

SB0074S03 compared with SB0074

~~{Omitted text}~~ shows text that was in SB0074 but was omitted in SB0074S03

inserted text shows text that was not in SB0074 but was inserted into SB0074S03

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1 **~~{Seat Belt}~~ Motor Vehicle Civil Action Amendments**

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Calvin R. Musselman

House Sponsor:



2

3 **LONG TITLE**

4 **General Description:**

5 This bill amends ~~{seat belt laws to allow}~~ the ~~{misuse of or failure}~~ Insurance Code to ~~{use a seat belt to be considered for contributory or comparative negligence}~~ establish requirements relating to policy-limit demands and disclosures in ~~{civil litigation}~~ third-party liability claims related to motor vehicle liability.

7 **Highlighted Provisions:**

8 This bill:

- 9 ▶ ~~{amends the Traffic Code to allow the misuse of or failure to use a seat belt to be considered as contributory or comparative negligence in civil litigation.}~~
- 9 ▶ establishes requirements for the content of policy-limit demand letters from a claimant to a liability insurance carrier;
- 11 ▶ establishes requirements for correspondence from a claimant or a claimant's legal counsel to an unrepresented insured;
- 13 ▶ requires a liability insurance carrier to provide written disclosure to the insured regarding defense and indemnification;

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- 15 ▶ addresses the effect of a disclosure and the consequences of noncompliance; and
16 ▶ preserves existing rights and remedies.

17 **Money Appropriated in this Bill:**

18 None

19 **Other Special Clauses:**

20 None

21 **Utah Code Sections Affected:**

22 ENACTS:

23 **31A-22-323 , Utah Code Annotated 1953**

AMENDS:

17 **{41-6a-1806 , as renumbered and amended by Laws of Utah 2005, Chapter 2}**

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

26 Section 1. Section 1 is enacted to read:

27 **31A-22-323. Policy-limit demands, correspondence, and disclosure requirements -- Third-**
28 **party liability claims.**

29 (1)

(a) In a third-party liability claim arising under this part in which a claimant or claimant's legal counsel sends a demand letter to a liability insurance carrier demanding the insured's liability policy limits in exchange for a release of claims, such a demand letter shall:

33 (i) include reasonably sufficient information to allow a reasonable liability insurance carrier to evaluate the claim, including a description of the incident, injuries, liability basis, and damages, copies of the medical records and bills supporting claimed medical damages, and information supporting any other elements of claimed economic damages; and

38 (ii) provide the liability insurance carrier with no less than 30 days to accept or reject the policy-limit demand.

40 (b) A claimant is not required to provide expert reports or attorney work product as part of the demand letter described in Subsection (1)(a).

42 (2)

(a) If the liability insurance carrier that receives a claimant's demand letter described in Subsection (1) declines to tender the insured's liability policy limits following the receipt of the demand letter, and

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the claimant intends to file a cause of action against the insured, and the claimant or claimant's legal counsel elects to correspond directly with an unrepresented insured, the correspondence with the insured shall:

- 47 (i) be in writing, with a copy of the correspondence delivered to the applicable liability insurance
carrier;
- 49 (ii) include:
- 50 (A) a reference to this statutory section;
- 51 (B) a plain-language explanation of the claimant's claims against the insured;
- 52 (C) a description of the claimant's related injuries;
- 53 (D) a copy of the demand letter described in Subsection (1) that was sent to the liability insurance
carrier; and
- 55 (E) if applicable, a copy of the liability insurance carrier's written response to the demand letter
described in Subsection (1);
- 57 (iii) comply with the Rules of Professional Conduct established by the Utah Supreme Court,
including an indication that the interests of the claimant and the claimant's legal counsel are
adverse to the insured; and
- 60 (iv) indicate the legal action the claimant and claimant's legal counsel intend to pursue against the
insured.
- 62 (b) Unless necessary to preserve the claimant's legal rights, a claimant or the claimant's legal counsel
may not file a cause of action against the insured until 45 days after that date on which the insured
has received the correspondence described in Subsection (2)(a).
- 66 (c) If a claimant intends to pursue damages in the legal action described in Subsection (2)(a) that exceed
the applicable liability insurance policy limit, the correspondence described in Subsection (2)(a):
- 69 (i) shall identify the insured's right:
- 70 (A) to review the entirety of the claimant's demand letter, claimed medical records and expenses, and
other supporting documentation with the claimant's liability insurance carrier; and
- 73 (B) to discuss the insured's rights and responsibilities with respect to any excess verdict, judgment,
settlement, or award with the insured's liability insurance carrier, as well as with independent legal
counsel; and

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(ii) if the correspondence references or suggests the possibility of placing a judgment lien against personal property of the insured following any judgment, shall include a plain-language explanation of the process for obtaining a judgment lien.

79 (3)

(a) Within 30 days after the date on which the liability insurance carrier receives a copy of the correspondence described in Subsection (2), the liability insurance carrier shall provide the insured with a written disclosure stating whether the liability insurance carrier agrees:

83 (i) to defend the insured against the claim; and

84 (ii) to indemnify the insured for any verdict, judgment, settlement, or award arising from the claim, including whether:

86 (A) the indemnification is limited to the applicable policy limits; or

87 (B) the indemnification will extend to a verdict, judgment, settlement, or award in excess of the applicable policy limit.

89 (b) If the liability insurance carrier's decision to indemnify the insured is limited to the applicable policy limits, the disclosure in Subsection (3)(a) shall:

91 (i) provide a reasonable explanation as to the basis of the decision; and

92 (ii) notify the insured of the insured's right to seek independent legal counsel regarding the insured's rights and responsibilities with respect to the decision whether to indemnify the insured.

95 (4)

(a) A disclosure made under Subsection (3):

96 (i) does not expand, reduce, or modify coverage under the insurance policy; and

97 (ii) is intended solely to provide clarity to the insured regarding the liability insurance carrier's position.

99 (b)

(i) Compliance with the procedural provisions of this section does not preclude a finding that the liability insurance carrier breached the liability insurance carrier's duty of good faith if the liability insurance carrier's substantive decisions regarding settlement, defense, or indemnification were unreasonable under the circumstances.

104 (ii) The reasonableness of a liability insurance carrier's conduct with regard to the decision to defend and indemnify the insured as described in Subsection (3) shall be evaluated based on all relevant circumstances existing at the time decisions were made.

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- 108 (5) Nothing in this section alters, limits, or waives:
- 109 (a) a liability insurance carrier's duty to act in good faith and deal fairly with the liability insurance
carrier's insured;
- 111 (b) any rights or remedies available to an insured arising from a liability insurance carrier's failure to
accept a reasonable settlement offer within applicable policy limits; or
- 114 (c) any defenses, claims, or causes of action available under common law or statute to any party.
- 116 (6)
- (a) A claimant's failure to comply with Subsection (1) or (2) does not bar the claimant from filing suit
against the insured or pursuing any remedies available at law, but may be considered by a court
in evaluating whether a settlement demand was reasonable for purposes of determining whether a
liability insurance carrier breached the liability insurance carrier's duty of good faith.
- 121 (b) A liability insurance carrier's failure to comply with the disclosure requirements of Subsection (3)
does not create an independent cause of action, but may be considered as evidence of bad faith in
any subsequent action by the insured against the liability insurance carrier.
- 125 (c) Nothing in this section may be construed to create additional procedural prerequisites to an insured's
right to pursue a bad faith claim against the liability insurance carrier.
- 127 (d) This section supplements and does not replace existing common law and statutory duties and
remedies relating to a liability insurance carrier's duty of good faith and fair dealing with the
liability insurance carrier's insured.
- 130 (e) Nothing in this section creates a private cause of action.

20 {Section 1. ~~Section 41-6a-1806 is amended to read:~~ }

21 **41-6a-1806. Compliance -- Civil litigation.**

The misuse or failure to use a child restraint device or misuse or failure to wear a safety
belt:

- 24 (1) [~~does not~~] may constitute contributory or comparative negligence on the part of a person seeking
recovery for injuries; and
- 26 (2) may [~~not~~] be introduced as evidence in any civil litigation on the issue of negligence, injuries, or the
mitigation of damages.

131 Section 2. **Effective date.**

Effective Date.

This bill takes effect on May 6, 2026.

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