

SUPREME COURT OF IOWA

Ranee Greenfield and Stuart Greenfield v. The Cincinnati Insurance Company

737 N.W.2d 112 (Iowa 2007) · No. No. 72 / 06-0032 · Decided August 3, 2007

SUMMARY

The Iowa Supreme Court addressed whether workers’ compensation benefits could offset damages awarded under an employer’s underinsured motorist policy. The court held that the policy permitted offsets only for duplicative elements of loss, not a dollar-for-dollar offset against the entire jury verdict. It upheld the denial of offsets for pain and suffering and loss of bodily function, while recognizing offsets for duplicative medical-expense and lost-wage awards, and remanded for further proceedings.

CASE DETAILS

COURT	Supreme Court of Iowa
WRITING FOR THE COURT	Appel, Justice
JURISDICTION	Iowa
DECIDED	August 3, 2007
DOCKET	No. 72 / 06-0032
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	The Greenfields appealed, and Cincinnati cross-appealed, from a district court order offsetting workers' compensation and tortfeasor settlement recoveries against specified portions of a jury verdict in an underinsured-motorist action.
STANDARD OF REVIEW	Interpretation of an insurance policy is a matter of law reviewed for errors at law.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Ranee Greenfield, Stuart Greenfield v. The Cincinnati Insurance Company

TOPICS

- uninsured motorist
- insurance coverage
- workers compensation
- contract interpretation
- damages

PRACTICE AREAS

insurance law

workers compensation

contract law

personal injury

QUESTIONS PRESENTED

1. Whether Iowa law permits an underinsured-motorist policy to offset workers' compensation benefits.
2. Whether Cincinnati's policy authorized a dollar-for-dollar offset of the entire workers' compensation settlement or only offsets for duplicative elements of loss.
3. Whether workers' compensation benefits duplicated the jury's awards for pain and suffering, loss of bodily function, medical expenses, and lost wages.
4. Whether Cincinnati was entitled to offset the tortfeasor settlement against Stuart's loss-of-consortium award.

HOLDINGS

1. Iowa Code section 516A.2(1) permits, but does not require, an underinsured-motorist policy to provide an offset for workers' compensation benefits when the offset is designed to avoid duplication of insurance or other benefits.
2. The policy's reference to duplicate payments for the same elements of loss authorizes only an element-by-element offset for duplicative losses; it does not authorize a dollar-for-dollar offset of the entire workers' compensation settlement against the cumulative jury verdict.
3. Workers' compensation benefits do not duplicate jury awards for pain and suffering or loss of bodily function, so Cincinnati was not entitled to offset those awards.
4. Cincinnati was entitled to offset the \$10,000 medical-expense award and the \$8,000 lost-wage award because the Greenfields conceded those awards duplicated elements covered by the workers' compensation settlement.
5. Cincinnati was not entitled to offset the tortfeasor settlement against Stuart's consortium award because consortium is an independent claim and was not duplicative of an element recovered in the workers' compensation settlement.

KEY QUOTATIONS

"While offsets are permissive under Iowa Code section 516A.2(1), they are not mandatory. The particular policy language at issue is controlling." (p. 6)

"We believe that the reduction-of-benefits language in Cincinnati's policy supports the plaintiffs' position." (p. 10)

"The bottom line is that Cincinnati asks us to alter its reduction-of-benefits provision related to underinsured motorist claims to make it identical with the reduction provision related to uninsured motorist claims. We decline the invitation to rewrite Cincinnati's own contract." (p. 13)

"Cincinnati simply cannot successfully argue that the tortious recovery for loss of function, which is 'separate and apart' from recovery for impairment of earning capacity under our workers' compensation

statute, is “duplicative” or represents the same “element of loss” under its underinsured motorist reduction-of-benefits provision.” (p. 16)

FACTUAL BACKGROUND

Ranee Greenfield was injured when a vehicle ran a red light and struck a van in which she was traveling. She suffered continuing chest pain and was diagnosed with fractures in the costochondral cartilage. She settled her workers' compensation claim for \$154,404.28 and settled her claims against the tortfeasor for the tortfeasor's \$30,000 liability limit. The jury later awarded Ranee \$123,000 and Stuart \$50,000 in their underinsured-motorist action against Cincinnati.

PROCEDURAL HISTORY

Ranee Greenfield received a workers' compensation settlement after being injured in a motor-vehicle accident and separately settled claims against the tortfeasor. The Greenfields then tried their underinsured-motorist claim against Cincinnati, obtaining a verdict of \$123,000 for Ranee and \$50,000 for Stuart. The district court offset workers' compensation benefits against medical expenses, lost wages, and loss-of-function awards, refused to offset pain-and-suffering and consortium awards, and applied the \$30,000 tortfeasor settlement against Ranee's recovery. The Supreme Court of Iowa affirmed in part, reversed in part, and remanded with instructions.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Enter judgment reflecting only an \$18,000 workers' compensation offset for medical expenses and lost wages, together with the unchallenged \$30,000 reduction for the tortfeasor settlement. Ranee Greenfield is entitled to \$75,000 plus interest at 6.18% from December 1, 2005; Stuart Greenfield is entitled to \$50,000 plus interest at the same rate.

CASES CITED

- A.Y. McDonald Indus., Inc. v. Ins. Co. of N. Am., 475 N.W.2d 607 (Iowa 1991)
- Gentry v. Wise, 537 N.W.2d 732 (Iowa 1995)
- McClure v. Employers Mutual Casualty Co., 238 N.W.2d 321 (Iowa 1976)
- Veach v. Farmers Ins. Co., 460 N.W.2d 845 (Iowa 1990)
- McClure v. Northland Ins. Co., 424 N.W.2d 448 (Iowa 1988)
- West Bend Mut. Ins. Co. v. State Farm Mut. Auto. Ins. Co., 624 N.W.2d 422 (Iowa Ct. App. 2001)
- Wildman v. Nat'l Fire & Marine Ins. Co., 703 N.E.2d 683 (Ind. Ct. App. 1998)
- Sisco v. Am. Family Mut. Ins. Co., 806 S.W.2d 409 (Mo. 1991)
- Matthes v. State Farm Mut. Auto. Ins. Co., 548 N.W.2d 562 (Iowa 1996)
- Black v. Chicago Great W. Ry., 187 Iowa 904, 174 N.W. 774 (1919)
- Second Injury Fund v. Nelson, 544 N.W.2d 258 (Iowa 1995)

- Keystone Nursing Care Ctr. v. Craddock, 705 N.W.2d 299 (Iowa 2005)
- Schnebly v. Baker, 217 N.W.2d 708 (Iowa 1974)
- Franke v. Junko, 366 N.W.2d 536 (Iowa 1985)
- Williams v. Am. States Ins. Co., 986 P.2d 1260 (Or. Ct. App. 1999)
- In re Estate of Sylvester, 559 N.W.2d 285 (Iowa 1997)
- Huber v. Hovey, 501 N.W.2d 53 (Iowa 1993)

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