Syllabus

NOTE: Where it is feasible, a syllabus (headnote) will be released, as is being done in connection with this case, at the time the opinion is issued. The syllabus constitutes no part of the opinion of the Court but has been prepared by the Reporter of Decisions for the convenience of the reader. See *United States* v. *Detroit Timber & Lumber Co.,* 200 U. S. 321, 337.

SUPREME COURT OF THE UNITED STATES

Syllabus

METROPOLITAN LIFE INSURANCE CO. ET AL. *v.* GLENN

CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

No. 06–923. Argued April 23, 2008—Decided June 19, 2008

Petitioner Metropolitan Life Insurance Company (MetLife) is an administrator and the insurer of Sears, Roebuck & Company's long-term disability insurance plan, which is governed by the Employee Retirement Income Security Act of 1974 (ERISA). The plan gives MetLife (as administrator) discretionary authority to determine the validity of an employee's benefits claim and provides that MetLife (as insurer) will pay the claims. Respondent Wanda Glenn, a Sears employee, was granted an initial 24 months of benefits under the plan following a diagnosis of a heart disorder. MetLife encouraged her to apply for, and she began receiving, Social Security disability benefits based on an agency determination that she could do no work. But when MetLife itself had to determine whether she could work, in order to establish eligibility for extended plan benefits, it found her capable of doing sedentary work and denied her the benefits. Glenn sought federal-court review under ERISA, see 29 U. S. C. §1132(a)(1)(B), but the District Court denied relief. In reversing, the Sixth Circuit used a deferential standard of review and considered it a conflict of interest that MetLife both determined an employee's eligibility for benefits and paid the benefits out of its own pocket. Based on a combination of this conflict and other circumstances, it set aside MetLife's benefits denial.

Held:

1. *Firestone Tire & Rubber Co.* v. *Bruch*, 489 U. S. 101, sets out four principles as to the appropriate standard of judicial review under §1132(a)(1)(B): (1) A court should be "guided by principles of trust law," analogizing a plan administrator to a trustee and considering a benefit determination a fiduciary act, *id.,* at 111–113; (2) trust law

principles require *de novo* review unless a benefits plan provides otherwise, *id.,* at 115; (3) where the plan so provides, by granting "the administrator or fiduciary discretionary authority to determine eligibility," "a deferential standard of review [is] appropriate," *id.,* at 111, 115; and (4) if the administrator or fiduciary having discretion "is operating under a conflict of interest, that conflict must be weighed as a 'facto[r] in determining whether there is an abuse of discretion,' " *id.,* at 115. Pp. 3–5.

2. A plan administrator's dual role of both evaluating and paying benefits claims creates the kind of conflict of interest referred to in *Firestone*. That conclusion is clear where it is the employer itself that both funds the plan and evaluates the claim, but a conflict also exists where, as here, the plan administrator is an insurance company. For one thing, the employer's own conflict may extend to its selection of an insurance company to administer its plan. For another, ERISA imposes higher-than-marketplace quality standards on insurers, requiring a plan administrator to "discharge [its] duties" in respect to discretionary claims processing "solely in the interests of the [plan's] participants and beneficiaries," 29 U. S. C. §1104(a)(1); underscoring the particular importance of accurate claims processing by insisting that administrators "provide a 'full and fair review' of claim denials," *Firestone*, *supra,* at 113; and supplementing marketplace and regulatory controls with judicial review of individual claim denials, see §1132(a)(1)(B). Finally, a legal rule that treats insurers and employers alike in respect to the *existence* of a conflict can nonetheless take account of different circumstances by treating the circumstances as diminishing the conflict's *significance* or *severity* in individual cases. Pp. 5–8.

3. The significance of the conflict of interest factor will depend upon the circumstances of the particular case. *Firestone's* "weighed as a 'factor' " language, 489 U. S., at 115, does not imply a change in the *standard* of review, say, from deferential to *de novo.* Nor should this Court overturn *Firestone* by adopting a rule that could bring about near universal *de novo* review of most ERISA plan claims denials. And it is not necessary or desirable for courts to create special burden-of-proof rules, or other special procedural or evidentiary rules, focused narrowly upon the evaluator/payor conflict. *Firestone* means what the word "factor" implies, namely, that judges reviewing a benefit denial's lawfulness may take account of several different considerations, conflict of interest being one. This kind of review is no stranger to the judicial system. Both trust law and administrative law ask judges to determine lawfulness by taking account of several different, often case-specific, factors, reaching a result by weighing all together. Any one factor will act as a tiebreaker when the others are

Syllabus

closely balanced. Here, the Sixth Circuit gave the conflict some weight, but focused more heavily on other factors: that MetLife had encouraged Glenn to argue to the Social Security Administration that she could do no work, received the bulk of the benefits of her success in doing so (being entitled to receive an offset from her retroactive Social Security award), and then ignored the agency's finding in concluding that she could do sedentary work; and that MetLife had emphasized one medical report favoring denial of benefits, had deemphasized other reports suggesting a contrary conclusion, and had failed to provide its independent vocational and medical experts with all of the relevant evidence. These serious concerns, taken together with some degree of conflicting interests on MetLife's part, led the court to set aside MetLife's discretionary decision. There is nothing improper in the way this review was conducted. Finally, the *Firestone* standard's elucidation does not consist of detailed instructions, because there "are no talismanic words that can avoid the process of judgment." *Universal Camera Corp.* v. *NLRB*, 340 U. S. 474, 489. Pp. 8–13.

461 F. 3d 660, affirmed.

BREYER, J., delivered the opinion of the Court, in which STEVENS, SOUTER, GINSBURG, and ALITO, JJ., joined, and in which ROBERTS, C. J., joined as to all but Part IV. ROBERTS, C. J., filed an opinion concurring in part and concurring in the judgment. KENNEDY, J., filed an opinion concurring in part and dissenting in part. SCALIA, J., filed a dissenting opinion, in which THOMAS, J., joined.