

**MOTOR VEHICLE INSURANCE AMENDMENTS**

2016 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Stephen H. Urquhart**

House Sponsor: V. Lowry Snow

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**LONG TITLE**

**General Description:**

This bill amends motor vehicle insurance provisions relating to subrogation.

**Highlighted Provisions:**

This bill:

- ▶ modifies the rights of subrogation on the part of an underinsured motorist carrier;

and

- ▶ makes technical changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**31A-22-305.3**, as last amended by Laws of Utah 2014, Chapters 290 and 300 and further amended by Revisor Instructions, Laws of Utah 2014, Chapters 290 and 300

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

Section 1. Section **31A-22-305.3** is amended to read:

**31A-22-305.3. Underinsured motorist coverage.**

(1) As used in this section:



28 (a) "Covered person" has the same meaning as defined in Section 31A-22-305.

29 (b) (i) "Underinsured motor vehicle" includes a motor vehicle, the operation,  
30 maintenance, or use of which is covered under a liability policy at the time of an injury-causing  
31 occurrence, but which has insufficient liability coverage to compensate fully the injured party  
32 for all special and general damages.

33 (ii) The term "underinsured motor vehicle" does not include:

34 (A) a motor vehicle that is covered under the liability coverage of the same policy that  
35 also contains the underinsured motorist coverage;

36 (B) an uninsured motor vehicle as defined in Subsection 31A-22-305(2); or

37 (C) a motor vehicle owned or leased by:

38 (I) a named insured;

39 (II) a named insured's spouse; or

40 (III) a dependent of a named insured.

41 (2) (a) Underinsured motorist coverage under Subsection 31A-22-302(1)(c) provides  
42 coverage for a covered person who is legally entitled to recover damages from an owner or  
43 operator of an underinsured motor vehicle because of bodily injury, sickness, disease, or death.

44 (b) A covered person occupying or using a motor vehicle owned, leased, or furnished  
45 to the covered person, the covered person's spouse, or covered person's resident relative may  
46 recover underinsured benefits only if the motor vehicle is:

47 (i) described in the policy under which a claim is made; or

48 (ii) a newly acquired or replacement motor vehicle covered under the terms of the  
49 policy.

50 (3) (a) For purposes of this Subsection (3), "new policy" means:

51 (i) any policy that is issued that does not include a renewal or reinstatement of an  
52 existing policy; or

53 (ii) a change to an existing policy that results in:

54 (A) a named insured being added to or deleted from the policy; or

55 (B) a change in the limits of the named insured's motor vehicle liability coverage.

56 [(a)] (b) For new policies written on or after January 1, 2001, the limits of underinsured  
57 motorist coverage shall be equal to the lesser of the limits of the named insured's motor vehicle  
58 liability coverage or the maximum underinsured motorist coverage limits available by the

59 insurer under the named insured's motor vehicle policy, unless a named insured rejects or  
 60 purchases coverage in a lesser amount by signing an acknowledgment form that:

- 61 (i) is filed with the department;
- 62 (ii) is provided by the insurer;
- 63 (iii) waives the higher coverage;
- 64 (iv) need only state in this or similar language that "underinsured motorist coverage  
 65 provides benefits or protection to you and other covered persons for bodily injury resulting  
 66 from an accident caused by the fault of another party where the other party has insufficient  
 67 liability insurance"; and
- 68 (v) discloses the additional premiums required to purchase underinsured motorist  
 69 coverage with limits equal to the lesser of the limits of the named insured's motor vehicle  
 70 liability coverage or the maximum underinsured motorist coverage limits available by the  
 71 insurer under the named insured's motor vehicle policy.

72 ~~[(b)]~~ (c) Any selection or rejection under Subsection (3)~~[(a)]~~(b) continues for that  
 73 issuer of the liability coverage until the insured requests, in writing, a change of underinsured  
 74 motorist coverage from that liability insurer.

75 ~~[(e)]~~ (d) (i) Subsections (3)~~[(a)]~~(b) and ~~[(b)]~~ (c) apply retroactively to any claim arising  
 76 on or after January 1, 2001, for which, as of May 14, 2013, an insured has not made a written  
 77 demand for arbitration or filed a complaint in a court of competent jurisdiction.

78 (ii) The Legislature finds that the retroactive application of Subsections (3)~~[(a)]~~(b) and  
 79 ~~[(b)]~~ (c) clarifies legislative intent and does not enlarge, eliminate, or destroy vested rights.

80 ~~[(d) For purposes of this Subsection (3), "new policy" means:]~~

81 ~~[(i) any policy that is issued which does not include a renewal or reinstatement of an  
 82 existing policy; or]~~

83 ~~[(ii) a change to an existing policy that results in:]~~

84 ~~[(A) a named insured being added to or deleted from the policy; or]~~

85 ~~[(B) a change in the limits of the named insured's motor vehicle liability coverage.]~~

86 (e) (i) As used in this Subsection (3)(e), "additional motor vehicle" means a change  
 87 that increases the total number of vehicles insured by the policy, and does not include  
 88 replacement, substitute, or temporary vehicles.

89 (ii) The adding of an additional motor vehicle to an existing personal lines or

90 commercial lines policy does not constitute a new policy for purposes of Subsection (3)~~(a)~~(a).

91 (iii) If an additional motor vehicle is added to a personal lines policy where  
92 underinsured motorist coverage has been rejected, or where underinsured motorist limits are  
93 lower than the named insured's motor vehicle liability limits, the insurer shall provide a notice  
94 to a named insured within 30 days that:

95 (A) in the same manner described in Subsection (3)~~(a)~~(b)(iv), explains the purpose of  
96 underinsured motorist coverage; and

97 (B) encourages the named insured to contact the insurance company or insurance  
98 producer for quotes as to the additional premiums required to purchase underinsured motorist  
99 coverage with limits equal to the lesser of the limits of the named insured's motor vehicle  
100 liability coverage or the maximum underinsured motorist coverage limits available by the  
101 insurer under the named insured's motor vehicle policy.

102 (f) A change in policy number resulting from any policy change not identified under  
103 Subsection (3)~~(a)~~(a)(ii) does not constitute a new policy.

104 (g) (i) Subsection (3)~~(a)~~(a) applies retroactively to any claim arising on or after  
105 January 1, 2001 for which, as of May 1, 2012, an insured has not made a written demand for  
106 arbitration or filed a complaint in a court of competent jurisdiction.

107 (ii) The Legislature finds that the retroactive application of Subsection (3)~~(a)~~(a):

108 (A) does not enlarge, eliminate, or destroy vested rights; and

109 (B) clarifies legislative intent.

110 (h) A self-insured, including a governmental entity, may elect to provide underinsured  
111 motorist coverage in an amount that is less than its maximum self-insured retention under  
112 Subsections (3)~~(a)~~(b) and (1) by issuing a declaratory memorandum or policy statement from  
113 the chief financial officer or chief risk officer that declares the:

114 (i) self-insured entity's coverage level; and

115 (ii) process for filing an underinsured motorist claim.

116 (i) Underinsured motorist coverage may not be sold with limits that are less than:

117 (i) \$10,000 for one person in any one accident; and

118 (ii) at least \$20,000 for two or more persons in any one accident.

119 (j) An acknowledgment under Subsection (3)~~(a)~~(b) continues for that issuer of the  
120 underinsured motorist coverage until the named insured, in writing, requests different

121 underinsured motorist coverage from the insurer.

122 (k) (i) The named insured's underinsured motorist coverage, as described in Subsection  
123 (2), is secondary to the liability coverage of an owner or operator of an underinsured motor  
124 vehicle, as described in Subsection (1).

125 (ii) Underinsured motorist coverage may not be set off against the liability coverage of  
126 the owner or operator of an underinsured motor vehicle, but shall be added to, combined with,  
127 or stacked upon the liability coverage of the owner or operator of the underinsured motor  
128 vehicle to determine the limit of coverage available to the injured person.

129 (l) (i) In conjunction with the first two renewal notices sent after January 1, 2001, for  
130 policies existing on that date, the insurer shall disclose in the same medium as the premium  
131 renewal notice, an explanation of:

132 (A) the purpose of underinsured motorist coverage in the same manner as described in  
133 Subsection (3)~~(a)~~(b)(iv); and

134 (B) a disclosure of the additional premiums required to purchase underinsured motorist  
135 coverage with limits equal to the lesser of the limits of the named insured's motor vehicle  
136 liability coverage or the maximum underinsured motorist coverage limits available by the  
137 insurer under the named insured's motor vehicle policy.

138 (ii) The disclosure required under this Subsection (3)(l) shall be sent to all named  
139 insureds that carry underinsured motorist coverage limits in an amount less than the named  
140 insured's motor vehicle liability policy limits or the maximum underinsured motorist coverage  
141 limits available by the insurer under the named insured's motor vehicle policy.

142 (m) For purposes of this Subsection (3), a notice or disclosure sent to a named insured  
143 in a household constitutes notice or disclosure to all insureds within the household.

144 (4) (a) (i) Except as provided in this Subsection (4), a covered person injured in a  
145 motor vehicle described in a policy that includes underinsured motorist benefits may not elect  
146 to collect underinsured motorist coverage benefits from another motor vehicle insurance policy.

147 (ii) The limit of liability for underinsured motorist coverage for two or more motor  
148 vehicles may not be added together, combined, or stacked to determine the limit of insurance  
149 coverage available to an injured person for any one accident.

150 (iii) Subsection (4)(a)(ii) applies to all persons except a covered person described  
151 under Subsections (4)(b)(i) and (ii).

152 (b) (i) Except as provided in Subsection (4)(b)(ii), a covered person injured while  
153 occupying, using, or maintaining a motor vehicle that is not owned, leased, or furnished to the  
154 covered person, the covered person's spouse, or the covered person's resident parent or resident  
155 sibling, may also recover benefits under any one other policy under which the covered person is  
156 also a covered person.

157 (ii) (A) A covered person may recover benefits from no more than two additional  
158 policies, one additional policy from each parent's household if the covered person is:

159 (I) a dependent minor of parents who reside in separate households; and

160 (II) injured while occupying or using a motor vehicle that is not owned, leased, or  
161 furnished to the covered person, the covered person's resident parent, or the covered person's  
162 resident sibling.

163 (B) Each parent's policy under this Subsection (4)(b)(ii) is liable only for the  
164 percentage of the damages that the limit of liability of each parent's policy of underinsured  
165 motorist coverage bears to the total of both parents' underinsured coverage applicable to the  
166 accident.

167 (iii) A covered person's recovery under any available policies may not exceed the full  
168 amount of damages.

169 (iv) Underinsured coverage on a motor vehicle occupied at the time of an accident is  
170 primary coverage, and the coverage elected by a person described under Subsections  
171 [31A-22-305\(1\)\(a\), \(b\), and \(c\)](#) is secondary coverage.

172 (v) The primary and the secondary coverage may not be set off against the other.

173 (vi) A covered person as described under Subsection (4)(b)(i) is entitled to the highest  
174 limits of underinsured motorist coverage under only one additional policy per household  
175 applicable to that covered person as a named insured, spouse, or relative.

176 (vii) A covered injured person is not barred against making subsequent elections if  
177 recovery is unavailable under previous elections.

178 (viii) (A) As used in this section, "interpolicy stacking" means recovering benefits for a  
179 single incident of loss under more than one insurance policy.

180 (B) Except to the extent permitted by this Subsection (4), interpolicy stacking is  
181 prohibited for underinsured motorist coverage.

182 (c) Underinsured motorist coverage:

- 183 (i) is secondary to the benefits provided by Title 34A, Chapter 2, Workers'  
184 Compensation Act;
- 185 (ii) may not be subrogated by a workers' compensation insurance carrier;
- 186 (iii) may not be reduced by benefits provided by workers' compensation insurance;
- 187 (iv) may be reduced by health insurance subrogation only after the covered person is  
188 made whole;
- 189 (v) may not be collected for bodily injury or death sustained by a person:
- 190 (A) while committing a violation of Section 41-1a-1314;
- 191 (B) who, as a passenger in a vehicle, has knowledge that the vehicle is being operated  
192 in violation of Section 41-1a-1314; or
- 193 (C) while committing a felony; and
- 194 (vi) notwithstanding Subsection (4)(c)(v), may be recovered:
- 195 (A) for a person under 18 years of age who is injured within the scope of Subsection  
196 (4)(c)(v), but is limited to medical and funeral expenses; or
- 197 (B) by a law enforcement officer as defined in Section 53-13-103, who is injured  
198 within the course and scope of the law enforcement officer's duties.
- 199 (5) The inception of the loss under Subsection 31A-21-313(1) for underinsured  
200 motorist claims occurs upon the date of the last liability policy payment.
- 201 ~~[(6)(a) Within five business days after notification that all liability insurers have~~  
202 ~~tendered their liability policy limits, the underinsured carrier shall either:]~~
- 203 ~~[(i) waive any subrogation claim the underinsured carrier may have against the person~~  
204 ~~liable for the injuries caused in the accident; or]~~
- 205 ~~[(ii) pay the insured an amount equal to the policy limits tendered by the liability~~  
206 ~~carrier.]~~
- 207 ~~[(b) If neither option is exercised under Subsection (6)(a), the subrogation claim is~~  
208 ~~considered to be waived by the underinsured carrier.]~~
- 209 ~~[(c) The notification under Subsection (6)(a) shall include:]~~
- 210 ~~[(i) the name, address, and phone number for all liability insurers;]~~
- 211 ~~[(ii) the liability insurers' liability policy limits, and]~~
- 212 ~~[(iii) the claim number associated with each liability insurer.]~~
- 213 (6) When the limits of available liability carriers have been tendered, the underinsured

214 motorist carrier has no right to subrogation from the person who would be held legally liable  
215 for the personal injuries sustained.

216 (7) Except as otherwise provided in this section, a covered person may seek, subject to  
217 the terms and conditions of the policy, additional coverage under any policy:

218 (a) that provides coverage for damages resulting from motor vehicle accidents; and

219 (b) that is not required to conform to Section 31A-22-302.

220 (8) (a) When a claim is brought by a named insured or a person described in  
221 Subsection 31A-22-305(1) and is asserted against the covered person's underinsured motorist  
222 carrier, the claimant may elect to resolve the claim:

223 (i) by submitting the claim to binding arbitration; or

224 (ii) through litigation.

225 (b) Unless otherwise provided in the policy under which underinsured benefits are  
226 claimed, the election provided in Subsection (8)(a) is available to the claimant only, except that  
227 if the policy under which insured benefits are claimed provides that either an insured or the  
228 insurer may elect arbitration, the insured or the insurer may elect arbitration and that election to  
229 arbitrate shall stay the litigation of the claim under Subsection (8)(a)(ii).

230 (c) Once a claimant elects to commence litigation under Subsection (8)(a)(ii), the  
231 claimant may not elect to resolve the claim through binding arbitration under this section  
232 without the written consent of the underinsured motorist coverage carrier.

233 (d) (i) Unless otherwise agreed to in writing by the parties, a claim that is submitted to  
234 binding arbitration under Subsection (8)(a)(i) shall be resolved by a single arbitrator.

235 (ii) All parties shall agree on the single arbitrator selected under Subsection (8)(d)(i).

236 (iii) If the parties are unable to agree on a single arbitrator as required under Subsection  
237 (8)(d)(ii), the parties shall select a panel of three arbitrators.

238 (e) If the parties select a panel of three arbitrators under Subsection (8)(d)(iii):

239 (i) each side shall select one arbitrator; and

240 (ii) the arbitrators appointed under Subsection (8)(e)(i) shall select one additional  
241 arbitrator to be included in the panel.

242 (f) Unless otherwise agreed to in writing:

243 (i) each party shall pay an equal share of the fees and costs of the arbitrator selected  
244 under Subsection (8)(d)(i); or

245 (ii) if an arbitration panel is selected under Subsection (8)(d)(iii):  
246 (A) each party shall pay the fees and costs of the arbitrator selected by that party; and  
247 (B) each party shall pay an equal share of the fees and costs of the arbitrator selected  
248 under Subsection (8)(e)(ii).

249 (g) Except as otherwise provided in this section or unless otherwise agreed to in  
250 writing by the parties, an arbitration proceeding conducted under this section is governed by  
251 Title 78B, Chapter 11, Utah Uniform Arbitration Act.

252 (h) (i) The arbitration shall be conducted in accordance with Rules 26(a)(4) through (f),  
253 27 through 37, 54, and 68 of the Utah Rules of Civil Procedure, once the requirements of  
254 Subsections (9)(a) through (c) are satisfied.

255 (ii) The specified tier as defined by Rule 26(c)(3) of the Utah Rules of Civil Procedure  
256 shall be determined based on the claimant's specific monetary amount in the written demand  
257 for payment of uninsured motorist coverage benefits as required in Subsection (9)(a)(i)(A).

258 (iii) Rules 26.1 and 26.2 of the Utah Rules of Civil Procedure do not apply to  
259 arbitration claims under this part.

260 (i) An issue of discovery shall be resolved by the arbitrator or the arbitration panel.

261 (j) A written decision by a single arbitrator or by a majority of the arbitration panel  
262 constitutes a final decision.

263 (k) (i) Except as provided in Subsection (9), the amount of an arbitration award may  
264 not exceed the underinsured motorist policy limits of all applicable underinsured motorist  
265 policies, including applicable underinsured motorist umbrella policies.

266 (ii) If the initial arbitration award exceeds the underinsured motorist policy limits of all  
267 applicable underinsured motorist policies, the arbitration award shall be reduced to an amount  
268 equal to the combined underinsured motorist policy limits of all applicable underinsured  
269 motorist policies.

270 (l) The arbitrator or arbitration panel may not decide an issue of coverage or  
271 extra-contractual damages, including:

272 (i) whether the claimant is a covered person;

273 (ii) whether the policy extends coverage to the loss; or

274 (iii) an allegation or claim asserting consequential damages or bad faith liability.

275 (m) The arbitrator or arbitration panel may not conduct arbitration on a class-wide or

276 class-representative basis.

277 (n) If the arbitrator or arbitration panel finds that the arbitration is not brought, pursued,  
278 or defended in good faith, the arbitrator or arbitration panel may award reasonable attorney fees  
279 and costs against the party that failed to bring, pursue, or defend the arbitration in good faith.

280 (o) An arbitration award issued under this section shall be the final resolution of all  
281 claims not excluded by Subsection (8)(l) between the parties unless:

282 (i) the award is procured by corruption, fraud, or other undue means;

283 (ii) either party, within 20 days after service of the arbitration award:

284 (A) files a complaint requesting a trial de novo in the district court; and

285 (B) serves the nonmoving party with a copy of the complaint requesting a trial de novo  
286 under Subsection (8)(o)(ii)(A).

287 (p) (i) Upon filing a complaint for a trial de novo under Subsection (8)(o), a claim shall  
288 proceed through litigation pursuant to the Utah Rules of Civil Procedure and Utah Rules of  
289 Evidence in the district court.

290 (ii) In accordance with Rule 38, Utah Rules of Civil Procedure, either party may  
291 request a jury trial with a complaint requesting a trial de novo under Subsection (8)(o)(ii)(A).

292 (q) (i) If the claimant, as the moving party in a trial de novo requested under  
293 Subsection (8)(o), does not obtain a verdict that is at least \$5,000 and is at least 20% greater  
294 than the arbitration award, the claimant is responsible for all of the nonmoving party's costs.

295 (ii) If the underinsured motorist carrier, as the moving party in a trial de novo requested  
296 under Subsection (8)(o), does not obtain a verdict that is at least 20% less than the arbitration  
297 award, the underinsured motorist carrier is responsible for all of the nonmoving party's costs.

298 (iii) Except as provided in Subsection (8)(q)(iv), the costs under this Subsection (8)(q)  
299 shall include:

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

301 (B) the costs of expert witnesses and depositions.

302 (iv) An award of costs under this Subsection (8)(q) may not exceed \$2,500 unless  
303 Subsection (9)(h)(iii) applies.

304 (r) For purposes of determining whether a party's verdict is greater or less than the  
305 arbitration award under Subsection (8)(q), a court may not consider any recovery or other relief  
306 granted on a claim for damages if the claim for damages:

307 (i) was not fully disclosed in writing prior to the arbitration proceeding; or  
308 (ii) was not disclosed in response to discovery contrary to the Utah Rules of Civil  
309 Procedure.

310 (s) If a district court determines, upon a motion of the nonmoving party, that a moving  
311 party's use of the trial de novo process is filed in bad faith in accordance with Section  
312 78B-5-825, the district court may award reasonable attorney fees to the nonmoving party.

313 (t) Nothing in this section is intended to limit a claim under another portion of an  
314 applicable insurance policy.

315 (u) If there are multiple underinsured motorist policies, as set forth in Subsection (4),  
316 the claimant may elect to arbitrate in one hearing the claims against all the underinsured  
317 motorist carriers.

318 (9) (a) Within 30 days after a covered person elects to submit a claim for underinsured  
319 motorist benefits to binding arbitration or files litigation, the covered person shall provide to  
320 the underinsured motorist carrier:

321 (i) a written demand for payment of underinsured motorist coverage benefits, setting  
322 forth:

323 (A) subject to Subsection (9)(l), the specific monetary amount of the demand,  
324 including a computation of the covered person's claimed past medical expenses, claimed past  
325 lost wages, and all other claimed past economic damages; and

326 (B) the factual and legal basis and any supporting documentation for the demand;

327 (ii) a written statement under oath disclosing:

328 (A) (I) the names and last known addresses of all health care providers who have  
329 rendered health care services to the covered person that are material to the claims for which the  
330 underinsured motorist benefits are sought for a period of five years preceding the date of the  
331 event giving rise to the claim for underinsured motorist benefits up to the time the election for  
332 arbitration or litigation has been exercised; and

333 (II) the names and last known addresses of the health care providers who have rendered  
334 health care services to the covered person, which the covered person claims are immaterial to  
335 the claims for which underinsured motorist benefits are sought, for a period of five years  
336 preceding the date of the event giving rise to the claim for underinsured motorist benefits up to  
337 the time the election for arbitration or litigation has been exercised that have not been disclosed

338 under Subsection (9)(a)(ii)(A)(I);

339 (B) (I) the names and last known addresses of all health insurers or other entities to  
340 whom the covered person has submitted claims for health care services or benefits material to  
341 the claims for which underinsured motorist benefits are sought, for a period of five years  
342 preceding the date of the event giving rise to the claim for underinsured motorist benefits up to  
343 the time the election for arbitration or litigation has been exercised; and

344 (II) the names and last known addresses of the health insurers or other entities to whom  
345 the covered person has submitted claims for health care services or benefits, which the covered  
346 person claims are immaterial to the claims for which underinsured motorist benefits are sought,  
347 for a period of five years preceding the date of the event giving rise to the claim for  
348 underinsured motorist benefits up to the time the election for arbitration or litigation have not  
349 been disclosed;

350 (C) if lost wages, diminished earning capacity, or similar damages are claimed, all  
351 employers of the covered person for a period of five years preceding the date of the event  
352 giving rise to the claim for underinsured motorist benefits up to the time the election for  
353 arbitration or litigation has been exercised;

354 (D) other documents to reasonably support the claims being asserted; and

355 (E) all state and federal statutory lienholders including a statement as to whether the  
356 covered person is a recipient of Medicare or Medicaid benefits or Utah Children's Health  
357 Insurance Program benefits under Title 26, Chapter 40, Utah Children's Health Insurance Act,  
358 or if the claim is subject to any other state or federal statutory liens; and

359 (iii) signed authorizations to allow the underinsured motorist carrier to only obtain  
360 records and billings from the individuals or entities disclosed under Subsections  
361 (9)(a)(ii)(A)(I), (B)(I), and (C).

362 (b) (i) If the underinsured motorist carrier determines that the disclosure of undisclosed  
363 health care providers or health care insurers under Subsection (9)(a)(ii) is reasonably necessary,  
364 the underinsured motorist carrier may:

365 (A) make a request for the disclosure of the identity of the health care providers or  
366 health care insurers; and

367 (B) make a request for authorizations to allow the underinsured motorist carrier to only  
368 obtain records and billings from the individuals or entities not disclosed.

369 (ii) If the covered person does not provide the requested information within 10 days:

370 (A) the covered person shall disclose, in writing, the legal or factual basis for the  
371 failure to disclose the health care providers or health care insurers; and

372 (B) either the covered person or the underinsured motorist carrier may request the  
373 arbitrator or arbitration panel to resolve the issue of whether the identities or records are to be  
374 provided if the covered person has elected arbitration.

375 (iii) The time periods imposed by Subsection (9)(c)(i) are tolled pending resolution of  
376 the dispute concerning the disclosure and production of records of the health care providers or  
377 health care insurers.

378 (c) (i) An underinsured motorist carrier that receives an election for arbitration or a  
379 notice of filing litigation and the demand for payment of underinsured motorist benefits under  
380 Subsection (9)(a)(i) shall have a reasonable time, not to exceed 60 days from the date of the  
381 demand and receipt of the items specified in Subsections (9)(a)(i) through (iii), to:

382 (A) provide a written response to the written demand for payment provided for in  
383 Subsection (9)(a)(i);

384 (B) except as provided in Subsection (9)(c)(i)(C), tender the amount, if any, of the  
385 underinsured motorist carrier's determination of the amount owed to the covered person; and

386 (C) if the covered person is a recipient of Medicare or Medicaid benefits or Utah  
387 Children's Health Insurance Program benefits under Title 26, Chapter 40, Utah Children's  
388 Health Insurance Act, or if the claim is subject to any other state or federal statutory liens,  
389 tender the amount, if any, of the underinsured motorist carrier's determination of the amount  
390 owed to the covered person less:

391 (I) if the amount of the state or federal statutory lien is established, the amount of the  
392 lien; or

393 (II) if the amount of the state or federal statutory lien is not established, two times the  
394 amount of the medical expenses subject to the state or federal statutory lien until such time as  
395 the amount of the state or federal statutory lien is established.

396 (ii) If the amount tendered by the underinsured motorist carrier under Subsection  
397 (9)(c)(i) is the total amount of the underinsured motorist policy limits, the tendered amount  
398 shall be accepted by the covered person.

399 (d) A covered person who receives a written response from an underinsured motorist

400 carrier as provided for in Subsection (9)(c)(i), may:

401 (i) elect to accept the amount tendered in Subsection (9)(c)(i) as payment in full of all  
402 underinsured motorist claims; or

403 (ii) elect to:

404 (A) accept the amount tendered in Subsection (9)(c)(i) as partial payment of all  
405 underinsured motorist claims; and

406 (B) continue to litigate or arbitrate the remaining claim in accordance with the election  
407 made under Subsections (8)(a), (b), and (c).

408 (e) If a covered person elects to accept the amount tendered under Subsection (9)(c)(i)  
409 as partial payment of all underinsured motorist claims, the final award obtained through  
410 arbitration, litigation, or later settlement shall be reduced by any payment made by the  
411 underinsured motorist carrier under Subsection (9)(c)(i).

412 (f) In an arbitration proceeding on the remaining underinsured claims:

413 (i) the parties may not disclose to the arbitrator or arbitration panel the amount paid  
414 under Subsection (9)(c)(i) until after the arbitration award has been rendered; and

415 (ii) the parties may not disclose the amount of the limits of underinsured motorist  
416 benefits provided by the policy.

417 (g) If the final award obtained through arbitration or litigation is greater than the  
418 average of the covered person's initial written demand for payment provided for in Subsection  
419 (9)(a)(i) and the underinsured motorist carrier's initial written response provided for in  
420 Subsection (9)(c)(i), the underinsured motorist carrier shall pay:

421 (i) the final award obtained through arbitration or litigation, except that if the award  
422 exceeds the policy limits of the subject underinsured motorist policy by more than \$15,000, the  
423 amount shall be reduced to an amount equal to the policy limits plus \$15,000; and

424 (ii) any of the following applicable costs:

425 (A) any costs as set forth in Rule 54(d), Utah Rules of Civil Procedure;

426 (B) the arbitrator or arbitration panel's fee; and

427 (C) the reasonable costs of expert witnesses and depositions used in the presentation of  
428 evidence during arbitration or litigation.

429 (h) (i) The covered person shall provide an affidavit of costs within five days of an  
430 arbitration award.

431 (ii) (A) Objection to the affidavit of costs shall specify with particularity the costs to  
432 which the underinsured motorist carrier objects.

433 (B) The objection shall be resolved by the arbitrator or arbitration panel.

434 (iii) The award of costs by the arbitrator or arbitration panel under Subsection (9)(g)(ii)  
435 may not exceed \$5,000.

436 (i) (i) A covered person shall disclose all material information, other than rebuttal  
437 evidence, within 30 days after a covered person elects to submit a claim for underinsured  
438 motorist coverage benefits to binding arbitration or files litigation as specified in Subsection  
439 (9)(a).

440 (ii) If the information under Subsection (9)(i)(i) is not disclosed, the covered person  
441 may not recover costs or any amounts in excess of the policy under Subsection (9)(g).

442 (j) This Subsection (9) does not limit any other cause of action that arose or may arise  
443 against the underinsured motorist carrier from the same dispute.

444 (k) The provisions of this Subsection (9) only apply to motor vehicle accidents that  
445 occur on or after March 30, 2010.

446 (l) (i) The written demand requirement in Subsection (9)(a)(i)(A) does not affect the  
447 covered person's requirement to provide a computation of any other economic damages  
448 claimed, and the one or more respondents shall have a reasonable time after the receipt of the  
449 computation of any other economic damages claimed to conduct fact and expert discovery as to  
450 any additional damages claimed. The changes made by Laws of Utah 2014, Chapter 290,  
451 Section 11, and Chapter 300, Section 11, to this Subsection (9)(l) and Subsection (9)(a)(i)(A)  
452 apply to a claim submitted to binding arbitration or through litigation on or after May 13, 2014.

453 (ii) The changes made by Laws of Utah 2014, Chapter 290, Section 11, and Chapter  
454 300, Section 11, under Subsections (9)(a)(ii)(A)(II) and (B)(II) apply to a claim submitted to  
455 binding arbitration or through litigation on or after May 13, 2014.