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Federal panel determines loss of license does not equal 'disabled'

Many jobs require licenses. When a medical condition causes a loss of license, would that trigger an entitlement to disability benefits?

That was the question answered in *Hampton v. Reliance Standard Life Insurance Co.*, 2014 WL 4977397 (8th Cir. Oct. 7, 2014), where the 8th U.S. Circuit Court of Appeals ruled that a loss of license — in this case of commercial driver's license — alone, without corresponding medical restrictions or limitations, does not entitle a claimant to disability insurance benefits.

The case involved Christopher Hampton, an over-the-road truck driver, who ceased working and applied for disability benefits when he was diagnosed with diabetes in November 2010 because Arkansas Transportation Department regulations prohibit insulin-dependent diabetics from operating commercial motor vehicles. See, 49 C.F.R. Sections 391.11, 391.41(b)(3).

Consequently, Hampton's commercial driving license was revoked. On his application for disability benefits, Hampton's doctor certified that Hampton was disabled because he was "unable to obtain a DOT [Department of Transportation] health card with this new diagnosis."

The treating doctor later added that Hampton would be unable to obtain gainful employment because the diabetes "precludes him from operating any sort of heavy machinery or motorized vehicles based on the Department of Transportation regulations."

Although Reliance Standard approved Hampton's short-term disability claim, long-term disability benefits were denied because the policy provided that a loss of license in and of itself would not meet the definition of "disability" in the contract.

Based on that provision, and Reliance's finding that Hampton suffered no other physical restrictions that prevented him from performing his occupation on account of diabetes, the insurer con-

cluded that benefits were not payable. The U.S. District Court found for Hampton, but the court of appeals reversed and sustained Reliance's determination.

The court found that Reliance acted within its discretionary authority and properly applied the terms of the contract. Although the policy provided that disability exists when, "as a result of an injury or sickness ... an insured cannot perform the material duties of his/her regular occupation," that definition is further clarified to state that "[i]f an insured ... requires a license for such occupation, the loss of such license for any reason does not in and of itself constitute 'total disability.'"

The court further explained that Reliance's interpretation was reasonable because it "does not foreclose a claimant who loses his license based on injury or sickness from receiving benefits; it merely requires that the claimant show that the injury or sickness

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itself — independent of the loss of license — renders him unable to perform his occupation." Because Hampton was unable to meet that requirement, the court upheld the benefit denial.

The plaintiff maintained that the loss of license qualification would only be enforceable if the loss of license were caused by a non-medical reason such as a criminal conviction; however, the provision in the contract was much broader and encompassed "any reason."

Thus, the court of appeals rejected the plaintiff's contention and found the breadth of the policy language encompassed a loss of licensure on account of a medical reason.

While the court acknowledged that the plaintiff's argument may

WORKPLACE ISSUES



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have been what was intended, the court deemed the insurer's interpretation "the better reading of the disputed provision." And since none of Hampton's doctors identified any medical restrictions due to diabetes, the court went on to uphold the benefit denial.

A dissenting opinion was filed by Judge Lavenski Smith, who

Most cases involving loss of license and disability deal with a loss of licensure on account of conduct such as criminal behavior resulting in a loss of license.

And there are other cases, such as those dealing with commercial airline pilots that specifically deem a pilot disabled if he or she is unable to obtain flight certification to maintain licensure, which can result from being placed on a regime of medications that are on a prohibited list pursuant to Federal Aviation Administration regulations, such as anti-psychotic medication.

See, *Miller v. American Airlines Inc.*, 632 F.3d 837 (3d Cir. 2011) (finding that even though a pilot's psychosis was in complete remission, a history of anti-psychotic medication precluded licensure and thus necessitated the continuation of disability); *Hanmagan v. Piedmont Airlines*, 2010 U.S. Dist. LEXIS 31472 (N.D.N.Y. March 31, 2010) (same — even though the underlying condition was not disabling, claimant's medications precluded licensure certification under FAA regulations).

This case, however, more closely resembled *Dang v. Northwestern Mutual Life Insurance Co.*, 960 F.Supp. 215 (D.Neb. 1997), which involved a physician who was a carrier for Hepatitis B and who was barred from performing certain surgical procedures without patients' informed consent.

The insurer maintained that since the doctor remained physically capable of performing his duties, no benefits were due because he was not "factually disabled." The court upheld the insurer's decision, ruling that the policy only provided benefits when the insured was physically incapable of performing the duties of his occupation.

The court determined that an insured who is only legally prohibited from engaging in his or her profession is not disabled under the terms of the policy which does not protect against "legal" disabilities. Here, too, Hampton was found only legally, but not factually disabled.