

## **Eleventh Circuit Takes Life Insurance Reinstatement Claims at Face Value for CAFA Amount-In-Controversy Purposes**

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The Eleventh Circuit recently examined the application of the \$5 million amount-in-controversy requirement under the [Class Action Fairness Act \(CAFA\)](#) to disputes over life insurance premiums and policies. It concluded that the face value of a surrendered or lapsed life insurance policy constitutes the amount placed in controversy when the plaintiff requests reinstatement of the policy as equitable relief for asserted claims.

In [Anderson v. Wilco Life Insurance Co.](#), the plaintiff filed in state court a putative class action for breach of contract and the implied duty of good faith and fair dealing, alleging that the defendant insurance company overcharged her and putative class members for life insurance premiums. In addition to seeking money damages for the overpayment of allegedly exorbitant premiums, the plaintiff sought declaratory and injunctive relief that would require the defendant to reverse past premium rate increases and reinstate all life insurance policies that were surrendered or had lapsed due to the increases. The defendant timely removed the matter to federal court under CAFA. To establish CAFA's \$5 million amount-in-controversy requirement, the defendant presented evidence that 581 insurance policies subject to the putative class action had lapsed or had been surrendered during the relevant time, and the aggregate face value of the 581 policies was \$75 million. The plaintiff moved to remand, arguing that the amount in controversy should not include the face value of lapsed or surrendered insurance policies because it was too speculative whether the defendant would ultimately be required to issue death benefits under the policies after reinstatement. The plaintiff asserted that this contingency depended on whether each policyholder chose to keep the policy, lived until the maturation date, and maintained the full amount of death benefit. The trial court granted the plaintiff's motion to remand, but the Eleventh Circuit reversed.

Relying on prior decisions, the court explained that "where a plaintiff insured seeks equitable relief to restore a lapsed life insurance policy, the continuing validity of the policy is at stake," and "when the validity of a life insurance policy is at issue in a case, the face value of the insurance policy is the amount in controversy." It reasoned that the death of an insured is bound to happen, and thus "the insurer's obligation to pay the full face value of the life insurance policy on the death of the insured is an ever-present liability." The uncertainty surrounding the future date of an insured's death, the court explained, "affects the date of payment, not the liability" of the insurer.

In rejecting the plaintiff's argument that various contingencies could ultimately relieve the defendant of its obligations to pay the face value of policies even if reinstated, the panel reiterated that the amount in controversy must be determined at the time of removal, not at some future point. By requesting reinstatement of all terminated life insurance policies, the plaintiff placed the current face value of those policies at issue. The court also noted that even if it considered future contingencies in its assessment of the amount in controversy, it would not likely make a difference to the jurisdictional question in this case. Noting that the \$75 million amount in controversy constituted "15 times the \$5 million amount-in-controversy threshold," the court stated, "even assuming the unlikely outcome that 90% of that amount would not be collected by class members due to one contingency or another, more than \$7.5 million would still be at stake," which would still satisfy CAFA's threshold.

This case captures the significance of valuing multiple forms of relief requested in removing putative class actions to federal court and reaffirms that declaratory and injunctive forms of relief do not always hold nominal value, particularly in insurance coverage actions.

[\*Anderson v. Wilco Life Ins. Co.\*](#), 943 F.3d 917 (11th Cir. 2019).

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