IN THE COURT OF APPEALS OF IOWA

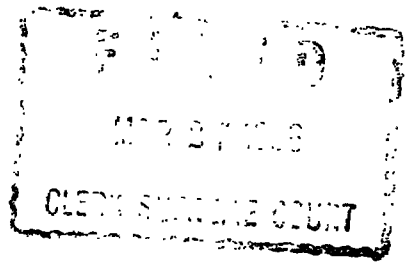
No. 6-062 / 94-2097

000211

ARLEN L. WONDERLICH,

Appellant,

vs.



NORTH STAR CONSULTANT, INC., and JEFFREY C. BUSBEE,
Appellees.

Appeal from the Iowa District Court for Allamakee County, L.D. Lybbert, Judge.

Wonderlich challenges the order granting the defendants motion for directed verdict. **AFFIRMED.**

Fredd J. Haas and Michael T. Jalovec of Humphrey and Haas, P.C., Des Moines, for appellant.

Frederick G. White, Waterloo, for appellees.

Heard by Sackett, P.J., and Cady and Streit, JJ.

CADY, J.

This appeal requires us to examine the sufficiency of the evidence to support a claim for negligent misrepresentation against an insurance agency. The district court directed a verdict for the agency and its agents. We affirm the district court's decision on appeal.

Arlen Wonderlich worked as a veterinarian in Waukon, Iowa. He was one of three equal shareholders in the Allamakee Veterinary Clinic, P.C. In 1982, the clinic purchased a disability income policy listing each of the three veterinarians as an insured. In 1986, however, the three veterinarians decided to purchase a new disability income policy through North Star Consultants, Inc., and its agents, Randy McClinon and Jeffrey Busbee. Under this policy, the clinic was the named insured, not the doctors. The policy provided for the payment of monthly disability income to the corporation in the event one of the doctors became disabled.

In 1989 Wonderlich injured himself while water skiing and became disabled under the clinic's disability policy. The clinic subsequently began receiving monthly disability payments. Wonderlich continued to perform some services for the clinic and received a salary. The three doctors equally shared the monthly disability payment, which was approximately $5000.

In 1991, Wonderlich withdrew from the clinic after he took a position with Land O'Lakes. He demanded the entire monthly disability payment. The remaining

two doctors in the clinic refused Wonderlich's demand, but agreed to continue to pay him one-third of the monthly payment.

Wonderlich brought suit against the clinic and the two doctors, as well as North Star and its agents. Wonderlich claimed the two insurance agents negligently misrepresented to him that the policy purchased by the clinic in 1986 would provide him individual payments in the event of his disability.

At the close of Wonderlich's evidence at trial, North Star and its agents moved for a directed verdict, claiming the evidence was insufficient to support negligent misrepresentation. The district court granted the motion and Wonderlich appealed.

I. Standard of Review

We review a ruling on a motion for directed verdict for the correction of errors at law. *Spaur v. Owens-Corning Fiberglas Corp.*, 510 N.W.2d 854, 858 (Iowa 1994). We consider the evidence in the same light as the district court to determine whether a jury question was presented. *Toney v. Casey's General Stores, Inc.*, 460 N.W.2d 849, 852 (Iowa 1990). A motion for directed verdict is properly granted where there is no evidence to sustain the claim and reasonable minds could reach only one conclusion. *See Federal Land Bank of Omaha v. Woods*, 480 N.W.2d 62, 68 (Iowa 1992).

II. Negligent Misrepresentation

Iowa recognizes the tort of negligent misrepresentation. The tort follows the Restatement (Second) of Torts, § 552 (1977) and generally provides that persons who

supply information, in the course of their business or profession, for the guidance of others in their business or profession, have a duty to use reasonable care in obtaining or communicating the information. *Greatbatch v. Metropolitan Federal Bank,* 534 N.W.2d 115, 117 (Iowa App. 1995). Thus, persons who negligently provide false information in their business transactions with others may be responsible to the other party to the transaction who relies on the information. Restatement (Second) of Torts § 522 (1977).

In this case, the district court found insufficient evidence the insurance agents provided false information to Wonderlich.[1] In fact, Wonderlich acknowledged he knew the corporation became the insured under the 1986 policy, and knew any disability benefits would be paid to the corporation. Notwithstanding, Wonderlich claimed he inferred the policy would provide individual payments because the purpose of changing policies in 1986 was to protect the corporation in the event a disabled shareholder made a claim for salary from the corporation. This information was never directly conveyed to Wonderlich by the agents, and the agents never told Wonderlich he would receive the benefits in the event of his disability. Instead, Wonderlich's understanding was fueled by a written salary continuation plan used by

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[1] We observe the duty created by the tort of negligent misrepresentation is limited to persons in the business of supplying information to others. *Greatbatch,* 534 N.W.2d at 117. We also observe the tort requires an additional element that the information supplied must be for the guidance of others in their business transactions. *Id.* These elements were not raised as issues on appeal, and are not addressed by us in the resolution of the case.

Busbee in his sales presentation. This plan set forth the monthly disability income coverage for each doctor through age 65.

We agree with the district court Wonderlich failed to produce sufficient evidence the insurance agents supplied false information. Wonderlich's information arose from his own false inference, not the acts, statements, or conduct of the agents. The salary continuation plan was not false, but correctly set forth the projected benefits to be paid to the corporation in the event of a disability to one of the doctors.

AFFIRMED.