

SB0227S02 compared with SB0227S01

~~{Omitted text}~~ shows text that was in SB0227S01 but was omitted in SB0227S02

inserted text shows text that was not in SB0227S01 but was inserted into SB0227S02

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1 **Punitive Damages Amendments**
2026 GENERAL SESSION
STATE OF UTAH
Chief Sponsor: Ronald M. Winterton
House Sponsor:



2
3 **LONG TITLE**

4 **General Description:**

5 This bill enacts provisions relating to punitive damages.

6 **Highlighted Provisions:**

7 This bill:

- 8 ▶ provides that an insurer may not rely on the existence, likelihood, possibility, or exposure to
9 punitive damages when taking actions under Title 31A, Insurance Code;
- 10 ▶ provides the circumstances in which a court may award punitive damages against an employer or
11 principal for the conduct of the employer's or principal's employee or agent;and
- 12 ▶ ~~{provides that the Legislature finds that punitive damages unduly burden the economic,
13 commercial, and personal welfare of persons in this state;}~~
- 14 ▶ ~~{provides that the cap on punitive damages does not apply to an award of punitive damages
15 arising from an injury resulting in death;}~~
- 16 ▶ ~~{establishes a cap on an award for punitive damages;}~~
- 17 ▶ ~~{provides that the court may not make the jury aware of the cap on an award for punitive
18 damages;}~~

SB0227S01

SB0227S01 compared with SB0227S02

19 ▶ {~~provides the circumstances under which a court shall adjust an award for punitive~~
damages; and}

21 ▶ makes technical changes.

14 Money Appropriated in this Bill:

15 None

16 Other Special Clauses:

17 None

18 Utah Code Sections Affected:

19 AMENDS:

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

21 ENACTS:

22 **78B-8-204** , Utah Code Annotated 1953

31 ~~{78B-8-205, Utah Code Annotated 1953}~~

23

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

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

26 **31A-20-101. Underwriting limitations.**

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

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

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

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

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

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

43 (a) underwriting;

44 (b) rating;

45 (c) risk classification; or

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

38 Section 2. Section **2** is enacted to read:

39 **78B-8-204. Punitive damages in an employment or agency relationship.**

49

SB0227S01 compared with SB0227S02

- (1) In an action where a plaintiff seeks punitive damages against an employer or principal based on the conduct of an employee or agent:
- 51 (a) the employer or principal may not be held vicariously liable for punitive damages based solely on the agency or employment relationship; and
- 53 (b) except as provided in Subsection (2), a court may not award the plaintiff punitive damages against the employer or principal.
- 55 (2) A court may award punitive damages against an employer or principal for the conduct of an employee or agent if the plaintiff demonstrates by clear and convincing evidence that, in addition to the agent's or employee's conduct, the employer's or principal's conduct was willful, malicious, or in reckless disregard to the rights or safety of others.
- 59 (3) Subsections (1) and (2) apply to any claim for an award of punitive damages, including a claim for punitive damages arising out of the tortfeasor's operation of a motor vehicle or motorboat while voluntarily intoxicated or under the influence of any drug or combination of alcohol and drugs as prohibited by Section 41-6a-502.

63 Section 3. Section 3 is enacted to read:

64 **78B-8-205. Limitation on award of punitive damages.**

- 65 (1)
- (a) The Legislature finds, determines, and declares that awards of punitive damages for losses or injuries burden the cost of insurance for persons in this state.
- 67 (b) The Legislature enacts this section placing limitations on the award of punitive damages to ensure the affordability of insurance costs for persons in this state.
- 69 (2) Nothing in this section limits an award of punitive damages arising from an injury resulting in death.
- 71 (3) Except as provided in Subsections (4) and (5) and subject to Subsection (2), an award of punitive damages may not exceed the greater of:
- 73 (a) two times the amount of compensatory damages, not to exceed \$2,500,000; or
- 74 (b) \$750,000.
- 75 (4) The limitation described in Subsection (3) does not apply and the limitation described in Subsection (5) applies if the award of punitive damages arises from the tortfeasor engaging in an act described in Subsections 78B-8-201(1)(b)(i) through (iii).
- 78 (5) Subject to Subsection (2), an award of punitive damages arising from an act described in Subsections 78B-8-201(1)(b)(i) through (iii) may not exceed the greater of:

SB0227S01 compared with SB0227S02

- 80 (a) four times the compensatory damages awarded to the injured party, not to exceed \$5,000,000; or
82 (b) \$2,500,000.
83 (6)
(a) A court may not disclose the limitation described in Subsection (3) to a jury when instructing the
jury to make a determination of the amount of punitive damages to award.
86 (b) If the jury awards punitive damages in an amount exceeding the limit in Subsection (3), the court
shall determine whether the conditions of Subsection (5) apply.
88 (c) If the conditions of Subsection (3) do not apply, the court shall reduce the award of punitive
damages to the amount described in Subsection (3).

54 Section 3. **Effective date.**

Effective Date.

This bill takes effect on May 6, 2026.

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