

1 **Automotive Repair Business Amendments**

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Colin W. Jack

Senate Sponsor:

3 **LONG TITLE**

4 **General Description:**

5 This bill amends provisions related to automotive repairs.

6 **Highlighted Provisions:**

7 This bill:

8 ▶ requires that a motor vehicle liability coverage policy include coverage of the difference
9 in market value from before and after a motor vehicle accident;

10 ▶ grants the Insurance Department rulemaking authority to establish a formula to determine
11 the coverage of the difference in market value from before and after a motor vehicle
12 accident;

13 ▶ requires that an automotive repair facility or installer use crash parts that are substantially
14 equivalent to Original Equipment Manufacturer aftermarket crash parts; and

15 ▶ makes technical and conforming changes.

16 **Money Appropriated in this Bill:**

17 None

18 **Other Special Clauses:**

19 None

20 **Utah Code Sections Affected:**

21 AMENDS:

22 **31A-22-303**, as last amended by Laws of Utah 2023, Chapter 415

23 **31A-22-319**, as renumbered and amended by Laws of Utah 1995, Chapter 8

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

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

27 **31A-22-303 . Motor vehicle liability coverage.**

28 (1)(a) In addition to complying with the requirements of Chapter 21, Insurance

29 Contracts in General, and Part 2, Liability Insurance in General, a policy of motor

30 vehicle liability coverage under Subsection 31A-22-302(1)(a) shall:

- 31 (i) name the motor vehicle owner or operator in whose name the policy was
32 purchased, state that named insured's address, the coverage afforded, the premium
33 charged, the policy period, and the limits of liability;
- 34 (ii)(A) if ~~it~~ the policy is an owner's policy, designate by appropriate reference all
35 the motor vehicles on which coverage is granted, insure the person named in
36 the policy, insure any other person using any named motor vehicle with the
37 express or implied permission of the named insured, and, except as provided in
38 Section 31A-22-302.5, insure any person included in Subsection (1)(a)(iii)
39 against loss from the liability imposed by law for damages arising out of the
40 ownership, maintenance, or use of these motor vehicles within the United
41 States and Canada, subject to limits exclusive of interest and costs, for each
42 motor vehicle, in amounts not less than the minimum limits specified under
43 Section 31A-22-304; or
- 44 (B) if ~~it~~ the policy is an operator's policy, insure the person named as insured
45 against loss from the liability imposed upon ~~him~~ the person by law for
46 damages arising out of the insured's use of any motor vehicle not owned by [
47 ~~him~~ the person, within the same territorial limits and with the same limits of
48 liability as in an owner's policy under Subsection (1)(a)(ii)(A);
- 49 (iii) except as provided in Section 31A-22-302.5, insure persons related to the named
50 insured by blood, marriage, adoption, or guardianship who are residents of the
51 named insured's household, including ~~those~~ a person who usually ~~make their~~
52 makes the person's home in the same household but temporarily ~~live~~ lives
53 elsewhere, to the same extent as the named insured;
- 54 ~~[(iv) where a claim is brought by the named insured or a person described in~~
55 ~~Subsection (1)(a)(iii), the available coverage of the policy may not be reduced or~~
56 ~~stepped-down because:]~~
- 57 ~~[(A) a permissive user driving a covered motor vehicle is at fault in causing an~~
58 ~~accident; or]~~
- 59 ~~[(B) the named insured or any of the persons described in Subsection (1)(a)(iii)~~
60 ~~driving a covered motor vehicle is at fault in causing an accident; and]~~
- 61 ~~[(v)]~~ (iv) cover damages or injury resulting from a covered driver of a motor vehicle
62 who is stricken by an unforeseeable paralysis, seizure, or other unconscious
63 condition and who is not reasonably aware that paralysis, seizure, or other
64 unconscious condition is about to occur to the extent that a person of ordinary

- 65 prudence would not attempt to continue driving[-] ; and
- 66 (v) cover the difference in market value of an insured's motor vehicle calculated in a
- 67 manner the commissioner establishes by rule in compliance with Subsection (10).
- 68 (b) Where a named insured or a person described in Subsection (1)(a)(iii) brings a claim,
- 69 the available coverage of the policy may not be reduced or stepped-down because:
- 70 (i) a permissive user driving a covered motor vehicle is at fault in causing an
- 71 accident; or
- 72 (ii) the named insured or any of the persons described in Subsection (1)(a)(iii) driving
- 73 a covered motor vehicle is at fault in causing an accident.
- 74 ~~(b)~~ (c) ~~The driver's liability under Subsection [(1)(a)(v)] (1)(a)(iv) is limited to the~~
- 75 insurance coverage.
- 76 ~~(e)~~ (d)(i) "Guardianship" under Subsection (1)(a)(iii) includes the relationship
- 77 between a foster parent and a minor who is in the legal custody of the Division of
- 78 Child and Family Services if:
- 79 (A) the minor resides in a foster home, as defined in Section 62A-2-101, with a
- 80 foster parent who is the named insured; and
- 81 (B) the foster parent has signed to be jointly and severally liable for compensatory
- 82 damages caused by the minor's operation of a motor vehicle in accordance with
- 83 Section 53-3-211.
- 84 (ii) "Guardianship" as defined under this Subsection ~~[(1)(e)] (1)(d)~~ ceases to exist
- 85 when a minor described in Subsection ~~[(1)(e)(i)(A)] (1)(d)(i)(A)~~ is no longer a
- 86 resident of the named insured's household.
- 87 (2)(a) A policy containing motor vehicle liability coverage under Subsection
- 88 31A-22-302(1)(a) may:
- 89 (i) provide for the prorating of the insurance under that policy with other valid and
- 90 collectible insurance;
- 91 (ii) grant any lawful coverage in addition to the required motor vehicle liability
- 92 coverage;
- 93 (iii) if an insurer issues the policy ~~[is issued-]~~ to a person other than a motor vehicle
- 94 business, limit the coverage afforded to a motor vehicle business or its officers,
- 95 agents, or employees to the minimum limits under Section 31A-22-304, and to
- 96 those instances when there is no other valid and collectible insurance with at least
- 97 those limits, whether the other insurance is primary, excess, or contingent; and
- 98 (iv) if ~~[issued]~~ an insurer issues the policy to a motor vehicle business, restrict

99 coverage afforded to anyone other than the motor vehicle business or its officers,
100 agents, or employees to the minimum limits under Section 31A-22-304, and to
101 those instances when there is no other valid and collectible insurance with at least
102 those limits, whether the other insurance is primary, excess, or contingent.

103 (b)(i) The liability insurance coverage of a permissive user of a motor vehicle owned
104 by a motor vehicle business shall be primary coverage.

105 (ii) The liability insurance coverage of a motor vehicle business shall be secondary to
106 the liability insurance coverage of a permissive user as specified under Subsection
107 (2)(b)(i).

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

109 (a) under any workers' compensation law under Title 34A, Utah Labor Code;

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

113 (c) resulting from damage to property owned by, rented to, bailed to, or transported by
114 the insured.

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

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

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

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

131 (7)(a) A policy of motor vehicle coverage may limit coverage to the policy minimum
132 limits under Section 31A-22-304 if the policy or a specifically reduced premium was

- 133 extended to the insured upon express written declaration executed by the insured that
134 the insured motor vehicle would not be operated by a person described in Subsection
135 (7)(c) operating in a manner described in Subsection (7)(b)(i).
- 136 (b)(i) A policy of motor vehicle liability coverage may limit coverage as described in
137 Subsection (7)(a) if the insured motor vehicle is operated by an individual
138 described in Subsection (7)(c) if the individual described in Subsection (7)(c) is
139 guilty of:
- 140 (A) driving under the influence as described in Section 41-6a-502;
 - 141 (B) impaired driving as described in Section 41-6a-502.5; or
 - 142 (C) operating a vehicle with a measurable controlled substance in the individual's
143 body as described in Section 41-6a-517.
- 144 (ii) An individual's refusal to submit to a chemical test as described in Sections
145 41-6a-520 and 41-6a-520.1 is admissible evidence, but not conclusive, that the
146 individual is guilty of an offense described in Subsection (7)(b)(i).
- 147 (c) A reduction in coverage as described in Subsection (7)(a) applies to the following
148 individuals:
- 149 (i) the insured;
 - 150 (ii) the spouse of the insured; or
 - 151 (iii) if the individual has a separate policy as a secondary source of coverage, and:
 - 152 (A) the individual is over [~~the age of 21~~] 21 years old and resides in the household
153 of the insured; or
 - 154 (B) the individual is a permissible user of the motor vehicle.
- 155 (d) A reduction in coverage as described in Subsection (7)(a) does not apply to an
156 individual under [~~the age of 21~~] 21 years old who is a relative of the insured and a
157 resident of the insured's household.
- 158 (8)(a) When a claim is brought exclusively by a named insured or a person described in
159 Subsection (1)(a)(iii) and asserted exclusively against a named insured or an
160 individual described in Subsection (1)(a)(iii), the claimant may elect to resolve the
161 claim:
- 162 (i) by submitting the claim to binding arbitration; or
 - 163 (ii) through litigation.
- 164 (b) Once the claimant has elected to commence litigation under Subsection (8)(a)(ii), the
165 claimant may not elect to resolve the claim through binding arbitration under this
166 section without the written consent of both parties and the defendant's liability insurer.

- 167 (c)(i) Unless otherwise agreed on in writing by the parties, a panel of three arbitrators
168 shall resolve a claim [~~that is submitted~~] the parties submit to binding arbitration
169 under Subsection (8)(a)(i) [~~shall be resolved by a panel of three arbitrators~~].
- 170 (ii)(A) Unless otherwise agreed on in writing by the parties, each party shall select
171 an arbitrator.
- 172 (B) The arbitrators selected by the parties shall select a third arbitrator.
- 173 (d)(i) Unless otherwise agreed on in writing by the parties, each party [~~will~~] shall pay
174 the fees and costs of the arbitrator that party selects.
- 175 (ii) Both parties shall share equally the fees and costs of the third arbitrator.
- 176 (e) Except as otherwise provided in this section, an arbitration procedure conducted
177 under this section shall be governed by Title 78B, Chapter 11, Utah Uniform
178 Arbitration Act, unless otherwise agreed on in writing by the parties.
- 179 (f)(i) [~~Discovery shall be conducted~~] The parties shall conduct discovery in
180 accordance with Rules 26b through 36, Utah Rules of Civil Procedure.
- 181 (ii) [~~AH~~] The arbitration panel shall resolve all issues of discovery [~~shall be resolved~~
182 ~~by the arbitration panel~~].
- 183 (g) A written decision of two of the three arbitrators shall constitute a final decision of
184 the arbitration panel.
- 185 (h) [~~Prior to~~] Before the rendering of the arbitration award:
- 186 (i) the existence of a liability insurance policy may be disclosed to the arbitration
187 panel; and
- 188 (ii) the amount of all applicable liability insurance policy limits may not be disclosed
189 to the arbitration panel.
- 190 (i)(i) The amount of the arbitration award may not exceed the liability limits of all the
191 defendant's applicable liability insurance policies, including applicable liability
192 umbrella policies.[-]
- 193 (ii) If the initial arbitration award exceeds the liability limits of all applicable liability
194 insurance policies, the arbitration award shall be reduced to an amount equal to
195 the liability limits of all applicable liability insurance policies.
- 196 (j) The arbitration award is the final resolution of all claims between the parties unless
197 the award was procured by corruption, fraud, or other undue means.
- 198 (k) If the arbitration panel finds that [~~the action was not brought, pursued, or defended~~] a
199 party did not bring, pursue, or defend the action in good faith, the arbitration panel
200 may award reasonable fees and costs against the party that failed to bring, pursue, or

201 defend the claim in good faith.

202 (l) Nothing in this section is intended to limit any claim under any other portion of an
203 applicable insurance policy.

204 (9) An at-fault driver or an insurer issuing a policy of insurance under this part that is
205 covering an at-fault driver may not reduce compensation to an injured party based on the
206 injured party not being covered by a policy of insurance that provides personal injury
207 protection coverage under Sections 31A-22-306 through 31A-22-309.

208 (10) The department shall establish by rule, in accordance with Title 63G, Chapter 3, Utah
209 Administrative Rulemaking Act, a formula that an insurer shall use to calculate the
210 difference in market value for a motor vehicle from before and after an accident
211 involving the motor vehicle.

212 Section 2. Section **31A-22-319** is amended to read:

213 **31A-22-319 . Prohibition on insurer requiring certain parts -- Disclosure.**

214 (1) Unless ~~[the insured is given notice]~~ the insurer gives the insured notice in writing, an
215 insurer may not ~~[specify]~~ permit the use of non-OEM aftermarket crash parts in the
216 repair of an insured's motor vehicle.

217 (2) ~~[-]~~The notice ~~[-]~~required by Subsection (1) shall identify non-OEM parts as not made
218 for or by the vehicle manufacturer.

219 ~~[(2)]~~ (3) Unless ~~[the consumer is given]~~ the insurer gives the insured notice in writing ~~[prior~~
220 ~~to]~~ before installation, a repair facility or installer may not use non-OEM aftermarket
221 parts to repair a vehicle.

222 ~~[(3)]~~ (4) In all instances where ~~[non-OEM aftermarket crash parts are intended for use by an~~
223 ~~insurer]~~ an insurer intends to use non-OEM aftermarket crash parts:

224 (a) the written estimate shall clearly identify each non-OEM aftermarket crash part;~~[and]~~

225 (b) a disclosure document containing the following statements in 10 point or larger type
226 shall appear on or be attached to the insured's copy of the estimate: "This estimate
227 has been prepared based on the use of crash parts supplied by a source other than the
228 manufacturer of your motor vehicle. Warranties applicable to these replacement
229 parts are provided by the manufacturer or distributor of these parts rather than the
230 manufacturer of your vehicle."; and

231 (c) the repair facility or installer shall use non-OEM aftermarket crash parts that are
232 substantially equivalent in quality and function to OEM aftermarket crash parts.

233 Section 3. **Effective Date.**

234 This bill takes effect on May 7, 2025.