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Punitive Damages Amendments
2026 GENERAL SESSION
STATE OF UTAH
Chief Sponsor: Ronald M. Winterton
House Sponsor: Colin W. Jack

LONG TITLE

General Description:

This bill enacts provisions relating to punitive damages.

Highlighted Provisions:

This bill:

- provides that an insurer may not rely on the existence, likelihood, possibility, or exposure to punitive damages when taking actions under Title 31A, Insurance Code;
- provides the circumstances in which a court may award punitive damages against an employer, managing agent, or principal for the conduct of the employer's, managing agent's, or principal's employee or agent;
- provides that the provisions this bill enacts apply only to a claim arising after the effective date of the bill; and
- makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

31A-20-101, as last amended by Laws of Utah 1986, Chapter 204

ENACTS:

78B-8-204, Utah Code Annotated 1953

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

Section 1. Section **31A-20-101** is amended to read:

28 **31A-20-101 . Underwriting limitations.**

29 (1) No insurer may insure or attempt to insure against:

30 [~~(1)~~] (a) a wager or gaming risk;

31 [~~(2)~~] (b) loss of an election;

32 [~~(3)~~] (c) the penal consequences of a crime; or

33 [~~(4)~~] (d) punitive damages.

34 (2) An insurer may not consider, use, or rely upon the existence, likelihood, possibility, or
 35 exposure to punitive damages when engaging in any of the following under this title:

36 (a) underwriting;

37 (b) rating;

38 (c) risk classification; or

39 (d) determining premiums or other charges for a policy.

40 Section 2. Section **78B-8-204** is enacted to read:

41 **78B-8-204 . Punitive damages in an employment or agency relationship.**

42 (1) As used in this section, "managing agent" means an employee or agent who:

43 (a) exercises supervisory or managerial authority over a specific facility, operation,
 44 project, or group of employees; or

45 (b) acts in a managerial capacity.

46 (2) Except as provided in Subsection (3), in an action where a plaintiff seeks punitive
 47 damages against an employer, principal, or managing agent based solely on the tortious
 48 conduct of an employee or agent, the employer, principal, or managerial agent may not
 49 be held vicariously liable for punitive damages based solely on the agency or
 50 employment relationship.

51 (3) To obtain an award of punitive damages against an employer, a principal, or a managing
 52 agent based solely on the conduct of an employee or agent, a plaintiff shall demonstrate
 53 by clear and convincing evidence that:

54 (a) the employer's, principal's, or managing agent's conduct was willful, malicious, or in
 55 reckless disregard to the rights or safety of others;

56 (b) the employer, principal, or managing agent authorized, ratified, or approved of the
 57 alleged conduct that gave rise to the claim; or

58 (c) the employer, principal, or managing agent was reckless in employing or retaining
 59 the employee or agent.

60 (4) Subsections (2) and (3) apply to any claim for an award of punitive damages, including
 61 a claim for punitive damages arising out of the tortfeasor's operation of a motor vehicle

62 or motorboat while voluntarily intoxicated or under the influence of any drug or
63 combination of alcohol and drugs as prohibited by Section 41-6a-502.

64 (5) The provisions of this section:

65 (a) are subject to Section 63G-7-603; and

66 (b) apply only to a claim arising on or after May 6, 2026.

67 Section 3. **Effective Date.**

68 This bill takes effect on May 6, 2026.