

MOTOR VEHICLE INSURANCE ARBITRATION

AMENDMENTS

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Stephen H. Urquhart

Senate Sponsor: Michael G. Waddoups

LONG TITLE

General Description:

This bill modifies the Insurance Code by amending provisions relating to arbitration for third party motor vehicle accident bodily injury claims.

Highlighted Provisions:

This bill:

- ▶ provides that a person may elect to submit a third party motor vehicle accident bodily injury claim to arbitration by filing a notice to submit the claim to arbitration within 14 days after the complaint has been answered;
- ▶ clarifies that an arbitration award is limited to \$25,000 in addition to any available personal injury protection benefits and any claim for property damage;
- ▶ provides that a claim for property damage may not be made in certain arbitration proceedings unless agreed upon by the parties in writing;
- ▶ provides a procedure for a person to rescind an election to arbitrate and provides that a person who rescinds an election may not elect to arbitrate again;
- ▶ amends procedures for conducting an arbitration process;
- ▶ provides that an arbitration award issued may be reduced to judgment by the court upon notice and motion unless the arbitration award has been satisfied; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

30 None

31 **Utah Code Sections Affected:**

32 AMENDS:

33 **31A-22-321**, as enacted by Chapter 177, Laws of Utah 2005



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

36 Section 1. Section **31A-22-321** is amended to read:

37 **31A-22-321. Use of arbitration in third party motor vehicle accident cases.**

38 (1) A person injured as a result of a motor vehicle accident may elect to submit all third
39 party bodily injury claims to arbitration by filing a notice of the submission of the claim to
40 binding arbitration in a district court if:

41 (a) the claimant or the claimant's representative has:

42 (i) previously and timely filed a complaint in a district court that includes a third party
43 bodily injury claim; and

44 (ii) filed a notice to submit the claim to arbitration [~~before the plaintiff's initial~~
45 ~~disclosures have been filed under Rule 26, Utah Rules of Civil Procedure~~] within 14 days after
46 the complaint has been answered; and

47 (b) the notice required under Subsection (1)(a)(ii) is filed while the action under
48 Subsection (1)(a)(i) is still pending.

49 (2) (a) If a party submits a bodily injury claim to arbitration under Subsection (1), the
50 party submitting the claim or the party's representative is limited to an arbitration award that
51 does not exceed \$25,000 in addition to any available personal injury protection benefits and
52 any claim for property damage.

53 (b) A claim for reimbursement of personal injury protection benefits is to be resolved
54 between insurers as provided for in Subsection 31A-22-309(6)(b).

55 (c) A claim for property damage may not be made in an arbitration proceeding under
56 Subsection (1) unless agreed upon by the parties in writing.

57 (3) A claim for punitive damages may not be made in an arbitration proceeding under

58 Subsection (1) or any subsequent proceeding, even if the claim is later resolved through a trial
59 de novo under Subsection [~~(9)~~] (11).

60 (4) (a) A person who has elected arbitration under this section may rescind the person's
61 election if the rescission is made within:

62 (i) 90 days after the election to arbitrate; and

63 (ii) no less than 30 days before any scheduled arbitration hearing.

64 (b) A person seeking to rescind an election to arbitrate under this Subsection (4) shall:

65 (i) file a notice of the rescission of the election to arbitrate with the district court in
66 which the matter was filed; and

67 (ii) send copies of the notice of the rescission of the election to arbitrate to all counsel
68 of record to the action.

69 (c) All discovery completed in anticipation of the arbitration hearing shall be available
70 for use by the parties as allowed by the Utah Rules of Civil Procedure and Utah Rules of
71 Evidence.

72 (d) A party who has elected to arbitrate under this section and then rescinded the
73 election to arbitrate under this Subsection (4) may not elect to arbitrate the claim under this
74 section again.

75 (5) (a) Unless otherwise agreed to by the parties or by order of the court, an arbitration
76 process elected under this section is subject to Rule 26, Utah Rules of Civil Procedure.

77 (b) Unless otherwise agreed to by the parties or ordered by the court, discovery shall be
78 completed within 150 days after the date arbitration is elected under this section.

79 [~~(4)~~] (6) (a) Unless otherwise agreed to in writing by the parties, a claim that is
80 submitted to arbitration under this section shall be resolved by a single arbitrator.

81 (b) [~~AH~~] Unless otherwise agreed to by the parties or ordered by the court, all parties
82 shall agree on the single arbitrator selected under Subsection [~~(4)~~](a) (6)(a) within 90 days of
83 the answer of the defendant.

84 (c) If the parties are unable to agree on a single arbitrator as required under Subsection
85 [~~(4)~~] (6)(b), the parties shall select a panel of three arbitrators.

86 (d) If the parties select a panel of three arbitrators under Subsection [~~(4)~~] (6)(c):
87 (i) each side shall select one arbitrator; and
88 (ii) the arbitrators appointed under Subsection [~~(4)~~] (6)(d)(i) shall select one additional
89 arbitrator to be included in the panel.

90 [~~(5)~~] (7) Unless otherwise agreed to in writing:

91 (a) each party shall pay an equal share of the fees and costs of the arbitrator selected
92 under Subsection [~~(4)~~] (6)(a); and

93 (b) if an arbitration panel is selected under Subsection [~~(4)~~] (6)(d):

94 (i) each party shall pay the fees and costs of the arbitrator selected by that party's side;
95 and

96 (ii) each party shall pay an equal share of the fees and costs of the arbitrator selected
97 under Subsection [~~(4)~~] (6)(d)(ii).

98 [~~(6)~~] (8) Except as otherwise provided in this section and unless otherwise agreed to in
99 writing by the parties, an arbitration proceeding conducted under this section shall be governed
100 by Title 78, Chapter 31a, Utah Uniform Arbitration Act.

101 [~~(7)~~] (9) (a) Subject to the provisions of this section, the Utah Rules of Civil Procedure
102 and Utah Rules of Evidence apply to the arbitration proceeding.

103 (b) The Utah Rules of Civil Procedure and Utah Rules of Evidence shall be applied
104 liberally with the intent of concluding the claim in a timely and cost-efficient manner.

105 (c) Discovery shall be conducted in accordance with Rules 26 through 37 of the Utah
106 Rules of Civil Procedure and shall be subject to the jurisdiction of the district court in which
107 the matter is filed.

108 (d) Dispositive motions shall be filed, heard, and decided by the district court prior to
109 the arbitration proceeding in accordance with the court's scheduling order.

110 [~~(8)~~] (10) A written decision by a single arbitrator or by a majority of the arbitration
111 panel shall constitute a final decision.

112 [~~(9)~~] (11) An arbitration award issued under this section shall be the final resolution of
113 all bodily injury claims between the parties and may be reduced to judgment by the court upon

114 motion and notice unless:

115 (a) either party, within 20 days after service of the arbitration award:

116 ~~[(a)]~~ (i) files a notice requesting a trial de novo in the district court; and

117 ~~[(b)]~~ (ii) serves the nonmoving party with a copy of the notice requesting a trial de
118 novo under Subsection ~~[(9)(a)]~~ (11)(a)(i); or

119 (b) the arbitration award has been satisfied.

120 ~~[(10)]~~ (12) (a) Upon filing a notice requesting a trial de novo under Subsection ~~[(9)]~~
121 (11), the claim shall proceed through litigation pursuant to the Utah Rules of Civil Procedure
122 and Utah Rules of Evidence in the district court.

123 (b) In accordance with Rule 38, Utah Rules of Civil Procedure, either party may
124 request a jury trial with a request for trial de novo filed under Subsection ~~[(9)]~~ (11)(a)(i).

125 ~~[(11)]~~ (13) (a) If the plaintiff, as the moving party in a trial de novo requested under
126 Subsection ~~[(9)]~~ (11), does not obtain a verdict that is at least \$5,000 and is at least 20% greater
127 than the arbitration award, the plaintiff is responsible for all of the nonmoving party's costs.

128 (b) Except as provided in Subsection ~~[(11)]~~ (13)(c), the costs under Subsection ~~[(11)]~~
129 (13)(a) shall include:

130 (i) any costs set forth in Rule 54(d), Utah Rules of Civil Procedure; and

131 (ii) the costs of expert witnesses and depositions.

132 (c) An award of costs under this Subsection ~~[(11)]~~ (13) may not exceed \$2,500.

133 ~~[(12)]~~ (14) (a) If a defendant, as the moving party in a trial de novo requested under
134 Subsection ~~[(9)]~~ (11), does not obtain a verdict that is at least 20% less than the arbitration
135 award, the defendant is responsible for all of the nonmoving party's costs.

136 (b) Except as provided in Subsection ~~[(12)]~~ (14)(c), the costs under Subsection ~~[(12)]~~
137 (14)(a) shall include:

138 (i) any costs set forth in Rule 54(d), Utah Rules of Civil Procedure; and

139 (ii) the costs of expert witnesses and depositions.

140 (c) An award of costs under this Subsection ~~[(12)]~~ (14) may not exceed \$2,500.

141 ~~[(13)]~~ (15) For purposes of determining whether a party's verdict is greater or less than

142 the arbitration award under Subsections [~~(11)~~] (13) and [~~(12)~~] (14), a court may not consider
143 any recovery or other relief granted on a claim for damages if the claim for damages:

- 144 (a) was not fully disclosed in writing prior to the arbitration proceeding; or
- 145 (b) was not disclosed in response to discovery contrary to the Utah Rules of Civil
146 Procedure.

147 [~~(14)~~] (16) If a district court determines, upon a motion of the nonmoving party, that
148 the moving party's use of the trial de novo process was filed in bad faith as defined in Section
149 78-27-56, the district court may award reasonable attorney fees to the nonmoving party.

150 [~~(15)~~] (17) Nothing in this section is intended to affect or prevent any first party claim
151 from later being brought under any first party insurance policy under which the injured person
152 is a covered person.

153 [~~(16)~~] (18) (a) If a defendant requests a trial de novo under Subsection [~~(9)~~] (11), the
154 verdict at trial may not exceed \$40,000.

155 (b) If a plaintiff requests a trial de novo under Subsection [~~(9)~~] (11), the verdict at trial
156 may not exceed \$25,000.

157 [~~(17)~~] (19) All arbitration awards issued under this section shall bear postjudgment
158 interest pursuant to Section 15-1-4.