Mass Superior Court grants summary judgment on lapsed $7.5 million life insurance policy

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In Sheinkopf v. Pacific Life Insurance Company, Mass. Super. Ct., No. 2384CV01704 -BLS2*** (Suffolk County July 29, 2026), the Court granted Summary Judgment to Pacific Life on plaintiffs' claims of Breach of Contract, Breach of the Covenant of Good Faith and Fair Dealing, Declaratory Judgment, Negligence, and Unjust Enrichment.

Factual Background

In Sheinkopf, a $7.5 million second to die variable universal life insurance policy ("Policy") was issued to the Robert Sheinkopf Family Irrevocable Trust ("Trust") in 2006. The Policy insured the lives of Robert and Sybil Sheinkopf, who were both age 70 when it was issued. The Trustees of the Trust were the insured's daughters, Laure Sheinkopf and Marilyn Sheinkopf Newman.

Testimony in the case revealed that the insureds, despite undergoing the effort and expense of creating a Trust, never relinquished responsibility for paying premium. As for the Trustees, they testified that they had no knowledge of any responsibilities to monitor or keep the policy in force. Unbeknownst to Pacific Life, the insureds managed the policy along with their broker/financial advisor, Sean Flynn, and together they decided they would keep the policy valued at the most minimum levels possible.

Over the course of the next 15 years premiums were deposited into the policy totaling over $580,000. Variable universal life insurance policies allow voluntary premium deposits up to a guideline premium limit. In late 2020, Mr. Flynn moved his office and provided a change of address form to his local post office. He also claimed, without proof, that he had notified Pacific Life. Both the Trust and Mr. Flynn were mailed multiple notices for a year from Pacific Life in the form of annual statements, quarterly

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statements, and annual premium payment reminders. The statements gave precise policy accumulation values and alerted recipients when the valuations were getting low.

On September 7, 2021, a Notice of Payment Required was mailed to the Trust with a copy to Mr. Flynn. The Notice indicated that the Policy would lapse on November 7, 2021, unless a premium deposit of $23,6771.24 was paid by that date. A Second Notice of Payment was sent on October 7, 2021, providing the same lapse warning. No premium was received and the Policy lapsed.

In August 2022, Mr. Flynn, according to his testimony, called Pacific Life to inquire about a change of beneficiary. He testified it was then that he first learned the Policy had lapsed. He was incredulous and claimed that neither he nor the insureds were provided notice of the lapse. He blamed Pacific Life for not properly recording his change of address. The insureds ultimately applied for reinstatement but were declined because of significant changes in their health. Both the Trust and the insureds filed suit against Pacific Life and Mr. Flynn. The case against Flynn was dismissed and later settled in a FINRA arbitration proceeding.

The Court's Ruling

As to the insureds, the Court found that they did not have standing to sue Pacific Life for Breach of Contract, Breach of the Covenant of Good Faith and Fair Dealing, or Declaratory Relief because they were neither parties nor intended third party beneficiaries. The only parties to the Policy were the Trust and Pacific Life. As to the Trust's claims for these same claims, the Court held that Pacific Life did not breach the contract. Plaintiffs claimed that the breach occurred because Pacific Life wrongfully "cancelled" the policies. But there was no cancellation. The Policy lapsed by its own terms because no premium had been received.

Plaintiffs also argued that Pacific Life had to prove the lapse notices had been received. The Court found there was no such requirement and that Pacific Life had proven that they had sent the notices by regular U.S. Mail and that the notices were deemed received once mailed. Even more compelling was that during discovery plaintiffs produced copies of the very notices they claim they never received. They never provided adequate explanation as to how the notices were present in their files. The Court determined that, based on the record before it, the notices had been received directly from Pacific Life.

Plaintiffs also claimed that Pacific Life breached the contract by not granting reinstatement. The Court dispensed with that argument by referencing the plain language in the policy required that the application for reinstatement provide evidence of insurability. The careful underwriting by Pacific Life established that the Sheinkopfs were no longer insurable.

As to Declaratory Judgment, the Court found that since plaintiffs made the claim to declare the rights of the parties and that it was in the Court's view appropriate to award summary judgment to Pacific Life that Massachusetts law permitted the Court to instead grant Pacific Life Declaratory Judgment and find that the Policy was null and void. The final judgment did just that.

Pacific Life defended against the Negligence claim by invoking the Economic Loss Doctrine. The Court found that "purely economic losses are unrecoverable in tort and strict liability actions in the absence of personal injury or property damage." This is an important aspect of the decision because plaintiffs quite often add negligence claims to insurance disputes where there is no proof of personal injury or property damage.

Finally, the Court disposed of the Unjust Enrichment claim by finding that first, the parties' rights and obligations were defined by valid contracts and second, that there was no proof that Pacific Life had been unjustly enriched by accepting and retaining the premiums.

J. Christopher Collins and Matthew Rickman represented Pacific Life in this matter.

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