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6 IN THE UNITED STATES DISTRICT COURT  
7 FOR THE DISTRICT OF ARIZONA

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9 Metropolitan Life Insurance Company, a  
New York corporation,

No. CV-12-372-PHX-GMS

10 Plaintiff/Counter-Defendant,

**ORDER**

11 v.

12 Inna Ogandzhanova, M.D.,

13 Defendant/Counter-Claimant.  
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16 The Court held an informal discovery conference with the Parties on March 21,  
17 2013. (Doc. 131.) During that conference, the Court instructed the Parties to “brief the  
18 issue as to whether Dr. Ogandzhanova is entitled to reserve information relating to her  
19 claims.” (*Id.*) That briefing was completed on April 4, 2013. (Docs. 153, 168.) After  
20 review, the Court denies Defendant Inna Ogandzhanova’s request for reserve  
21 information.

22 **BACKGROUND**

23 Plaintiff Metropolitan Life Insurance Company (“MetLife”) brought this action  
24 seeking a declaration that Ogandzhanova was not disabled under MetLife’s relevant  
25 policies after July 1, 2011. (Doc. 1.) MetLife also seeks a declaration that it was under no  
26 obligation to provide disability benefits after July 1, 2011, and that it is entitled to recover  
27 all benefits paid, among other things. (*Id.*) Ogandzhanova counterclaimed for breach of  
28 contract and bad faith. (Doc. 12.) Discovery is underway. During discovery,

1 Ogandzhanova requested that MetLife provide her with reserve information relating to  
2 her claims. MetLife has objected, claiming that such information is irrelevant to the  
3 claims at issue in this case.

## 4 DISCUSSION

### 5 I. LEGAL STANDARD

6 A district court enjoys broad discretion in controlling discovery. *Harper v. Betor*,  
7 95 F.3d 1157 (9th Cir. 1996) (internal citation omitted). The scope of discovery is  
8 governed by Rule 26, which allows “discovery regarding any nonprivileged matter that is  
9 relevant to any party’s claim or defense.” Fed. R. Civ. P. 26(b)(1). Relevance is construed  
10 broadly to encompass any matter that bears on, or that reasonably could lead to other  
11 matter that bears on, any issue that is or may be in the case. *See id.*; *Oppenheimer Fund*,  
12 *Inc. v. Sanders*, 437 U.S. 340, 351 (1978). Further, “[f]or good cause, the court may order  
13 discovery of any matter relevant to the subject matter involved in the action.” Fed. R.  
14 Civ. P. 26(b)(1). District courts have broad discretion in determining relevance for  
15 discovery purposes. *Hallet v. Morgan*, 296 F.3d 732, 751 (9th Cir. 2002).

### 16 II. ANALYSIS

17 In an insurance context, the term “reserve” refers to “a fund of money set aside by  
18 a bank or an insurance company to cover future liabilities.” *Black’s Law Dictionary* (9th  
19 ed. 2009). Ogandzhanova asserts that information about MetLife’s reserves on her claim  
20 is relevant for a number of reasons, all of which concern MetLife’s knowledge and  
21 beliefs regarding Ogandzhanova’s claim. For example, the amount of and fluctuations in  
22 reserve totals may reveal when MetLife had sufficient notice of her claim, what effect  
23 MetLife’s issuance of a reservation of rights might have had, what effect filing the suit  
24 had, and so forth. In short, Ogandzhanova claims the reserve information would allow her  
25 a glimpse into what MetLife thought about the factual basis and legality of her claim to  
26 disability benefits. That, in turn, would assist her in analyzing her bad faith claim,  
27 because “bad-faith actions against an insurer, like actions by client against attorney,  
28 patient against doctor, can only be proved by showing exactly how the company

1 processed the claim, how thoroughly it was considered and why the company took the  
2 action it did.” *Brown v. Super. Ct.*, 137 Ariz. 327, 336, 670 P.2d 725, 734 (1983).

3 Ogandzhanova’s request for reserve information therefore appears relevant on its  
4 face. MetLife, as the party resisting that discovery, now has the burden to establish that  
5 the information falls outside the broad scope of discovery contemplated by Rule 26.  
6 District courts have come out both ways on this question. *See, e.g., U.S. Fire Ins. Co. v.*  
7 *Bunge N. Am., Inc.*, 244 F.R.D. 638, 644 (D. Kan. 2007) (relevant); *Bernstein v.*  
8 *Travelers Ins. Co.*, 447 F. Supp. 2d 1100, 1105 (N.D. Cal. 2006) (same). *But see, e.g.,*  
9 *Imperial Textiles Supplies Inc. v. Hartford Fire Ins. Co.*, 6:09-CV-03103-JMC, 2011 WL  
10 1743751 at \*4 (D.S.C. May 5, 2011) (irrelevant); *Leksi, Inc. v. Fed. Ins. Co.*, 129 F.R.D.  
11 99, 106 (D.N.J. 1989) (same).

12 Central to the relevance (or lack thereof) of reserve information in a given case is  
13 the method of calculation. If the insurers can show their calculations do not include  
14 analysis of the factual or legal merits of the insured’s specific claim, but instead rely on  
15 automatic factors, then the relevance of reserve information diminishes significantly. *See*  
16 *Leksi*, 129 F.R.D. at 106 (“[T]he setting of reserves is performed by claims personnel  
17 who know little about Leksi’s policies. I find that the reserve information is only  
18 tenuously relevant to whether insurance coverage exists in this matter.”). On the other  
19 hand, courts have granted motions to compel production of reserve information when the  
20 insurers have failed to produce evidence that the reserve arithmetic does not include  
21 analysis of the claim’s merit. *See U.S. Fire*, 244 F.R.D. at 644 (“[T]he Insurers assert  
22 (*without reference to supporting evidence*) that their loss reserves, which are required by  
23 law, are not evaluations of the particular claims, but instead depend on various  
24 assumptions and business considerations.”) (emphasis added); *Bernstein*, 447 F. Supp. 2d  
25 at 1106 (“Travelers does not contend, however, that the reserves it sets in response to  
26 individual claims are determined only (or even primarily) by such generic considerations.  
27 Nor does Travelers suggest that circumstances quite specific to individual claims do not  
28 play a significant role when Travelers’ adjusters decide what the amount of the reserves

1 for given claims should be, or at which junctures and under which criteria those amounts  
2 should be changed.”) In short, when calculation of the reserve amount ““entail[s] an  
3 evaluation . . . based upon a thorough factual . . . consideration”, the information will be  
4 relevant, and vice versa. *Gen. Elec. Capital Corp. v. DIRECTV, Inc.*, 184 F.R.D. 32, 35  
5 (D. Conn. 1998) (quoting *Independent Petrochemical Corp. v. Aetna Cas. & Sur. Co.*,  
6 117 F.R.D. 283, 288 (D.D.C. 1986)).

7 MetLife has shown that it does not analyze the factual and legal merit of a claim  
8 when it sets and adjusts the reserve amount, and did not do so with Ogandzhanova. Enid  
9 Reichert, a Vice President and Actuary at MetLife, stated that the reserve calculation is a  
10 factor of assumed average claim termination rates determined by MetLife actuaries from  
11 multi-year studies and limited claim profile information, such as the date of disability,  
12 monthly benefit amount, policy terms, and the age of the claimant. (Doc. 168-1, Ex. 1 ¶¶  
13 2-4.) The reserves “do not take into account any facts specific to the claim . . . .  
14 Specifically, the reserve does not take into account the merits of the claim, that is whether  
15 the claim for benefits is strong or weak.” (*Id.* ¶ 5.) Claims personnel are not involved in  
16 the calculation of claim reserves. (*Id.* ¶ 6; Doc. 168-2, Ex. 2 ¶¶ 2-4.) It is an automatic  
17 calculation divorced from the merits of a specific claim. This is a case where the method  
18 of MetLife’s reserve calculation takes reserve information out of the realm of relevancy.

19 Ogandzhanova requested reserve information related to her claims. The Court has  
20 determined that such information is irrelevant to the claims at issue. To the extent  
21 Ogandzhanova sought information about the reserve methodology and that information  
22 was relevant, MetLife appears to have provided it in its Response and attachments. (Doc.  
23 168.) Beyond that, the reserves would not shed further light on the issues in this case.  
24 MetLife has shown that the documents pertaining to loss reserves did not ““entail an  
25 evaluation . . . based upon a thorough factual . . . consideration.”” *Gen. Elec. Capital*, 184  
26 F.R.D. at 35 (quoting *Independent Petrochemical*, 117 F.R.D. at 288).

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1           **IT IS THEREFORE ORDERED** that Ogandzhanova's request for reserve  
2 information relating to her insurance claims is **DENIED**.

3           Dated this 9th day of April, 2013.

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5 *G. Murray Snow*  
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7           G. Murray Snow  
8           United States District Judge

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