



Case in Brief: **Moore v. Sweet**

Judgment of November 23, 2018 | On appeal from the Court of Appeal for Ontario  
Neutral citation: 2018 SCC 52

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***A person named as an irrevocable beneficiary of a life insurance policy doesn't always have a right to keep the insurance money, the Supreme Court has confirmed. A third party may have a right to the insurance money if there has been "unjust enrichment."***

Mr. Moore bought a \$250,000 life insurance policy in 1985, while he was married to Ms. Moore. Ms. Moore was named the sole beneficiary, which means that she would get the money if Mr. Moore died. The Moores separated in 1999 and divorced in 2003. Until 2000, the Moores paid the \$507.50 premium each year out of their joint bank account. In 2000, Ms. Moore and Mr. Moore verbally agreed that Ms. Moore would pay all of the yearly premiums. In exchange, Mr. Moore would keep Ms. Moore on the policy as the sole beneficiary. From 2000 on, Ms. Moore paid the premiums herself.

In 2000, Mr. Moore moved in with Ms. Sweet. Soon after, he made her the "irrevocable" beneficiary of the policy, even though he had agreed to keep Ms. Moore named as sole beneficiary. He didn't tell Ms. Moore that he made this change.

Ontario's *Insurance Act* sets out the rules for insurance policies. It says an insured person can name another person (or group of people) as the beneficiary of their life insurance policy. That other person can be named either a "revocable" beneficiary or an "irrevocable" beneficiary. "Revocable" beneficiaries can be removed from a policy at any time. They don't have to agree, or even be informed that they are being removed. Ms. Moore was a "revocable" beneficiary. "Irrevocable" beneficiaries, like Ms. Sweet, can only be removed if they agree to it.

Ms. Moore only found out that she had been removed as the beneficiary when Mr. Moore died in 2013. At this point, she sued Ms. Sweet for \$250,000, the value of the policy. She argued that Ms. Sweet got a benefit at her expense, and there was no legal basis for it. This kind of situation is called "unjust enrichment." Ms. Moore asked the court to put the money in a "constructive trust," a common request when unjust enrichment happens. A constructive trust means someone has to hold certain property for someone else's benefit.

Both Ms. Moore and Ms. Sweet agreed that the verbal agreement between the Moores was a contract. The question was whether the *Insurance Act* gave Ms. Sweet legal basis to keep the money in spite of that.

The trial judge ruled in favour of Ms. Moore, saying Mr. Moore had given her rights to the policy through their verbal agreement. The Court of Appeal disagreed. It said that while Ms. Moore should get back all the money she paid for the premiums (about \$7,000), Ms. Sweet should get to keep the rest of the money.

The majority at the Supreme Court ruled in favour of Ms. Moore. The fact that Ms. Sweet was an irrevocable beneficiary of the policy wasn't enough for her to be allowed to keep the money. The *Insurance Act* set out how beneficiaries could be named, but it didn't say that naming a new beneficiary would automatically override other people's rights from previous agreements. Courts already said that other people could have rights to an insurance policy no matter who was actually listed on it. This could be through a contract or by the concept of "equity" (rules of fairness). Those people could claim the insurance money on some legal or "equitable" (fair) basis, like unjust enrichment. The majority also noted that Ms. Sweet would have received nothing if Ms. Moore ever stopped paying. For those reasons, the majority said that Ms. Moore should get the insurance money under a constructive trust.

This case was about what happens when someone has a pre-existing right to an insurance policy, but someone else is named as the irrevocable beneficiary. The majority said that in this case, the beneficiary was unjustly enriched and could not keep the insurance money.

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**Breakdown of the Decision:** *Majority:* Justice Suzanne [Côté](#) allowed the appeal (Chief Justice [Wagner](#) and Justices [Abella](#), [Moldaver](#), [Karakatsanis](#), [Brown](#), and [Martin](#) agreed) | *Dissenting:* Justices Clément [Gascon](#) and Malcolm [Rowe](#) said there was no unjust enrichment and would have dismissed the appeal

**More information (case # 37546):** [Decision](#) | [Case information](#) | [Webcast of hearing](#)

**Lower court rulings:** [trial](#) (Ontario Superior Court of Justice) | [appeal](#) (Court of Appeal for Ontario)

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