

UNITED STATES DISTRICT COURT
DISTRICT OF MAINE

UNUM LIFE INSURANCE COMPANY OF
AMERICA,

Plaintiff

v.

MEREDITH MAGILL, as Trustee
for Matthew J. Magill and
Jonathan S. Magill, and
PENELOPE P. COIT,

Defendants

Civil No. 94-351-P-C

MEREDITH MAGILL, as Trustee
for Matthew J. Magill and
Jonathan S. Magill,

Cross-Claimant

v.

PENELOPE P. COIT,

Cross-Claimant

GENE CARTER, Chief Judge

MEMORANDUM OF DECISION AND ORDER

Jason M. Magill died by accident on June 28, 1994. His life was insured by UNUM Life Insurance Company of America ("UNUM") in the amount of \$162,000. Joint Exs. 4 and 5. He also had an accidental death and dismemberment policy through UNUM in the amount of \$162,000. Joint Exs. 4 and 5. UNUM received from Defendants Meredith Magill and Penelope Coit two conflicting claims for life insurance proceeds payable upon the death of

Jason M. Magill. Ms. Coit filed an application to receive the life insurance and accidental death benefits because she was Jason M. Magill's sole designated beneficiary of the proceeds of the life insurance policy. Joint Ex. 6. Ms. Magill also filed a claim with UNUM seeking a portion of the proceeds from the policy. Ms. Magill claims she is entitled to a portion of the benefits by virtue of the Divorce Judgment and incorporated Settlement Agreement entered into by her and Jason Magill on September 15, 1988.¹ Joint Exs. 1 and 2.

UNUM brought this Interpleader action against Defendants Magill and Coit asserting the uncertainty of the identity of the proper recipient of the life benefits and requesting permission to deposit into the Court's Registry Fund the total extent of its liability to anyone for life insurance benefits.² Amended Complaint (Docket No. 19). The Court accepted the funds, placing them into the Registry Fund and discharged UNUM from further liability for life insurance benefits as a result of the death of Jason M. Magill. Judgment of Interpleader (Docket No. 26).

Competing cross-claims were then filed by Defendants Magill and Coit setting forth the substance of their respective claims against the insurance proceeds. Cross-Claim by Coit (Docket No.

¹ Despite his agreement to the contrary, Jason M. Magill failed to name his former wife, Meredith Magill, as beneficiary in trust for the minor children on the enrollment form for his group life insurance policy.

² This Court has jurisdiction pursuant to 28 U.S.C. § 1331 and 29 U.S.C. § 1132(e)(1).

28) and Cross-Claim by Magill (Docket No. 30). Ms. Coit's claim is based on the fact that she was the sole designated beneficiary under the life insurance policy. Ms. Magill's claim stems from her divorce decree from Jason M. Magill. The Divorce Settlement Agreement provides that

[Jason Magill] shall name [Meredith Magill] as a beneficiary in trust for the minor children of the marriage to the extent of one-third of the face amount of his current life insurance available through his employment or any successive employment where such insurance is provided as an employment benefit.

Settlement Agreement Joint Ex. 2.

Ms. Coit argues that she is entitled to two-thirds of the proceeds of the life insurance and all of the accidental death proceeds because the language of the divorce settlement agreement only applies to the life insurance proceeds and not to the accidental death insurance proceeds.³ Ms. Magill claims that she

³ Ms. Coit filed an Amendment to Trial Brief (Docket No. 51) contending that the Court will need to determine the meaning of the language "where such insurance is provided as an employment benefit" as set forth in the paragraph of the Divorce Settlement Agreement relating to life insurance. She argues that an "employment benefit" is one that is provided to an employee without cost and, therefore, because UNUM contributed only a set amount (less than the total premium) toward Jason M. Magill's benefit package, which included health insurance, dental insurance, group life insurance, and group accidental death and dismemberment insurance, the insurance is not an employment benefit. Ms. Magill responded that the Amendment was untimely filed. Motion to Strike Amendment (Docket No. 54).

The Court reserved decision on this issue at the conference just prior to trial. The Court now concludes that although UNUM's contribution was less than the cost of the benefits selected by Jason M. Magill, it does not render the contribution wholly ineffective as an employment benefit. Certainly the group policy itself, as well as the rate associated therewith, is an

(continued...)

is entitled both to one-third of the life insurance and to one-third of the accidental death proceeds.

On July 5, 1995, by agreement of the parties, the Court disbursed two-thirds of the life insurance proceeds and two-thirds of the accidental death insurance proceeds to Ms. Coit and one-third of the life insurance proceeds to Ms. Magill. Order (Docket No. 35). One-third of the accidental death insurance proceeds remains in the Court Registry Fund. Both parties are asking for the entire amount of money which remains with the Court.

DISCUSSION

There are two issues the Court must address. First, after a bench trial, at which the parties presented evidence focused on the meaning of the pertinent provision of the Divorce Settlement Agreement and the UNUM life insurance policy, the Court concludes that Ms. Magill is entitled to the portion of the accidental death and dismemberment benefit remaining in the Registry Fund. The parties make numerous arguments to support their respective claims. The Court, however, finds that the definition of "life insurance" under Maine law is clear and that the parties have not modified this definition in the Divorce Settlement Agreement.

Maine law defines "life insurance" as

insurance on human lives. The transaction of life

³(...continued)
employment benefit. Accordingly, the Court finds that the life insurance provided through UNUM was an "employment benefit" within the language of the divorce settlement agreement.

insurance includes also the granting [of] endowment benefits, additional benefits in event of death or dismemberment by accident or accidental means, additional benefits in the event of the insured's disability, and optional modes of settlement of proceeds of life insurance.

24-A M.R.S.A. § 702 (1990). Because the definition of life insurance under Maine law includes accidental death and dismemberment insurance, Magill is entitled to the remaining accidental death and dismemberment insurance monies in the Court's Registry Fund.

Second, after the agreed-upon disbursement of all but one-third of the accidental death and dismemberment benefit, Ms. Magill now requests that the Court revisit the disbursement. Ms. Magill contends that the language of the divorce agreement required Jason M. Magill to maintain the same amount of life insurance that was in effect on the day of the divorce until his children reach majority. Because Jason Magill had more life insurance at the time of his divorce than he did at the time of his death, Ms. Magill suggests that she is entitled to some of the monies that have already been disbursed by agreement of the parties and Order of this Court. Ms. Magill's request includes monies that she had specifically rejected a right to in her pleadings and her pretrial memorandum dated October 25, 1995. Cross-Claimant Magill's Pretrial Memorandum (Docket No. 40) and Cross-Claim by Magill (Docket No. 30). Therefore, the Court finds that whatever rights she may have had to the money because of the language of the Divorce Settlement Agreement she gave up

when she agreed to the disbursement. See Order for Partial Disbursement (Docket No. 35).

Accordingly, it is ORDERED that the monies remaining in the Court's Registry be disbursed to Meredith Magill.⁴

GENE CARTER
Chief Judge

Dated at Portland, Maine this 6th day of June, 1996.

⁴ At trial, the Court reserved decision on various motions. Those motions included the admission of three exhibits proposed by the parties. After careful consideration, the Court finds it unnecessary to admit any of the proposed exhibits on which it reserved decision. Magill Exs. 1 and 2, and Coit Ex. 1. In addition, the Court finds the amount of social security benefits received by Ms. Magill to be irrelevant to the legal analysis, or the ultimate decision, in this case.