

Senate File 416 - Introduced

SENATE FILE 416
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 1097)

A BILL FOR

1 An Act relating to the scope of duty of an insurance producer
2 in procuring insurance for a client.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 522B.2A Scope of duty.

2 1. The scope of duty of an insurance producer to a client
3 is limited to using reasonable care, diligence, and judgment
4 in procuring the insurance coverage requested by the client
5 unless the insurance producer holds oneself out as an insurance
6 specialist, consultant, or counselor and receives compensation
7 for consultation and advice apart from premiums paid by the
8 client or commissions paid by an insurer.

9 2. The general assembly declares that this section shall
10 be interpreted so that the holding of *Langwith v. Am. Nat'l*
11 *Gen. Ins. Co.*, (No. 08-0778) (Iowa 2010) is abrogated to the
12 extent that decision expands the scope of duty of an insurance
13 producer to a client, in favor of prior judicial interpretation
14 limiting an insurance producer's scope of duty to that scope of
15 duty described in subsection 1.

16 EXPLANATION

17 New Code section 522B.2A provides that the scope of duty
18 of a person licensed as an insurance producer to a client
19 is limited to using reasonable care, diligence, and judgment
20 in procuring the insurance coverage requested by the client,
21 unless the insurance producer holds oneself out as an insurance
22 specialist, consultant, or counselor and receives compensation
23 for consultation and advice apart from premiums paid by the
24 client or commissions paid by an insurer.

25 The bill further provides that the new Code section shall be
26 interpreted to abrogate the holding of a case entitled *Langwith*
27 *v. Am. Nat'l Gen. Ins. Co.*, decided by the Iowa supreme court
28 on December 30, 2010, to the extent that case expands the scope
29 of duty of an insurance producer to a client, in favor of prior
30 judicial interpretation as described in the bill.

31 In the *Langwith* case, the Iowa supreme court determined,
32 among other determinations in the case, that its previous
33 decisions had placed unjustified limitations on the
34 circumstances that might be considered in determining the
35 duty undertaken by an insurance producer to procure insurance

1 for a client. The court held, among other holdings in the
2 case, that it is for the fact finder to determine, based on
3 a consideration of all the circumstances, the agreement of
4 the parties with respect to the service to be rendered by
5 an insurance producer and whether that service was performed
6 with the skill and knowledge normally possessed by insurance
7 producers under like circumstances.