Syllabus

SUPREME COURT OF THE UNITED STATES

Syllabus

HILLMAN *v.* MARETTA

CERTIORARI TO THE SUPREME COURT OF VIRGINIA

No. 11–1221. Argued April 22, 2013—Decided June 3, 2013

The Federal Employees' Group Life Insurance Act of 1954 (FEGLIA) establishes an insurance program for federal employees. FEGLIA permits an employee to name a beneficiary of life insurance proceeds, and specifies an "order of precedence" providing that an employee's death benefits accrue first to that beneficiary ahead of other potential recipients. 5 U. S. C. §8705(a). A Virginia statute revokes a beneficiary designation in any contract that provides a death benefit to a former spouse where there has been a change in the decedent's marital status. Va. Code Ann. §20–111.1(A) (Section A). In the event that this provision is pre-empted by federal law, a separate provision of Virginia law, Section D, provides a cause of action rendering the former spouse liable for the principal amount of the proceeds to the party who would have received them were Section A not pre-empted. §20–111.1(D).

Warren Hillman named then-spouse, respondent Judy Maretta, as the beneficiary of his Federal Employees' Group Life Insurance (FEGLI) policy. After their divorce, he married petitioner Jacqueline Hillman but never changed his named FEGLI beneficiary. After Warren's death, Maretta, still the named beneficiary, filed a claim for the FEGLI proceeds and collected them. Hillman sued in Virginia court, seeking recovery of the proceeds under Section D. Maretta argued in response that Section D is pre-empted by federal law. The parties agreed that Section A is pre-empted. The Virginia Circuit Court found Maretta liable to Hillman under Section D for the FEGLI policy proceeds. The State Supreme Court reversed, concluding that Section D is pre-empted by FEGLIA because it conflicts with the purposes and objectives of Congress.

Held: Section D of the Virginia statute is pre-empted by FEGLIA. Pp. 6–15.

Syllabus

(a) State law is pre-empted "to the extent of any conflict with a federal statute." *Crosby* v. *National Foreign Trade Council*, 530 U. S. 363, 372. This case raises the question whether Virginia law "stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress." *Hines* v. *Davidowitz*, 312 U. S. 52, 67. Pp. 6–13.

(1) To determine whether a state law conflicts with Congress' purposes and objectives, the nature of the federal interest must first be ascertained. *Crosby*, 530 U. S., at 372–373. Two previous cases govern the analysis of the relationship between Section D and FEGLIA here. In *Wissner* v. *Wissner*, 338 U. S. 655, a California court granted a decedent's widow, who was not the named beneficiary of a policy under the federal National Service Life Insurance Act of 1940 (NSLIA), an interest in the insurance proceeds as community property under state law. This Court reversed. Because NSLIA provided that the insured had a right to designate a beneficiary and could change that designation at any time, the Court reasoned that Congress had "spoken with force and clarity in directing that the proceeds belong to the named beneficiary and no other." *Id.*, at 658. The Court addressed a similar question regarding the federal Servicemen's Group Life Insurance Act of 1965 (SGLIA) in *Ridgway* v. *Ridgway*, 454 U. S. 46. There, a Maine court imposed a constructive trust on insurance proceeds paid to a servicemember's widow, the named beneficiary, and ordered that they be paid to the decedent's first wife as required by a divorce decree. Holding the constructive trust pre-empted, the *Ridgway* Court explained that *Wissner* controlled and that SGLIA made clear that "the insured service member possesses the right freely to designate the beneficiary and to alter that choice at any time by communicating the decision in writing to the proper office." *Id.*, at 56. Pp. 7–9.

(2) The reasoning in *Wissner* and *Ridgway* applies with equal force here. NSLIA and SGLIA are strikingly similar to FEGLIA, which creates a scheme that gives highest priority to an insured's designated beneficiary, §8705(a), and which underscores that the employee's "right" of designation "cannot be waived or restricted," 5 CFR §843.205(e). Section D interferes with this scheme, because it directs that the proceeds actually belong to someone other than the named beneficiary by creating a cause of action for their recovery by a third party. FEGLIA establishes a clear and predictable procedure for an employee to indicate who the intended beneficiary shall be and evinces Congress' decision to accord federal employees an unfettered freedom of choice in selecting a beneficiary and to ensure the proceeds actually belong to that beneficiary. This conclusion is confirmed by another provision of FEGLIA, §8705(e), which creates a

limited exception to the order of precedence by allowing proceeds to be paid to someone other than the named beneficiary, if, and only if, the requisite documentation is filed with the Government before the employee's death, so that any departure from the beneficiary designation is managed within, not outside, the federal system. If States could make alternative distributions outside the clear procedure Congress established, §8705(e)'s narrow exception would be transformed into a general license for state law to override FEGLIA. Pp. 9–13.

(b) Hillman's additional arguments in support of a different result are unpersuasive. Pp. 13–15.

283 Va. 34, 722 S. E. 2d 32, affirmed.

SOTOMAYOR, J., delivered the opinion of the Court, in which ROBERTS, C. J., and KENNEDY, GINSBURG, BREYER, and KAGAN, JJ., joined, and in which SCALIA, J., joined as to all but footnote 4. THOMAS, J., and ALITO, J., filed opinions concurring in the judgment.

SUPREME COURT OF THE UNITED STATES

No. 11–1221

JACQUELINE HILLMAN, PETITIONER *v.* JUDY A. MARETTA

ON WRIT OF CERTIORARI TO THE SUPREME COURT OF VIRGINIA

[June 3, 2013]

JUSTICE SOTOMAYOR delivered the opinion of the Court.*

The Federal Employees' Group Life Insurance Act of 1954 (FEGLIA), 5 U. S. C. §8701 *et seq.*, establishes a life insurance program for federal employees. FEGLIA provides that an employee may designate a beneficiary to receive the proceeds of his life insurance at the time of his death. §8705(a). Separately, a Virginia statute addresses the situation in which an employee's marital status has changed, but he did not update his beneficiary designation before his death. Section 20–111.1(D) of the Virginia Code renders a former spouse liable for insurance proceeds to whoever would have received them under applicable law, usually a widow or widower, but for the beneficiary designation. Va. Code Ann. §20–111.1(D) (Lexis Supp. 2012). This case presents the question whether the remedy created by §20–111.1(D) is pre-empted by FEGLIA and its implementing regulations. We hold that it is.

* JUSTICE SCALIA joins all but footnote 4 of this opinion.

I

A

In 1954, Congress enacted FEGLIA to "provide low-cost group life insurance to Federal employees." H. R. Rep. No. 2579, 83d Cong., 2d Sess., 1 (1954). The program is administered by the federal Office of Personnel Management (OPM). 5 U. S. C. §8716. Pursuant to the authority granted to it by FEGLIA, OPM entered into a life insurance contract with the Metropolitan Life Insurance Company. See §8709; 5 CFR §870.102 (2013). Individual employees enrolled in the Federal Employees' Group Life Insurance (FEGLI) Program receive coverage through this contract. The program is of substantial size. In 2010, the total amount of FEGLI insurance coverage in force was $824 billion. GAO, Federal Employees' Group Life Insurance: Retirement Benefit and Retained Asset Account Disclosures Could Be Improved 1 (GAO–12–94, 2011).

FEGLIA provides that, upon an employee's death, life insurance benefits are paid in accordance with a specified "order of precedence." 5 U. S. C. §8705(a). The proceeds accrue "[f]irst, to the beneficiary or beneficiaries designated by the employee in a signed and witnessed writing received before death." *Ibid.* "[I]f there is no designated beneficiary," the benefits are paid "to the widow or widower of the employee." *Ibid.* Absent a widow or widower, the benefits accrue to "the child or children of the employee and descendants of [the] deceased children"; "the parents of the employee" or their survivors; the "executor or administrator of the estate of the employee"; and last, to "other next of kin." *Ibid.*

To be effective, the beneficiary designation and any accompanying revisions to it must be in writing and duly filed with the Government. See *ibid.* ("[A] designation, change, or cancellation of beneficiary in a will or other document not so executed and filed has no force or effect"). An OPM regulation provides that an employee may

DOCKET ALARM

Explore Litigation Insights

Docket Alarm provides insights to develop a more informed litigation strategy and the peace of mind of knowing you're on top of things.

Real-Time Litigation Alerts

Keep your litigation team up-to-date with **real-time alerts** and advanced team management tools built for the enterprise, all while greatly reducing PACER spend.

Our comprehensive service means we can handle Federal, State, and Administrative courts across the country.

Advanced Docket Research

With over 230 million records, Docket Alarm's cloud-native docket research platform finds what other services can't. Coverage includes Federal, State, plus PTAB, TTAB, ITC and NLRB decisions, all in one place.

Identify arguments that have been successful in the past with full text, pinpoint searching. Link to case law cited within any court document via Fastcase.

Analytics At Your Fingertips

Learn what happened the last time a particular judge, opposing counsel or company faced cases similar to yours.

Advanced out-of-the-box PTAB and TTAB analytics are always at your fingertips.

API

Docket Alarm offers a powerful API (application programming interface) to developers that want to integrate case filings into their apps.

LAW FIRMS

Build custom dashboards for your attorneys and clients with live data direct from the court.

Automate many repetitive legal tasks like conflict checks, document management, and marketing.

FINANCIAL INSTITUTIONS

Litigation and bankruptcy checks for companies and debtors.

E-DISCOVERY AND LEGAL VENDORS

Sync your system to PACER to automate legal marketing.

WHAT WILL YOU BUILD? | sales@docketalarm.com | 1-866-77-FASTCASE

fastcase® Smarter legal research.