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INSURANCE LAW BULLETIN

Re: **Court Holds ERISA Trust Lacks Capacity To Sue Under State Law**

The United States District Court for the District of Maryland recently dismissed a state law claim filed by an ERISA trust against a stop-loss insurer, holding a trust is not a separate legal entity with the capacity to sue under state law.

The trust, a self-funded employee benefit plan, filed a complaint in state court against an insurer, alleging breach of a stop-loss insurance contract. The insurer removed the action to federal court and moved to dismiss the trust. The trust moved to remand, arguing the citizenship of its members destroyed diversity jurisdiction.

Dismissing the trust and denying the motion to remand, the court held the trustees were the real parties in interest and had the power to bring suit on behalf of the trust. Although the court recognized ERISA may confer trusts with the capacity to maintain an ERISA claim, the only claim asserted was for breach of contract under state law.

For further information or a copy of the opinion, please contact **Bryan D. Bolton**, who represented the insurer in this matter, at 410-659-7754 or bbolton@fblaw.com. Please visit our website at www.fblaw.com.

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