod's favor.

HOLDINGS

1. Because the policy did not grant Reliance Standard discretionary authority, the court reviewed the benefits determination de novo rather than for abuse of discretion.
2. The policy unambiguously permitted Reliance Standard to offset McLeod's long-term disability benefits by the amount of her lump-sum pension distribution, including the amount rolled into an IRA.
3. Contra proferentem did not apply because the policy was not genuinely ambiguous after ordinary principles of contract interpretation were applied.
4. Reliance Standard was entitled to summary judgment, and McLeod was not entitled to summary judgment.

KEY QUOTATIONS

> *"The standard of review is relevant to McLeod's objection. Under abuse-of-discretion review, contra proferentem does not apply; under de novo review, it does."* (at 7)

> *"Contra proferentem thus operates differently from ordinary interpretive principles: it applies only after a court determines that the parties' intent cannot be discerned."* (at 9)

> *"Because the Policy unambiguously uses "you" to include the employer, no ambiguity exists and contra proferentem does not apply. Reliance Standard therefore correctly offset McLeod's LTD benefits by the*

> *amount of her lump-sum pension distribution.”* (at 11)

FACTUAL BACKGROUND

McLeod worked for CHS, Inc., and was a member of United Steel Workers Local 11-443, whose members received disability insurance coverage through Reliance Standard. After McLeod became disabled following a stroke, she received monthly long-term disability benefits under Reliance Standard's group policy. She later elected a $75,701.89 lump-sum pension distribution from CHS and rolled it into an IRA. Reliance Standard reduced her monthly disability benefits by $1,261.70, treating the pension distribution as an offsetting Retirement Benefit under the policy.

PROCEDURAL HISTORY

McLeod sued under ERISA after Reliance Standard reduced her long-term disability benefits by offsetting a lump-sum pension distribution that she rolled into an IRA. Both parties moved for summary judgment. Magistrate Judge Kathleen L. DeSoto recommended granting Reliance Standard's motion and denying McLeod's motion. McLeod objected, and the district court reviewed the specific objections de novo and the unobjected portions for clear error before adopting the recommendation.

DISPOSITION

dismissed

CASES CITED

- McDonnell Douglas Corp. v. Commodore Business Machines, Inc., 656 F.2d 1309, 1313 (9th Cir. 1981)
- United States v. U.S. Gypsum Co., 333 U.S. 364, 395 (1948)
- Abatie v. Alta Health & Life Insurance Co., 458 F.3d 955, 963 (9th Cir. 2006)
- Celotex Corp. v. Catrett, 477 U.S. 317, 322-23 (1986)
- Matsushita Electric Industrial Co. v. Zenith Radio Corp., 475 U.S. 574, 586-87 (1986)
- Blankenship v. Liberty Life Assurance Co. of Boston, 486 F.3d 620, 624-25 (9th Cir. 2007)
- Central Arizona Water Conservation District v. United States, 32 F. Supp. 2d 1117, 1127 (D. Ariz. 1998)
- Pension Trust Fund for Operating Engineers v. Federal Insurance Co., 307 F.3d 944, 950 (9th Cir. 2002)
- Gilliam v. Nevada Power Co., 488 F.3d 1189, 1194-95 (9th Cir. 2007)
- Richardson v. Pension Plan of Bethlehem Steel Corp., 112 F.3d 982, 985 (9th Cir. 1997)
- Bay Cities Paving & Grading, Inc. v. Laws. Mutual Insurance Co., 855 P.2d 1263, 1271 (Cal. 1993)
- Valentine v. American General Life Insurance of Delaware, No. CV 17-1194, 2018 WL 6329772, at *4 (C.D. Cal. Nov. 7, 2018)
- Logan v. Union Security Insurance, No. CV 14-1174, 2015 WL 3745047, at *11 (C.D. Cal. Mar. 31, 2015)
- Madera Group v. Mitsui Sumitomo Insurance USA, 545 F. Supp. 3d 820, 833 (C.D. Cal. 2021)
- Babikian v. Paul Revere Life Insurance Co., 63 F.3d 837, 840 (9th Cir. 1995)
- Evans v. Safeco Life Insurance Co., 916 F.2d 1437, 1441 (9th Cir. 1990)

- Allstate Insurance Co. v. Ellison, 757 F.2d 1042, 1044 (9th Cir. 1985)
- Kunin v. Benefit Trust Life Insurance Co., 910 F.2d 534, 539 (9th Cir. 1990)
- Lamps Plus, Inc. v. Varela, 587 U.S. 176, 187 (2019)
- CIGNA Corp. v. Amara, 563 U.S. 421, 438 (2011)
- Kennedy v. Plan Administrator for DuPont Savings & Investment Plan, 555 U.S. 285 (2009)
- Kenyon v. Reliance Standard Life Insurance Co., No. CV 25-11-TJC (D. Mont.)

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