

**Senate File 13 - Introduced**

SENATE FILE 13  
BY LOFGREN

**A BILL FOR**

- 1 An Act relating to the duties of insurers under medical
- 2 malpractice insurance policies.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. NEW SECTION. **507B.4D Medical malpractice policy**  
2 **limit — insurer liability.**

3 An insurance company insuring a health care provider, as  
4 defined in section 135P.1, against professional negligence shall  
5 at all times negotiate in good faith all claims presented to  
6 the provider. If a claimant offers to settle a claim within  
7 the professional negligence insurance policy coverage limits and  
8 the insurance company refuses or declines the offer and the  
9 claim proceeds to judgment in excess of the insurance policy  
10 coverage limits, the insurance company shall be liable for the  
11 full amount of the judgment regardless of the existing insurance  
12 policy coverage limitation. The insurance company has a duty  
13 to negotiate a settlement within the policy limits if an offer  
14 is made by a claimant at or within the policy limits. If the  
15 insurance company does not do so, the health care provider shall  
16 have a cause of action against the insurance company for the  
17 failure to negotiate a settlement within the policy limits. The  
18 damages shall include the recovery of all costs the health care  
19 provider incurs and reasonable attorney fees.

20 EXPLANATION

21 The inclusion of this explanation does not constitute agreement with  
22 the explanation's substance by the members of the general assembly.

23 This bill provides that an insurance company insuring a health  
24 care provider against professional negligence shall negotiate in  
25 good faith all claims presented to the provider. If a claimant  
26 offers to settle within the policy limits and the insurer refuses  
27 or declines the offer and the claim proceeds to judgment in  
28 excess of the policy limit, the insurance company is liable for  
29 the full amount regardless of policy limitation. The insurance  
30 company has a duty to negotiate a settlement within policy limits  
31 if an offer has been made by the claimant at or within the policy  
32 limits. If the insurance company fails to do so, the health care  
33 provider has a cause of action against the insurance company.