

Calvin R. Musselman proposes the following substitute bill:

**Motor Vehicle Civil Action Amendments**

2026 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Calvin R. Musselman**

House Sponsor:

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**LONG TITLE**

**General Description:**

This bill enacts requirements for a time-limited demand letter.

**Highlighted Provisions:**

This bill:

- ▶ enacts requirements for a time-limited demand letter related to a motor vehicle insurance claim;
- ▶ provides parameters and timing for a time-limited demand letter; and
- ▶ addresses an insurer's duties and an insured's rights and remedies in relation to a time-limited demand letter.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

ENACTS:

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

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

Section 1. Section **31A-22-323** is enacted to read:

**31A-22-323 . Time-limited demand letter -- Requirements.**

- (1) A person issuing a time-limited demand to settle any claim under this part shall ensure that the letter:
- (a) is in writing;
  - (b) is labeled as a time-limited demand to settle;
  - (c) references this section; and
  - (d) contains material terms, including:

- 30           (i) the time period within which the demand is required to be accepted, which shall  
31           be no fewer than 45 days from the date on which the letter is received by certified  
32           mail;
- 33           (ii) a clear and unequivocal offer to settle all claims within policy limits, including  
34           the satisfaction of all known liens;
- 35           (iii) an offer for a complete release from the claimant of all present and future claims  
36           arising from the occurrence against the insured;
- 37           (iv) the date and location of the loss;
- 38           (v) the claim number, if known;
- 39           (vi) a description of all known injuries alleged to have been sustained by the claimant;
- 40           (vii) reasonable proof of injury sufficient to demonstrate that the claimant sustained  
41           an actual injury arising from the occurrence, including:
- 42           (A) medical records;
- 43           (B) billing statements; and
- 44           (C) sworn statements or other documentation supporting the existence of the  
45           injury; and
- 46           (viii) if the demand references or suggests the possibility of placing a judicial lien  
47           against personal property, a plain-language explanation of the process for  
48           obtaining a judicial lien and a statement advising the insured of the insured's right  
49           to consult independent legal counsel.
- 50       (2) The reasonable proof of injury described in Subsection (1)(a)(vii) does not require  
51       proof, valuation, or quantification of non-economic damages, including pain and  
52       suffering.
- 53       (3) If the insurer or insured reasonably determines that a demand letter fails to include  
54       required material information, the insurer or insured may provide written notice  
55       identifying the deficiency, and the response period is tolled until the deficiency is cured.
- 56       (4)(a) Within a reasonable time after receipt of a time-limited demand letter that  
57       complies with this section, the liability insurer shall provide the insured with a  
58       written disclosure stating:
- 59           (i) whether the insurer agrees to defend the insured against the claim; and
- 60           (ii) whether the insurer agrees to indemnify the insured for any judgment or  
61           settlement arising from the claim, including whether such indemnification is  
62           limited to the applicable policy limits.
- 63       (b) A disclosure made under this Subsection (4):

- 64 (i) does not expand, reduce, or modify coverage under the insurance policy; and
- 65 (ii) is intended solely to provide clarity to the insured regarding the insurer's position.

66 (5)(a) A time-limited demand to settle a claim under this section may not include  
67 demands for economic damages in amounts that exceed the economic damages  
68 reasonably supported by the documentation provided with the demand.

69 (b) Nothing in this subsection requires documentation or valuation of non-economic  
70 damages.

71 (6) Nothing in this section may be construed to alter, limit, or waive:

72 (a) an insurer's duty to act in good faith and deal fairly with the insurer's insured; or

73 (b) any rights or remedies available to an insured arising from an insurer's failure to  
74 accept a reasonable settlement offer within applicable policy limits.

75 Section 2. **Effective Date.**

76 This bill takes effect on May 6, 2026.