

**MOTOR VEHICLE ACCIDENT INSURANCE**

**COVERAGE**

1998 GENERAL SESSION

STATE OF UTAH

**Sponsor: Lorin V. Jones**

AN ACT RELATING TO INSURANCE CODE; AMENDING CERTAIN REQUIREMENTS FOR MOTOR VEHICLE LIABILITY COVERAGE.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

**31A-22-303**, as last amended by Chapter 375, Laws of Utah 1997

*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **31A-22-303** is amended to read:

**31A-22-303. Motor vehicle liability coverage.**

(1) ~~§ (a)~~ § In addition to complying with the requirements of Chapter 21 and Part II of Chapter

22, a policy of motor vehicle liability coverage under Subsection 31A-22-302(1)(a) shall:

~~§ [(a)] (i)~~ § name the motor vehicle owner or operator in whose name the policy was purchased,

state that named insured's address, the coverage afforded, the premium charged, the policy period, and the limits of liability;

~~§ [(b)-(i)] (ii)(A)~~ § if it is an owner's policy, designate by appropriate reference all the motor vehicles

on which coverage is granted, insure the person named in the policy, insure any other person using any named motor vehicle with the express or implied permission of the named insured, and, except

as provided in Subsection (7), insure any person included in Subsection (1) ~~§ [(c)] (a)(iii)~~ § against loss from

the liability imposed by law for damages arising out of the ownership, maintenance, or use of these

24 motor vehicles within the United States and Canada, subject to limits exclusive of interest and  
25 costs, for each motor vehicle, in amounts not less than the minimum limits specified under Section  
26 31A-22-304; or  
27           § ~~(ii)~~ **(B)** § if it is an operator's policy, insure the person named as insured against loss  
27a from the

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1 liability imposed upon him by law for damages arising out of the insured's use of any motor  
 2 vehicle not owned by him, within the same territorial limits and with the same limits of liability  
 3 as in an owner's policy under Subsection (1) ~~§ [(b)(i)] (ii)(A) §~~ ; [and]

4 ~~§ [(c)] (iii) §~~ except as provided in Subsection (7), insure persons related to the named  
 4a insured by  
 5 blood, marriage, adoption, or guardianship who are residents of the named insured's household,  
 6 including those who usually make their home in the same household but temporarily live  
 7 elsewhere, to the same extent as the named insured[-]; and

8 ~~§ [(d)] (iv) §~~ cover damages or injury resulting from a covered driver of a motor vehicle  
 8a who is  
 9 stricken by an unforeseeable paralysis, seizure, or other unconscious condition and who is not  
 10 reasonably aware that paralysis, seizure, or other unconscious condition is about to occur to the  
 11 extent that a person of ordinary prudence would not attempt to continue driving.

11a **§ (b) THE DRIVER'S LIABILITY UNDER SUBSECTION (1)(a)(iv) IS LIMITED TO THE INSURANCE**  
 11b **COVERAGE. §**

12 (2) A policy containing motor vehicle liability coverage under Subsection  
 13 31A-22-302(1)(a) may:

14 (a) provide for the prorating of the insurance under that policy with other valid and  
 15 collectible insurance;

16 (b) grant any lawful coverage in addition to the required motor vehicle liability coverage;

17 (c) if the policy is issued to a person other than a motor vehicle business, limit the  
 18 coverage afforded to a motor vehicle business or its officers, agents, or employees to the minimum  
 19 limits under Section 31A-22-304, and to those instances when there is no other valid and  
 20 collectible insurance with at least those limits, whether the other insurance is primary, excess, or  
 21 contingent; and

22 (d) if issued to a motor vehicle business, restrict coverage afforded to anyone other than  
 23 the motor vehicle business or its officers, agents, or employees to the minimum limits under  
 24 Section 31A-22-304, and to those instances when there is no other valid and collectible insurance  
 25 with at least those limits, whether the other insurance is primary, excess, or contingent.

26 (3) Motor vehicle liability coverage need not insure any liability:

27 (a) under any workers' compensation law under Title 34A;

28 (b) resulting from bodily injury to or death of an employee of the named insured, other  
 29 than a domestic employee, while engaged in the employment of the insured, or while engaged in  
 30 the operation, maintenance, or repair of a designated vehicle; or

31 (c) resulting from damage to property owned by, rented to, bailed to, or transported by the

1 insured.

2 (4) An insurance carrier providing motor vehicle liability coverage has the right to settle  
3 any claim covered by the policy, and if the settlement is made in good faith, the amount of the  
4 settlement is deductible from the limits of liability specified under Section 31A-22-304.

5 (5) A policy containing motor vehicle liability coverage imposes on the insurer the duty  
6 to defend, in good faith, any person insured under the policy against any claim or suit seeking  
7 damages which would be payable under the policy.

8 (6) (a) If a policy containing motor vehicle liability coverage provides an insurer with the  
9 defense of lack of cooperation on the part of the insured, that defense is not effective against a third  
10 person making a claim against the insurer, unless there was collusion between the third person and  
11 the insured.

12 (b) If the defense of lack of cooperation is not effective against the claimant, after  
13 payment, the insurer is subrogated to the injured person's claim against the insured to the extent  
14 of the payment and is entitled to reimbursement by the insured after the injured third person has  
15 been made whole with respect to the claim against the insured.

16 (7) A policy of motor vehicle liability coverage under Subsection 31A-22-302(1) may  
17 specifically exclude from coverage a person who is a resident of the named insured's household,  
18 including a person who usually makes his home in the same household but temporarily lives  
19 elsewhere, if each person excluded from coverage satisfies the owner's or operator's security  
20 requirement of Section 41-12a-301, independently of the named insured's proof of owner's or  
21 operator's security.

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**Legislative Review Note**  
**as of 1-16-98 11:04 AM**

A limited legal review of this bill raises no obvious constitutional or statutory concerns.

**Office of Legislative Research and General Counsel**