



Seventh Circuit Finds “Substantial Compliance Doctrine” Does Not Apply to Missed Appeal Deadline

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07.29.2019

The Seventh Circuit recently held, in *Fessenden v. Reliance Standard Life Insurance Co.*, that a plan administrator’s failure to meet a regulatory deadline by which to respond to a disability benefits claim appeal cost the administrator the benefit of deferential review in court, and that the “substantial compliance doctrine” would not save the administrator. In a typical case, when a plan administrator satisfies the regulatory requirements associated with claims and appeals, including the deadlines by which decisions must be made, the decision is granted deferential review by a court, which means that the decision is only reversed if it is “arbitrary and capricious.”

When a plan administrator fails to satisfy the claim and appeal rules, its decision is reviewed “de novo,” which means that the court does not defer to the decision of the administrator, and instead reviews the decision anew. The standard of review can be key when a court determines whether to uphold an administrator’s decision. In this case, the administrator failed to notify the claimant of the decision on his appeal within the permitted timeframe (45 days, plus 45-day extension), so the claimant filed suit challenging the denial. The administrator argued that it substantially complied with the claim and appeal regulations, and therefore was entitled to deferential review. The Seventh Circuit, however, splitting from some other circuits, held that the substantial compliance doctrine could not save the administrator’s failure to comply with the strict deadline imposed by the regulations, and therefore that the decision should have been subject to

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“de novo” review by the lower court.

This case serves as a reminder that adhering to the plan’s claim and appeal procedures is critical in ensuring the integrity of the plan administrator’s initial determination.