

SUPREME COURT OF IOWA

American Home Assurance v. Liberty Mutual Fire Insurance Company

American Home · No. No. 20–0769 · Decided June 10, 2022

SUMMARY

The Iowa Supreme Court held that a workers’ compensation insurer seeking indemnity or contribution from another carrier must obtain an Iowa Code section 85.21 reimbursement order before the evidentiary hearing in the underlying proceeding. American Home Assurance paid benefits under an arbitration award but did not file the required notice before that hearing, so it could not obtain reimbursement for those previously paid benefits from Liberty Mutual. The court affirmed the court of appeals, reversed the district court, and remanded.

CASE DETAILS

COURT	Supreme Court of Iowa
WRITING FOR THE COURT	Appel, Justice; all justices joined
JURISDICTION	Iowa
DECIDED	June 10, 2022
DOCKET	No. 20–0769
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	A workers' compensation insurer appealed the district court's judicial-review judgment reversing the workers' compensation commissioner's decision limiting reimbursement to benefits paid after an Iowa Code section 85.21 order. The Iowa Supreme Court granted further review.
STANDARD OF REVIEW	Under Iowa Code section 17A.19, the standard depends on whether the agency received authority to interpret the statute. When discretion is vested in the commissioner, the court reverses only if the application is irrational, illogical, or wholly unjustifiable; otherwise, review is for errors at law. The court stated that the outcome was the same under de novo review.
PRECEDENTIAL VALUE	Published Iowa Supreme Court opinion; precedential.
PARTIES	Liberty Mutual Fire Insurance Company v. American Home Assurance

TOPICS

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PRACTICE AREAS

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QUESTIONS PRESENTED

1. Whether the workers' compensation commissioner may require an insurer to obtain an Iowa Code section 85.21 reimbursement order before an evidentiary hearing in order to seek indemnity or contribution from another insurer.
2. Whether the commissioner properly applied the Van Wyngarden procedural rule to deny reimbursement for benefits American Home paid before obtaining a section 85.21 consent order.

HOLDINGS

1. The workers' compensation commissioner may require an insurance carrier to obtain a reimbursement order under Iowa Code section 85.21 before an evidentiary hearing in order to assert indemnity or contribution against another carrier.
2. American Home was not entitled to reimbursement for benefits paid before it obtained the section 85.21 consent order because it had not invoked the applicable procedural rule before the evidentiary hearing.

KEY QUOTATIONS

“The statute is silent on this procedural issue. That is hardly a surprise since the purpose of the statute was to create a substantive right, not to provide a detailed procedural framework on how that substantive right may be asserted and enforced before the commissioner.” (12)

“At the bottom, we conclude the commissioner may require that insurance carriers obtain a reimbursement order pursuant to Iowa Code section 85.21 prior to an evidentiary hearing in order to seek indemnity or contribution from another carrier.” (14)

FACTUAL BACKGROUND

An employee sustained a compensable workers' compensation injury in June 2008 and received an arbitration award requiring benefits. American Home, identified at the time as the employer's apparent insurer, paid the benefits through 2013 without filing a prehearing notice under Iowa Code section 85.21 reserving a potential coverage dispute. After the employee sought to reopen the case in 2016, American Home discovered that Liberty Mutual insured the employer on the injury date and sought reimbursement for benefits previously paid.

PROCEDURAL HISTORY

American Home paid workers' compensation benefits and later sought contribution from Liberty Mutual after discovering that Liberty Mutual, rather than American Home, insured the employer on the date of injury. The

deputy commissioner allowed contribution for all benefits paid, but the commissioner reversed and limited reimbursement to benefits paid after the section 85.21 consent order. The district court reversed the commissioner, the court of appeals reversed the district court, and the Supreme Court affirmed the court of appeals while reversing and remanding the district court judgment.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Reverse the district court judgment and remand for entry of a judgment consistent with the opinion, which affirms the commissioner's limitation of reimbursement and the court of appeals decision.

CASES CITED

- Des Moines Area Reg'l Transit Auth. v. Young, 867 N.W.2d 839, 841–42 (Iowa 2015)
- Larson Mfg. Co. v. Thorson, 763 N.W.2d 842, 850 (Iowa 2009)
- Iowa Ins. Inst. v. Core Grp. of the Iowa Ass'n for Just., 867 N.W.2d 58, 65 (Iowa 2015)
- Warren Props. v. Stewart, 864 N.W.2d 307, 311 (Iowa 2015)
- Mosher v. Dep't of Inspections & Appeals, 671 N.W.2d 501, 509 (Iowa 2003)
- Area Education Agency 7 v. Bauch, 646 N.W.2d 398, 400 (Iowa 2002)
- Thomas v. William Knudson & Son, Inc., 349 N.W.2d 124, 126 (Iowa Ct. App. 1984)
- Zomer v. W. River Farms, Inc., 666 N.W.2d 130, 133 (Iowa 2003)
- United Techs. Corp. v. Bahmler, No. 01–1512, 2003 WL 553855, at *5 (Iowa Ct. App. Feb. 28, 2003)
- Second Injury Fund of Iowa v. Bergeson, 526 N.W.2d 543, 549 (Iowa 1995)
- Wilson Food Corp. v. Cherry, 315 N.W.2d 756, 757–58 (Iowa 1982)
- Hartman v. Clarke Cnty. Homemakers, 520 N.W.2d 323, 326 (Iowa Ct. App. 1994)
- United Fire & Cas. Co. v. St. Paul Fire & Marine Ins., 677 N.W.2d 755, 760 (Iowa 2004)
- Van Dyk v. Hope Haven, Iowa Workers Comp. Comm'n Nos. 1021846, 1030780 (Feb. 27, 1995)
- Employers Mutual Casualty Cos. v. Van Wyngarden & Abrahamson, Iowa Workers' Comp. Comm'n Nos. 1059572, 1059573, 1059574, 1011165 (June 20, 1998)
- Arreola v. Bodeans Baking Grp. Holding, LLC, Iowa Workers' Comp. Comm'n Nos. 5040956, 5040974, 2018 WL 1042709, at *3–4 (Feb. 16, 2018)
- Dakota Truck Underwriters v. Cont'l W. Ins., Iowa Workers' Comp. Comm'n Nos. 5028722, 5028738, 2011 WL 13186195, at *1 (Sept. 28, 2011)
- Gardner v. Great River Med. Ctr., Iowa Workers' Comp. Comm'n Nos. 5018081, 5018082, 5018083, 2007 WL 1438516, at *11 (Apr. 26, 2007)
- Akers v. Woodmarc, Iowa Workers' Comp. Comm'n Nos. 1124900, 5003252, 2002 WL 32125459, at *5 (Feb. 6, 2002)

- *Mehmen v. Archer Daniels Midland*, Iowa Workers' Comp. Comm'n No. 1059955, 1999 WL 33619593, at *6 (Dec. 30, 1999)
- *Va. Sur. Co. v. Kiowa Corp.*, Iowa Workers' Comp. Comm'n No. 1195075, 1999 WL 33619662, at *4 (Apr. 22, 1999)

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