

SB0227S04 compared with SB0227S01

~~{Omitted text}~~ shows text that was in SB0227S01 but was omitted in SB0227S04

inserted text shows text that was not in SB0227S01 but was inserted into SB0227S04

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1

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



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 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 , managing agent, or principal for the conduct of the employer's , managing agent's, or principal's employee or agent;

12 ▸ ~~{provides that the Legislature finds that punitive damages unduly burden the economic, commercial, and personal welfare of persons in this state;}~~

14 ▸ provides that the ~~{cap on punitive damages does not}~~ provisions this bill enacts apply only to ~~{an award of punitive damages}~~ a claim arising ~~{from an injury resulting in death;}~~ after the effective date of the bill; and

16 ▸ ~~{establishes a cap on an award for punitive damages;}~~

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- 17 ▶ {~~provides that the court may not make the jury aware of the cap on an award for punitive damages;~~}
- 19 ▶ {~~provides the circumstances under which a court shall adjust an award for punitive damages; and~~}
- 21 ▶ makes technical changes.

16 Money Appropriated in this Bill:

17 None

18 Other Special Clauses:

19 None

20 Utah Code Sections Affected:

21 AMENDS:

22 **31A-20-101** , as last amended by Laws of Utah 1986, Chapter 204

23 ENACTS:

24 **78B-8-204** , Utah Code Annotated 1953

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

25

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

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

28 **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.

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

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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, 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 damages against
an employer, principal, or managing agent based solely on the tortious conduct of an employee or
agent, the employer, principal, or managerial agent may not be held vicariously liable for punitive
damages based solely on the agency or employment relationship.

49 (1){(3)} ~~{In}~~ To obtain an ~~{action where a plaintiff seeks}~~ award of punitive damages against an
employer, a principal, or ~~{principal based}~~ a managing agent based solely on the conduct of an
employee or agent, a plaintiff shall demonstrate by clear and convincing evidence that:

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)} ~~{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}~~ employer's, principal's, {the employer's} or {principal's}
managing agent's conduct was willful, malicious, or in reckless disregard to the rights or safety of
others~~{.}~~;

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

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

59 (3){(4)} Subsections ~~{(1) and}~~ (2) and (3) 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.

64 (5) The provisions of this section:

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

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

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:

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).

67 Section 3. **Effective date.**

Effective Date.

This bill takes effect on May 6, 2026.

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