



Ex-Girlfriend Entitled to Retain Life Insurance Proceeds Despite Separation Agreement

The United States District Court for the District of Massachusetts recently decided a case – *McCormick v. Lischynsky* – that upheld a beneficiary designation in a life-insurance policy in favor of a decedent’s ex-girlfriend, despite the parties’ subsequent agreement to separate their financial affairs.

Patrick McCormick (“McCormick”) was in a romantic relationship with defendant Sara Lischynsky (“Lischynsky”), during which time he designated her as the beneficiary of one of his life-insurance policies. McCormick and Lischynsky broke up and entered into an agreement, via e-mail, with respect to resolution of “all financial matters” between them. The agreement provided that any property that either party had “in hand” or in that party’s “possession” would belong to that party going forward. The e-mail did not reference the life-insurance policy but did state that, once the terms of the agreement were complied with, the parties would consider “all outstanding financial matters completely resolved.” Following the e-mail exchange, the parties had no further financial discussions.

Approximately a year after entering into that agreement, Patrick passed away. He never removed Lischynsky as the life-insurance beneficiary, and Lischynsky collected the policy proceeds after his death. Patrick’s mother, the personal representative of his estate, sued Lischynsky for conversion and other claims. Lischynsky moved for summary judgment.

The court granted the motion as to the conversion claim with respect to the life insurance proceeds. The court first found that the email exchange constituted an enforceable contract. The court, however, rejected the plaintiff’s argument that Lischynsky waived her rights by entering into the separation agreement. At the time of the agreement, Patrick had ownership of the life-insurance policy and the right to change the beneficiary of that policy. Patrick retained those rights after the parties’ separation. Patrick did not have, and therefore did not retain, any ownership of the proceeds of the policy, as Lischynsky’s rights to the proceeds attached when she was designated as the beneficiary. The agreement did not alter the parties’ positions. The court further explained that life insurance proceeds could not be considered in the “possession” of an insured while the insured is still alive.

McCormick serves as a reminder of the importance of maintaining up-to-date beneficiary designations on life insurance policies.

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