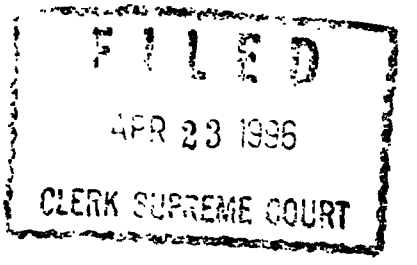
IN THE COURT OF APPEALS OF IOWA

No. 6-097 / 95-703



IN THE MATTER OF THE ESTATE OF PATTI J. McATEE, Deceased,

ESTATE OF PATTI J. McATEE,
Plaintiff-Appellant,

vs.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA; MARVIN ONG, As Father and Natural Guardian of JAMIE LEE ONG and RYAN WALTER ONG, and DENNIS GISEL, As Father and Natural Guardian of ANDREW GISEL,
Defendants-Appellees.

IN THE MATTER OF THE ESTATE OF PATTI J. McATEE, Deceased,
ESTATE OF PATTI J. McATEE,
Plaintiff-Appellant,

vs.

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA; FEDERATED LIFE INSURANCE COMPANY; MARVIN ONG, as Father and Natural Guardian of JAMIE LEE ONG and RYAN WALTER ONG, and Natural Guardian of ANDREW GISEL,
Defendants-Appellees.

FEDERATED LIFE INSURANCE COMPANY,
Counterclaim Plaintiff,

vs.

CHARLES H. McATEE, As Personal Representative of the ESTATE OF PATTI J. McATEE; and CHARLES H. McATEE, As Father and Natural Guardian of AMY JO McATEE,
Counterclaim Defendant.

FEDERATED LIFE INSURANCE COMPANY,
Cross-Claim Plaintiff,

vs.

MARVIN ONG, As Father and Natural Guardian of JAMIE LEE ONG and

RYAN WALTER ONG; and DENNIS GISEL, As Father and Natural Guardian of ANDREW GISEL, As Father and Natural Guardian of ANDREW GISEL,
Cross-Claim Defendants.

Appeal from the Iowa District Court for Cedar County, Patrick J. Madden, Judge.

The Estate of Patti J. McAtee appeals a district court ruling on its petition for a declaratory judgment regarding life insurance proceeds. **AFFIRMED.**

Tricia L. Spratt of Norton & Spratt, Attorneys at Law, P.C., Lowden, for appellant.

Chris Bruns and Patrick M. Roby of Elderkin & Pirine, P.L.C., Cedar Rapids, for appellee Prudential Life Insurance Company.

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

CADY, J.

Patti McAtee died July 18, 1994, following an automobile accident. She was survived by her husband, Charles, and four minor children. Three of the children were from prior marriages. The two oldest children are Jamie and Ryan Ong. Jamie was born June 15, 1980. Ryan was born May 2, 1983. The next oldest child is Andrew Gisel. He was born November 24, 1986. The youngest child is Amy McAtee. She was born November 12, 1991. All four children lived with Patti and Charles at the time Patti died.

Patti, at the time of her death, owned two life insurance policies. One policy was issued by the Prudential Insurance Company. The other policy was issued by Federated Life Insurance Company.

Patti applied for the Prudential policy on August 30, 1989. In the application, she named Jamie as the class 1 beneficiary in the space provided on the form. Immediately below in the space provided for class 2 beneficiaries, she wrote Ryan and Andrew's names and placed a check in the box designated "children of the insured (including any named here)." The application explained benefits were paid to class 2 beneficiaries only if the class 1 beneficiary was not living at the time the benefits were payable. The policy subsequently issued confirmed the order of priority for the beneficiaries. It named Jamie as the class 1 beneficiary, and Ryan, Andrew, and "all other children of the insured" as the class 2 beneficiaries.

Patti applied for the Federated policy on February 8, 1990. She named Jamie, Ryan, and Andrew as the primary beneficiaries, and designated no contingent beneficiary. There was no mention of after-born children.

After Patti's death, Charles, as administrator of Patti's estate, filed a petition for declaratory judgment asking the court to declare all four children as primary beneficiaries under both policies. In particular, he claimed the application prepared by Patti for the Prudential policy was ambiguous and it was not Patti's intention to favor Jamie over the other children.

The Prudential Insurance Company responded to the petition and denied the ambiguity. The fathers of the three boys did not timely answer the petition and were declared in default. The district court held a hearing on the relief to be granted. No testimony was received. The court found the policy language was not ambiguous and, reluctantly, refused to grant the requested relief.

Standard of Review

Our standard of review in a declaratory judgment action depends on the manner in which the action was tried in district court. *Ernst v. Johnson County*, 522 N.W.2d 599, 602 (Iowa 1994). If it was tried at law, our review is for errors at law. *Id.* If the case was tried in equity, our review is de novo. *Id.*; *State ex rel. Palmer v. Cass County*, 522 N.W.2d 615, 617 (Iowa 1994).

This case was filed with the probate court and proceeded in equity. See Iowa Code § 633.33. Our review is de novo.

Declaratory Judgment

A declaratory judgment may be invoked to resolve a controversy over the instruction and operation of an insurance policy. *See Henderson v. Hawkeye Security Ins. Co.*, 106 N.W.2d 86, 88 (Iowa 1960); 26 C.J.S. *Declaratory Judgment* § 360 (1956). The burden of proof for declaratory judgments is the same as in ordinary actions at law or in equity. *North Liberty Land Co. v. Incorporated City of North Liberty*, 311 N.W.2d 101, 103 (Iowa 1981).

In this case, the administrator sought relief based on the designations made by Patti in the Prudential insurance application. We acknowledge an application for insurance may form part of the insurance contract. *See* 43 Am. Jur. 2d *Insurance* § 280 (1982). We further observe insurance contracts are generally subject to the same rules of interpretation and construction as other contracts. *General Cas. Co. of Wisconsin v. Hines*, 156 N.W.2d 118, 122 (Iowa 1968).

We interpret contracts to determine the intent of the parties based on the language used, unless such language is ambiguous. *Lange v. Lange*, 520 N.W.2d 113, 117 (Iowa 1994). If the language is ambiguous, we consider the extrinsic evidence to find the intent. *See Kroblin v. RDR Motels Inc.*, 347 N.W.2d 430, 433 (Iowa 1984).

We agree with the district court the insurance application and subsequent policy contain no ambiguity. Patti completed the application to designate Jamie to be the primary beneficiary, and the subsequent policy issued by Prudential mirrored

that designation. Notwithstanding, the question remains whether Patti truly intended to favor Jamie over the other children. This question, however, does not arise from language or words of the application or policy.

The problem we face is there was no evidence presented to show Patti's designation was a mistake. Charles relied only on the policy language to support his claims. This was insufficient. Furthermore, the district court was not asked to reform the insurance contract based on mutual mistakes or any other ground for reformation. Moreover, no evidence exists in the record which would enable us to reform the contract, in our de novo review, by finding it failed to express the mutual intent of the parties. *See Johnson v. United Investors Life Ins. Co.*, 263 N.W 2d 770, 773-74 (Iowa 1978); *Condon v. New York Life Ins. Co.*, 183 Iowa 658, 166 N.W. 452 (1918). There must be clear, satisfactory, and convincing evidence to justify reformation of an insurance policy. *Bales v. State Auto. Ins. Ass'n*, 81 N.W.2d 474, 475-76 (Iowa 1957). There is no evidence Patti and the insurance agent intended to include all the children as equal beneficiaries, and the designation made on the applications was a mistake.

We also reject the contention Patti's designation violates public policy. The designation of beneficiaries in life insurance policies rests within the discretion of the insured. *See Gunsaulis v. Tingler*, 218 N.W.2d 575, 578 (Iowa 1974).

We have carefully considered all claims raised by Charles. We affirm the decision of the district court.[1]

AFFIRMED.

[1] We specifically reject the argument made by Charles the children's failure to timely answer the petition required the court to grant the requested relief.