

**House File 398 - Introduced**

HOUSE FILE 398  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 144)

**A BILL FOR**

1 An Act relating to the duties and responsibilities of insurance  
2 producers under insurance policies or contracts.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 522B.1, Code 2013, is amended by adding  
2 the following new subsections:

3 NEW SUBSECTION. 7A. "*Intended beneficiary*" means a person  
4 who is not listed as a beneficiary of an insurance policy or  
5 contract in the records of the insurer.

6 NEW SUBSECTION. 12A. "*Policy owner*" means the person who  
7 is identified as the legal owner of an insurance policy or  
8 contract under the terms of the insurance policy or contract,  
9 or who is otherwise vested with legal title to the insurance  
10 policy or contract through a valid assignment completed in  
11 accordance with the terms of the insurance policy or contract  
12 and is properly recorded as the legal owner of the policy or  
13 contract in the records of the insurer. "*Policy owner*" does  
14 not include a person who has a mere beneficial interest in an  
15 insurance policy or contract.

16 Sec. 2. Section 522B.11, subsection 7, Code 2013, is amended  
17 by striking the subsection and inserting in lieu thereof the  
18 following:

19 7. a. Unless otherwise specified in this chapter, the  
20 duties and responsibilities of an insurance producer are  
21 limited to using reasonable care, diligence, and judgment in  
22 procuring the insurance requested of the insurance producer by  
23 the policy owner.

24 b. An insurance producer has no duty to change the  
25 beneficiary of an insurance policy or contract unless clear  
26 written evidence of the policy owner's intent to name an  
27 intended beneficiary as a beneficiary of the policy or contract  
28 is presented to the insurance producer or insurer in the manner  
29 required by the policy or contract, prior to the payment of any  
30 insurance benefits under the policy or contract. Such evidence  
31 shall be provided in the same manner as a claim for benefits  
32 under the policy or contract.

33 c. An insurance producer is not in the business of supplying  
34 information to others and has no duty to provide advice or  
35 information unless the insurance producer holds oneself out as

1 an insurance specialist, consultant, or counselor and receives  
2 compensation for consultation and advice apart from commissions  
3 paid by an insurer.

4 *d.* An insurance producer may agree to accept additional  
5 duties and responsibilities not specified in this chapter. Any  
6 agreement by an insurance producer to accept such additional  
7 duties and responsibilities shall be in writing and signed by  
8 the insurance producer and the policy owner.

9 *e.* The general assembly declares that the holdings of  
10 *Langwith v. Am. Nat'l Gen. Ins. Co.*, 793 N.W.2d 215 (Iowa 2010)  
11 and *Pitts v. Farm Bureau Life Ins. Co.*, 818 N.W.2d 91 (Iowa  
12 2012) are abrogated to the extent that they impose higher or  
13 greater duties and responsibilities on insurance producers than  
14 those set forth in this subsection.

15 EXPLANATION

16 This bill relates to the duties and responsibilities of  
17 insurance producers licensed under Code chapter 522B.

18 The bill provides that an "intended beneficiary" of an  
19 insurance policy or contract is a person who is not listed as  
20 a beneficiary in the insurer's records. A "policy owner" is  
21 defined as the person who is identified as the legal owner of  
22 an insurance policy or contract under the terms of the policy  
23 or contract, or who is otherwise vested with legal title to  
24 the policy or contract through a valid assignment completed  
25 in accordance with the terms of the policy or contract and is  
26 properly recorded as the legal owner in the records of the  
27 insurer. "Policy owner" does not include a person who has a  
28 mere beneficial interest in an insurance policy or contract.

29 The bill provides that unless otherwise specified in Code  
30 chapter 522B, the duties and responsibilities of an insurance  
31 producer are limited to using reasonable care, diligence,  
32 and judgment in procuring the insurance requested by the  
33 policy owner. An insurance producer has no duty to change the  
34 beneficiary of an insurance policy or contract unless clear  
35 written evidence of such intent is presented to the insurance

1 producer or insurer in the manner required in the policy or  
2 contract, prior to the payment of insurance benefits. The  
3 evidence must be provided in the same manner as a claim for  
4 benefits.

5 The bill provides that an insurance producer is not in the  
6 business of providing information to others and has no duty to  
7 provide advice or information unless the insurance producer  
8 holds oneself out as an insurance specialist, consultant,  
9 or counselor and receives compensation for consultation  
10 and advice apart from commissions paid by an insurer. An  
11 insurance producer may agree to accept additional duties and  
12 responsibilities pursuant to a written agreement signed by the  
13 insurance producer and the policy owner.

14 The bill declares the intent of the general assembly to  
15 abrogate the holdings of two recent cases decided by the Iowa  
16 supreme court to the extent that those holdings impose higher  
17 or greater duties and responsibilities on insurance producers  
18 than those set forth in the bill.