

Part 3

Specific Clauses in Contracts

31A-21-301 Clauses required to be in a prominent position.

- (1) The following portions of insurance policies shall appear conspicuously in the policy:
 - (a) as required by Subsections 31A-21-201(3)(a)(iii) and (iv):
 - (i) the exact name of the insurer;
 - (ii) the state of domicile of the insurer; and
 - (iii) for life insurance and annuity policies only, the address of the administrative office of the insurer;
 - (b) information that two or more insurers under Subsection (1)(a) undertake only several liability, as required by Section 31A-21-306;
 - (c) if a policy is assessable, a statement of that;
 - (d) a statement that benefits are variable, as required by Section 31A-22-411; however, the methods of calculation need not be in a prominent position;
 - (e) the right to return a life or accident and health insurance policy under Sections 31A-22-423 and 31A-22-606; and
 - (f) the beginning and ending dates of insurance protection.
- (2) Each clause listed in Subsection (1) shall be displayed conspicuously and separately from any other clause.

Amended by Chapter 32, 2020 General Session

31A-21-302 Premiums.

- (1) Subject to Section 31A-21-310 and Subsection 31A-21-106(1), the policy shall clearly state the amount of the total premium or shall explain in detail how it is calculated. Any fee, charge, or other consideration that is not part of the premium shall be disclosed and explained in writing to the insured. The disclosure and explanation shall be clearly stated either on the policy, or on the insurer's billing to the insured. The premium need not be contained in a certificate issued under a group policy. This Subsection (1) does not preclude premium adjustments or changes upon the renewal or endorsement of an existing policy. However, the renewal or endorsement notice shall contain or be accompanied by a statement of the renewal or endorsement premium or credit.
- (2) Except as provided in Chapter 23a, Insurance Marketing - Licensing Producers, Consultants, and Reinsurance Intermediaries, no person may charge or receive any consideration for the insurance policy which is not stated in Subsection (1).
- (3) No person may knowingly collect any excessive amount as a premium or any amount for insurance which is not in the course of processing. Any amount unknowingly collected shall be returned immediately on learning of the mistake. Prepayment of premiums pursuant to the policy is not an excessive collection. Insurance is in the course of processing if an application has been made for it which is being considered by the insurer, even though it has not yet been accepted or rejected.

Amended by Chapter 298, 2003 General Session

31A-21-303 Cancellation, issuance, and renewal.

- (1)

- (a) Except as otherwise provided in this section, other statutes, or by rule under Subsection (1)(c), this section applies to all policies of insurance:
 - (i) except for:
 - (A) life insurance;
 - (B) accident and health insurance; and
 - (C) annuities; and
 - (ii) if the policies of insurance are issued on forms that are subject to filing under Subsection 31A-21-201(1).
 - (b) A policy may provide terms more favorable to insureds than this section requires.
 - (c) The commissioner may by rule totally or partially exempt from this section classes of insurance policies in which the insureds do not need protection against arbitrary or unannounced termination.
 - (d) The rights provided by this section are in addition to and do not prejudice any other rights the insureds may have at common law or under other statutes.
- (2)
- (a) As used in this Subsection (2), "grounds" means:
 - (i) material misrepresentation;
 - (ii) substantial change in the risk assumed, unless the insurer should reasonably have foreseen the change or contemplated the risk when entering into the contract;
 - (iii) substantial breaches of contractual duties, conditions, or warranties;
 - (iv) attainment of the age specified as the terminal age for coverage, in which case the insurer may cancel by notice under Subsection (2)(c), accompanied by a tender of proportional return of premium; or
 - (v) in the case of motor vehicle insurance, revocation or suspension of the driver's license of:
 - (A) the named insured; or
 - (B) any other person who customarily drives the motor vehicle.
 - (b)
 - (i) Except as provided in Subsection (2)(e) or unless the conditions of Subsection (2)(b)(ii) are met, an insurance policy may not be canceled by the insurer before the earlier of:
 - (A) the expiration of the agreed term; or
 - (B) one year from the effective date of the policy or renewal.
 - (ii) Notwithstanding Subsection (2)(b)(i), an insurance policy may be canceled by the insurer for:
 - (A) nonpayment of a premium when due; or
 - (B) on grounds defined in Subsection (2)(a).
 - (c)
 - (i) The cancellation provided by Subsection (2)(b), except cancellation for nonpayment of premium, is effective no sooner than 30 days after the delivery or first-class mailing of a written notice to the policyholder.
 - (ii) Cancellation for nonpayment of premium of a personal lines policy is effective no sooner than 10 days after delivery or first-class mailing of a written notice to the policyholder.
 - (iii) Cancellation for nonpayment of premium of a commercial lines policy is effective no sooner than 10 days after delivery or first-class mailing of a written notice to:
 - (A) the policyholder;
 - (B) each assignee of the policyholder, if the assignee is named in the policy; and
 - (C) each loss payee or mortgagee or lienholder under property insurance of the policyholder, if the loss payee, mortgagee, or lienholder is named in the policy.

- (iv) An insurer shall deliver or send by first-class mail a copy of the notice of cancellation for nonpayment of premium described in Subsection (2)(c)(iii) to an agent of record of the policyholder on or before the day on which the insurer provides the notice to the policyholder.
- (d)
 - (i) Notice of cancellation for nonpayment of premium shall include a statement of the reason for cancellation.
 - (ii) Subsection (7) applies to the notice required for grounds of cancellation other than nonpayment of premium.
- (e)
 - (i) Subsections (2)(a) through (d) do not apply to any insurance contract that has not been previously renewed if the contract has been in effect less than 60 days on the day on which the written notice of cancellation is mailed or delivered.
 - (ii) A cancellation under this Subsection (2)(e) may not be effective until at least 10 days after the day on which a written notice of cancellation is delivered to the insured.
 - (iii) If the notice required by this Subsection (2)(e) is sent by first-class mail, postage prepaid, to the insured at the insured's last-known address, delivery is considered accomplished after the passing, since the mailing date, of the mailing time specified in the Utah Rules of Civil Procedure.
 - (iv) A policy cancellation subject to this Subsection (2)(e) is not subject to the procedures described in Subsection (7).
- (3) A policy may be issued for a term longer than one year or for an indefinite term if the policy includes a clause providing for cancellation by the insurer by giving notice as provided in Subsection (4)(b)(i) 30 days before an anniversary date.
- (4)
 - (a) Subject to Subsections (2), (3), and (4)(b), a policyholder has a right to have the policy renewed:
 - (i) on the terms then being applied by the insurer to similar risks; and
 - (ii)
 - (A) for an additional period of time equivalent to the expiring term if the agreed term is one year or less; or
 - (B) for one year if the agreed term is longer than one year.
 - (b) Except as provided in Subsections (4)(c) and (5), the right to renewal under Subsection (4)(a) is extinguished if:
 - (i) at least 30 days before the day on which the policy expires or completes an anniversary, the insurer delivers or sends by first-class mail a notice of intention not to renew the policy beyond the agreed expiration or anniversary date to the policyholder at the policyholder's last-known address;
 - (ii) not more than 45 nor less than 14 days before the day on which the renewal premium is due, the insurer delivers or sends by first-class mail a notice to the policyholder at the policyholder's last-known address, clearly stating:
 - (A) the renewal premium;
 - (B) how the renewal premium may be paid, including the due date for payment of the renewal premium;
 - (C) that failure to pay the renewal premium extinguishes the policyholder's right to renewal; and
 - (D) subject to Subsection (4)(e), that the extinguishment of the right to renew for nonpayment of premium is effective no sooner than at least 10 days after delivery or first-class mailing

of a written notice to the policyholder that the policyholder has failed to pay the premium when due;

- (iii) the policyholder has:
 - (A) accepted replacement coverage; or
 - (B) requested or agreed to nonrenewal; or
- (iv) the policy is expressly designated as nonrenewable.
- (c) Unless the conditions of Subsection (4)(b)(iii) or (iv) apply, an insurer may not fail to renew an insurance policy as a result of a telephone call or other inquiry that:
 - (i) references a policy coverage; and
 - (ii) does not result in the insured requesting payment of a claim.
- (d) Failure to renew under this Subsection (4) is subject to Subsection (5).
- (e)
 - (i)
 - (A) If the policy is a personal lines policy, during the period that begins when an insurer delivers or sends by first-class mail the notice described in Subsection (4)(b)(ii)(D) and ends when the premium is paid, coverage exists and premiums are due.
 - (B) If the policy is a commercial lines policy, during the period that begins when an insurer delivers or sends by first-class mail the notice described in Subsection (2)(c)(iii) and ends when the premium is paid, coverage exists and premiums are due.
 - (ii)
 - (A) If after receiving the notice required by Subsection (4)(b)(ii)(D) a personal lines policyholder fails to pay the renewal premium, the coverage is extinguished as of the date the renewal premium is originally due.
 - (B) If after receiving the notice required under Subsection (2)(c)(iii), a commercial lines policyholder fails to pay the renewal premium within the 10 days before the day on which cancellation for nonpayment is effective, the coverage is extinguished as of the day on which the renewal premium is originally due.
 - (iii) Delivery of the notice required by Subsection (2)(c)(iii), (2)(c)(iv), or (4)(b)(ii)(D) includes electronic delivery in accordance with Section 31A-21-316.
 - (iv) An insurer is not subject to Subsection (4)(b)(ii)(D) if:
 - (A) the insurer provides notice of the extinguishment of the right to renew for failure to pay premium at least 15 days, but no longer than 45 days, before the day on which the renewal payment is due; and
 - (B) the policy is a personal lines policy.
 - (v) Subsection (4)(b)(ii)(D) does not apply to a policy that provides coverage for 30 days or less.
- (5) Notwithstanding Subsection (4), an insurer may not fail to renew the following personal lines insurance policies solely on the basis of:
 - (a) in the case of a motor vehicle insurance policy:
 - (i) a claim from the insured that:
 - (A) results from an accident in which:
 - (I) the insured is not at fault; and
 - (II) the driver of the motor vehicle that is covered by the motor vehicle insurance policy is 21 years of age or older; and
 - (B) is the only claim meeting the condition of Subsection (5)(a)(i)(A) within a 36-month period;
 - (ii) a single traffic violation by an insured that:
 - (A) is a violation of a speed limit under Title 41, Chapter 6a, Traffic Code;
 - (B) is not in excess of 10 miles per hour over the speed limit;
 - (C) is not a traffic violation under:

- (I) Section 41-6a-601;
- (II) Section 41-6a-604; or
- (III) Section 41-6a-605;
- (D) is not a violation by an insured driver who is younger than 21 years of age; and
- (E) is the only violation meeting the conditions of Subsections (5)(a)(ii)(A) through (D) within a 36-month period; or
- (iii) a claim for damage that:
 - (A) results solely from:
 - (I) wind;
 - (II) hail;
 - (III) lightning; or
 - (IV) an earthquake;
 - (B) is not preventable by the exercise of reasonable care; and
 - (C) is the only claim meeting the conditions of Subsections (5)(a)(iii)(A) and (B) within a 36-month period; and
- (b) in the case of a homeowner's insurance policy, a claim by the insured that is for damage that:
 - (i) results solely from:
 - (A) wind;
 - (B) hail; or
 - (C) lightning;
 - (ii) is not preventable by the exercise of reasonable care; and
 - (iii) is the only claim meeting the conditions of Subsections (5)(b)(i) and (ii) within a 36-month period.
- (6)
 - (a)
 - (i) Subject to Subsection (6)(b), if the insurer offers or purports to renew the policy, but on less favorable terms or at higher rates, the new terms or rates take effect on the renewal date if the insurer delivered or sent by first-class mail to the policyholder notice of the new terms or rates at least 30 days before the day on which the previous policy expires.
 - (ii) If the insurer did not give the prior notification described in Subsection (6)(a)(i) to the policyholder, the new terms or rates do not take effect until 30 days after the day on which the insurer delivers or sends by first-class mail the notice, in which case the policyholder may elect to cancel the renewal policy at any time during the 30-day period.
 - (iii) Return premiums or additional premium charges shall be calculated proportionately on the basis that the old rates apply.
 - (b) Except as provided in Subsection (6)(c), Subsection (6)(a) does not apply if the only change in terms that is adverse to the policyholder is:
 - (i) a rate increase generally applicable to the class of business to which the policy belongs;
 - (ii) a rate increase resulting from a classification change based on the altered nature or extent of the risk insured against; or
 - (iii) a policy form change made to make the form consistent with Utah law.
 - (c) Subsections (6)(b)(i) and (ii) do not apply to a rate increase of 25% or more on a commercial policy.
- (7)
 - (a) If a notice of cancellation or nonrenewal under Subsection (2)(c) does not state with reasonable precision the facts on which the insurer's decision is based, the insurer shall send by first-class mail or deliver that information within 10 working days after receipt of a written request by the policyholder.

- (b) A notice under Subsection (2)(c) is not effective unless it contains information about the policyholder's right to make the request.
- (8)
 - (a) An insurer that gives a notice of nonrenewal or cancellation of insurance on a motor vehicle insurance policy issued in accordance with the requirements of Chapter 22, Part 3, Motor Vehicle Insurance, for nonpayment of a premium shall provide notice of nonrenewal or cancellation to a lienholder if the insurer has been provided the name and mailing address of the lienholder.
 - (b) An insurer shall provide the notice described in Subsection (8)(a) to the lienholder by first-class mail or, if agreed by the parties, any electronic means of communication.
 - (c) A lienholder shall provide a current physical address of notification or an electronic address of notification to an insurer that is required to make a notification under Subsection (8)(a).
- (9) If a risk-sharing plan under Section 31A-2-214 exists for the kind of coverage provided by the insurance being cancelled or nonrenewed, a notice of cancellation or nonrenewal required under Subsection (2)(c) or (4)(b)(i) may not be effective unless the notice contains instructions to the policyholder for applying for insurance through the available risk-sharing plan.
- (10) There is no liability on the part of, and no cause of action against, any insurer, its authorized representatives, agents, employees, or any other person furnishing to the insurer information relating to the reasons for cancellation or nonrenewal or for any statement made or information given by them in complying or enabling the insurer to comply with this section unless actual malice is proved by clear and convincing evidence.
- (11) This section does not alter any common law right of contract rescission for material misrepresentation.
- (12) If a person is required to pay a premium in accordance with this section:
 - (a) the person may make the payment using:
 - (i) the United States Postal Service;
 - (ii) a delivery service the commissioner describes or designates by rule made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act; or
 - (iii) electronic means; and
 - (b) the payment is considered to be made:
 - (i) for a payment that is mailed using the method described in Subsection (12)(a)(i), on the date on which the payment is postmarked;
 - (ii) for a payment that is delivered using the method described in Subsection (12)(a)(ii), on the date on which the delivery service records or marks the payment as having been received by the delivery service; or
 - (iii) for a payment that is made using the method described in Subsection (12)(a)(iii), on the date on which the payment is made electronically.

Amended by Chapter 198, 2022 General Session

31A-21-304 Special cancellation provisions.

Whether or not Section 31A-21-303 is also applicable:

- (1) Section 31A-21-305 applies to cancellation on request of a premium finance company;
- (2) Section 70C-6-304 applies to cancellation upon request of a creditor; and
- (3) Sections 41-12a-404 and 41-12a-405 apply to the cancellation or other termination of insurance coverage or of a surety bond after the insurer or surety has provided a certificate of insurance or suretyship to the Department of Public Safety.

Amended by Chapter 91, 1987 General Session

31A-21-305 Cancellation upon request of a premium finance company.

- (1) As used in this section:
 - (a) "Insurance premium finance company" means a person engaged in the business of entering into premium finance agreements.
 - (b) "Premium finance agreement" means an agreement by which an insured or prospective insured promises to pay to an insurance premium finance company the amount advanced or to be advanced under the agreement to an insurer or to an insurance producer in payment of premiums on an insurance policy, together with a service charge, an interest charge, or both.
- (2) When a premium finance agreement contains a power of attorney or other authority enabling the insurance premium finance company to cancel any insurance policy listed in the agreement, the following applies:
 - (a) Not less than 10 days' written notice of the intent of the insurance premium finance company to order cancellation of the insurance policy, unless the policyholder's default is cured prior to the date stated in the notice, shall be delivered or mailed first-class to the policyholder. The insurance producer indicated on the premium finance agreement shall also be given the same notice.
 - (b) Pursuant to the power of attorney or other authority, evidence of which is delivered to the insurer, the insurance premium finance company may order cancellation on behalf of the insured. This cancellation shall be effected by mailing to the insurer a written notice stating when the cancellation is effective. The insurance policy shall be cancelled as if the notice of cancellation had been given by the insured, but without requiring the return of the insurance policy. The insurance premium finance company shall also send a copy of the same notice to the insured at his last known address and to the insurance producer indicated on the premium finance agreement.
 - (c) Where statutory, rule, or contractual restrictions provide that the insurance policy may not be cancelled unless notice is given to a governmental agency, mortgagee, or other third party, the insurer shall give the prescribed notice on behalf of itself or the insured to that governmental agency, mortgagee, or other third party within a reasonable time after the day it receives the notice of cancellation from the premium finance company. When any statutory, rule, or contractual restrictions require the continuation of insurance beyond the effective date of cancellation specified by the premium finance company, the insurance is limited to the coverage required by those restrictions and to the persons those restrictions are designed to protect.
 - (d) Whenever a financed insurance policy is cancelled, the insurer shall return any unearned premiums due under the insurance policy to the insurance premium finance company for the account of the insured, and this action by the insurer satisfies the insurer's obligations under the insurance policy which relate to the return of unearned premiums. If the crediting of return premiums to the account of the insured results in a surplus over the amount due from the insured, the premium finance company shall refund that excess to the insured if it exceeds \$5.
- (3) No filing of the premium finance agreement or recording of a premium finance transaction is necessary to perfect the validity of the agreement as a secured transaction as against creditors, subsequent purchasers, pledgees, encumbrancers, successors, or assigns.

Amended by Chapter 298, 2003 General Session

31A-21-306 Policies or surety bonds jointly issued.

Two or more insurers may together issue a policy or surety bond. Their liability shall be joint and several with respect to the policy or bond. The policy or bond shall state the proportion or amount of premium to be paid to each insurer and, as between the issuing insurers, the type and the proportion or amount of liability each insurer assumes. Service of process on any of the insurers is service on all of them.

Amended by Chapter 204, 1986 General Session

31A-21-307 Other insurance.

- (1) When two or more policies promise to indemnify an insured against the same loss without intending cumulative coverage, no "other insurance" provisions of the policies may reduce the aggregate protection of the insured below the lesser of the actual insured loss suffered by the insured and the maximum indemnification promised by any policy without regard to any "other insurance" provision.
- (2) Subject to Subsection (1), the policies may by their terms define the extent to which each insurance is primary and each is excess, but if the "other insurance" terms of the policies are inconsistent, there is joint and several liability to the insured on any coverage which overlaps and which has inconsistent terms. Subsequent settlement among the insurers does not alter any rights of the insured. The commissioner may adopt rules consistent with this section concerning "other insurance."
- (3) This section does not apply to accident and health insurance policies. Refer to Section 31A-22-619 for the coordination of accident and health benefits.

Amended by Chapter 116, 2001 General Session

31A-21-308 Limitations on loss to be borne by insurer.

- (1) An insurance policy indemnifying an insured against loss may by clear language limit the part of the loss to be paid by the insurer to a specified or determinable maximum amount, to loss in excess of a specified or determinable amount, to a specified proportion of the loss which may vary with the amount of the loss, or to any combination of these methods. If the policy covers various risks, different limitations may be provided separately for each risk, if the policy clearly states that.
- (2) A policy indemnifying an insured against loss of or damage to property may limit the part of the loss to be paid by the insurer to a percentage of the total loss that corresponds to the ratio of the insured sum to a specified percentage of the value of the insured property.

Enacted by Chapter 242, 1985 General Session

31A-21-309 Nonwaiver clause.

An insurer may insert a provision in any insurance policy that no change in the policy is valid unless approved by an executive officer of the insurer, or unless the approval is endorsed on the policy or attached to it, or both, and that no agent has authority to change the policy or waive any of its provisions. This does not preclude a person claiming a right under the policy from relying on waiver or estoppel in an appropriate case.

Enacted by Chapter 242, 1985 General Session

31A-21-310 Dividends on policies.

- (1) Section 31A-22-418 applies to life insurance and annuities.
- (2) Any insurer may distribute a portion of surplus attributable to policies other than life insurance or annuities, in amounts and with classifications the board of directors determines to be fair and reasonable. This distribution may not be contingent on the renewal of any policy or of premium payments unless the policy stated that limitation when it was written. A schedule explaining the basis for the distribution shall be filed with the commissioner prior to the distribution. The schedule shall be kept confidential by the commissioner unless he finds that the interests of insureds and the public require that it be made public.
- (3) Any insurer may distribute surplus to any class of policyholder, even if their policies do not provide for it. A schedule explaining the basis for the distribution shall be filed with the commissioner under Subsection (2) at least 30 days prior to the distribution. The commissioner shall disallow any distribution which is materially unfair to other policyholders or which would place the insurer in a financially hazardous condition.
- (4) It is permissible to provide an indivisible dividend to classes of policyholders having more than one type of policy, including a combination of life or annuities with other types of insurance.

Enacted by Chapter 242, 1985 General Session

31A-21-311 Delivery of policy or certificate.

- (1)
 - (a) An insurer issuing an individual or group life insurance policy or an accident and health insurance policy shall deliver a copy of the policy to the policyholder as soon as practicable but no later than 90 days after the day on which the coverage is effective.
 - (b) The policy described in this Subsection (1) shall:
 - (i) provide the exact name of the insurer; and
 - (ii) state the state of domicile of the insurer.
- (2)
 - (a)
 - (i) Except under Subsection (2)(d), an insurer issuing a group insurance policy other than a blanket insurance policy shall, as soon as practicable after the coverage is effective, but no later than 90 days after the day on which the coverage is effective, provide a certificate for each member of the insured group, except that only one certificate need be provided for the members of a family unit.
 - (ii) The certificate described in this Subsection (2) shall:
 - (A) provide the exact name of the insurer;
 - (B) state the state of domicile of the insurer; and
 - (C) contain a summary of the essential features of the insurance coverage, including:
 - (I) any rights of conversion to an individual policy;
 - (II) in the case of group life insurance, any continuation of coverage during total disability;and
 - (III) in the case of group life insurance, the incontestability provision.
 - (iii) Upon receiving a written request, the insurer shall inform any insured how the insured may inspect, during normal business hours at a place reasonably convenient to the insured:
 - (A) a copy of the policy; or
 - (B) a summary of the policy containing all the details that are relevant to the certificate holder.
 - (b) The commissioner may by rule impose a requirement similar to Subsection (2)(a) on any class of blanket insurance policies for which the commissioner finds that the group of persons

covered is constant enough for that type of action to be practicable and not unreasonably expensive.

(c)

- (i) A certificate shall be provided in a manner reasonably calculated to bring the certificate to the attention of the certificate holder.
 - (ii) The insurer may deliver or mail a certificate:
 - (A) directly to the certificate holders; or
 - (B) in bulk to the policyholder to transmit to certificate holders.
 - (iii) An affidavit by the insurer that the insurer mailed the certificates in the usual course of business creates a rebuttable presumption that the insurer has mailed the certificate to:
 - (A) a certificate holder; or
 - (B) a policyholder as provided in Subsection (2)(c)(ii)(B).
- (d) The commissioner may by rule or order prescribe substitutes for delivery or mailing of certificates that are reasonably calculated to inform a certificate holder of the certificate holder's rights, including:
- (i) booklets describing the coverage;
 - (ii) the posting of notices in the place of business; or
 - (iii) publication in a house organ.
- (3) Unless a policy, certificate or an authorized substitute has been made available to the policyholder or certificate holder, as applicable, when required by this section, an act or omission forbidden to or required of the policyholder or certificate holder by the policy or certificate after the coverage has become effective as to the policyholder or certificate holder, other than intentionally causing the loss insured against or failing to make required contributory premium payments, may not affect the insurer's obligations under the insurance contract.

Amended by Chapter 193, 2019 General Session

31A-21-312 Notice and proof of loss.

- (1) Every insurance policy shall provide that:
 - (a) when notice of loss is required separately from proof of loss, notice given by or on behalf of the insured to any authorized agent of the insurer within this state, with particulars sufficient to identify the policy, is notice to the insurer; and
 - (b) failure to give any notice or file any proof of loss required by the policy within the time specified in the policy does not invalidate a claim made by the insured, if the insured shows that it was not reasonably possible to give the notice or file the proof of loss within the prescribed time and that notice was given or proof of loss filed as soon as reasonably possible.
- (2) Failure to give notice or file proof of loss as required by Subsection (1)(b) does not bar recovery under the policy if the insurer fails to show it was prejudiced by the failure. This subsection may not be construed to extend the statute of limitations applicable under Section 31A-21-313.
- (3) The insurer shall, on request, promptly furnish an insured any forms or instructions needed to make a proof of loss.
- (4) As an alternative to giving notice directly under Subsection (1)(a), it is a sufficient service of notice or of proof of loss if a first class postage prepaid envelope addressed to the insurer and containing the proper notice or proof of loss is deposited in any United States post office within the time prescribed.
- (5) The commissioner shall adopt rules dealing with notice of loss and proof of loss time limitations under insurance policies. Under Section 31A-21-202, the commissioner's express approval

shall be received before any contract clause requiring notice of loss or proof of loss in a manner inconsistent with the rule may be used in an insurance contract.

- (6) The acknowledgment by the insurer of the receipt of notice, the furnishing of forms for filing proofs of loss, the acceptance of those proofs, or the investigation of any claim are not alone sufficient to waive any of the rights of the insurer in defense of any claim arising under the insurance policy.

Amended by Chapter 297, 2011 General Session

31A-21-313 Limitation of actions.

- (1)
- (a) A person shall commence an action on a written policy or contract of first party insurance within three years after the inception of the loss except as provided in:
 - (i) Subsection 31A-22-305(11); and
 - (ii) Subsection 31A-22-307(7).
 - (b) The inception of the loss on a fidelity bond is the date the insurer first denies all or part of a claim made under the fidelity bond.
- (2) Except as provided in Subsection (1) or elsewhere in this title, an action on a written policy or contract for insurance is subject to the law applicable to limitation of actions in Title 78B, Chapter 2, Statutes of Limitations.
- (3) An insurance policy may not:
- (a) limit the time for beginning an action on the policy to a time less than that authorized by statute;
 - (b) prescribe in what court an action may be brought on the policy; or
 - (c) provide that no action may be brought, subject to permissible arbitration provisions in contracts.
- (4)
- (a) Unless by verified complaint it is alleged that prejudice to the complainant will arise from a delay in bringing suit against an insurer, which prejudice is other than the delay itself, an action may not be brought against an insurer on an insurance policy to compel payment under the insurance policy until the earlier of:
 - (i) 60 days after proof of loss has been furnished as required under the policy;
 - (ii) waiver by the insurer of proof of loss; or
 - (iii)
 - (A) the insurer's denial of full payment; or
 - (B) for an accident and health insurance policy, the insurer's denial of payment.
 - (b) Under an accident and health insurance policy, an insurer may not require the completion of an appeals process that exceeds the provisions in 29 C.F.R. Sec. 2560.503-1 to bring suit under this Subsection (4).
- (5) The period of limitation is tolled during the period in which the parties conduct an appraisal or arbitration procedure prescribed by the insurance policy, by law, or as agreed to by the parties.

Amended by Chapter 185, 2023 General Session

31A-21-314 Prohibited provisions.

- (1) As used in this section:
- (a) "Reserving discretionary authority" means a policy provision that:
 - (i) has the effect of conferring discretion on an insurer, or other claim administrator, to:

- (A) determine eligibility for benefits; or
- (B) interpret the terms or provisions of the policy, contract, certificate, or agreement; and
- (ii) could lead to a deferential standard of review by a reviewing court.
- (b) "Reserving discretionary authority" does not include a policy provision that:
 - (i) informs an insured that, as part of the insurer's routine operations, the insurer applies the terms of the contract for:
 - (A) making a decision, including making a determination regarding eligibility, or receipt of benefits or claims; or
 - (B) explaining the insurer's policies and procedures; and
 - (ii) does not give rise to a deferential standard of review by a reviewing court.
- (2) An insurance policy subject to this chapter may not contain a provision:
 - (a) requiring the insurance policy to be construed according to the laws of another jurisdiction except as necessary to meet the requirements of compulsory insurance laws of other jurisdictions;
 - (b) depriving Utah courts of jurisdiction over an action against the insurer, except as provided in permissible arbitration provisions;
 - (c) limiting the right of action against the insurer to less than three years from the date the cause of action accrues; or
 - (d) for life insurance or accident and health insurance, reserving discretionary authority.
- (3) For purposes of Subsection (2)(c), the cause of action accrues on a fidelity bond on the date the insurer first denies all or part of a claim made under the fidelity bond.

Amended by Chapter 351, 2018 General Session

31A-21-315 Refund of canceled health insurance premiums and Medicare supplement insurance premiums.

- (1) As used in this section, "unearned amount of the collected premium" means the amount of the collected premium applicable to the unexpired portion of the time period to which the policy or certificate relates.
- (2) If a health insurance policy or a Medicare supplement policy is cancelled for a reason other than a material misrepresentation, the insurer shall refund the unearned amount of the collected premium.
- (3) If an insurer cancels a health insurance policy or a Medicare supplement policy because of a material misrepresentation on the application, the insurer shall refund all premiums collected minus claims that have been paid.

Amended by Chapter 156, 2009 General Session

31A-21-316 Electronic notices and documents.

- (1) As used in this section:
 - (a) "Delivered by electronic means" includes:
 - (i) delivery to an electronic mail address at which a party has consented to receive a notice or document; or
 - (ii) posting on an electronic network or site accessible by way of the Internet, a mobile application, a computer, a mobile device, a tablet, or any other electronic device, together with separate notice of the posting that is provided by:
 - (A) electronic mail to the address at which the party has consented to receive notice; or
 - (B) any other delivery method that has been consented to by the party.

- (b)
 - (i) "Party" means a recipient of a notice or document required as part of an insurance transaction.
 - (ii) "Party" includes an applicant, an insured, or a policyholder.
- (c) "Policy document" means a policy, certificate, amendment, or endorsement.
- (2) Subject to Subsections (4) and (5), a notice to a party or another document required under applicable law in an insurance transaction or that serves as evidence of insurance coverage may be delivered, stored, and presented by electronic means if it meets the requirements of Title 46, Chapter 4, Uniform Electronic Transactions Act.
- (3) Delivery of a notice or document in accordance with this section is considered equivalent to any delivery method required under applicable law.
- (4) A notice or document may be delivered by electronic means by an insurer to a party under this section if:
 - (a) the party has affirmatively consented to that method of delivery and has not withdrawn the consent;
 - (b) the party, before giving consent, is provided with a clear and conspicuous statement informing the party of:
 - (i) any right or option of the party to have the notice or document provided or made available in paper or another nonelectronic form;
 - (ii) the right of the party to withdraw consent to have a notice or document delivered by electronic means, including:
 - (A) a condition or consequence imposed if consent is withdrawn;
 - (B) when the insurer will make the party's withdrawal effective, during or at the conclusion of the policy term; and
 - (C) the procedure a party is to follow to withdraw consent to have a notice or document delivered by electronic means;
 - (iii) whether the party's consent applies:
 - (A) only to the particular transaction as to which the notice or document must be given; or
 - (B) to identified categories of notices or documents that may be delivered by electronic means during the course of the party's relationship with the insured; and
 - (iv) the means, after consent is given, by which a party may obtain a paper copy of a notice or document delivered by electronic means; and
 - (c) the party:
 - (i) before giving consent, is provided with a statement of the electronic delivery and retrieval method requirements for access to and retention of a notice or document delivered by electronic means;
 - (ii) consents electronically, or confirms consent electronically, in a manner that reasonably demonstrates that the party can access information in the electronic form that will be used for a notice or document delivered by electronic means as to which the party has given consent; and
 - (iii) is provided a process to update information needed to contact the party electronically;
 - (d) after consent of the party is given and if a change in the electronic delivery or retrieval methods creates a substantial risk that the party will not be able to access or retain a subsequent notice or document to which the consent applies, the insurer:
 - (i) provides the party with a statement of:
 - (A) the revised electronic delivery or retrieval methods; and
 - (B) the right of the party to withdraw consent without the imposition of any condition or consequence that was not disclosed under Subsection (4)(b)(ii);

- (ii) complies with Subsection (4)(b); and
- (e) an insurer files with the department the consent statement described under Subsection (4)(b), which includes conditions or consequences for a party to revoke the party's consent to conduct an insurance transaction, electronically.
 - (i) An insurer shall file the consent statement described in Subsection (4)(b) before the insurer uses the consent statement.
 - (ii) The insurer shall communicate to the party in accordance with Subsection (4)(b) the conditions or consequences for a party to revoke the party's consent.
- (5)
 - (a) An insurer may deliver a policy document to a party, by electronic means and without the party's consent to receive the policy document by electronic means, if:
 - (i) the party has not withdrawn the consent described in this Subsection (5);
 - (ii) the insurer provides a clear and conspicuous statement in paper form, to the party, informing the party of:
 - (A) the party's right or option to have the policy document provided or made available in paper or another nonelectronic form;
 - (B) the party's right to withdraw consent to the electronic delivery of a policy document, including the procedure a party must follow to withdraw consent to electronic delivery of a policy document;
 - (C) policy documents that the insurer may deliver electronically;
 - (D) the means by which a party may obtain a paper copy of a policy document that the insurer delivered electronically;
 - (E) the electronic delivery and retrieval method requirements for access to and retention of a policy document delivered electronically; and
 - (F) the process to update the party's electronic contact information; and
 - (iii) the party demonstrates the ability to electronically access the information contained in the policy document.
 - (b) This Subsection (5) does not apply to a life insurance policy document.
- (6) A withdrawal of consent by a party does not affect the legal effectiveness, validity, or enforceability of a notice or document delivered by electronic means to the party before the withdrawal of consent is effective.
- (7) This section does not affect requirements related to content or timing of any notice or document required under applicable law.
- (8) If a provision of this title or applicable law requiring a notice or document to be provided to a party expressly requires verification or acknowledgment of receipt of the notice or document, the notice or document may be delivered by electronic means only if the method used provides for verification or acknowledgment of receipt.
- (9) The legal effectiveness, validity, or enforceability of a contract or policy of insurance executed by a party may not be denied solely because of the failure to obtain electronic consent or confirmation of consent of the party in accordance with Subsection (4)(c)(ii).
- (10) This section does not apply to or affect a notice or document delivered by an insurer in an electronic form before July 1, 2014, to a party who, before July 1, 2014, has consented to receive the notice or document in an electronic form otherwise allowed by law.
- (11) If the consent of a party to receive certain notices or documents in an electronic form is on file with an insurer before July 1, 2014, and pursuant to this section, an insurer intends to deliver an additional notice or document to the party in an electronic form, then before delivering the additional notices or documents electronically, the insurer shall notify the party of:

- (a) the notices or documents that may be delivered by electronic means under this section that were not previously delivered electronically; and
 - (b) the party's right to withdraw consent to have notices or documents delivered by electronic means.
- (12)
- (a) Except as otherwise provided by Section 31A-21-102, if an oral communication or a recording of an oral communication from a party can be reliably stored and reproduced by an insurer, the oral communication or recording may qualify as a notice or document delivered by electronic means for purposes of this section.
 - (b) If a provision of this title or applicable law requires a signature, notice, or document to be notarized, acknowledged, verified, or made under oath, the requirement is satisfied if the electronic signature of the party authorized to perform those acts, together with all other information required to be included by the provision, is attached to or logically associated with the signature, notice, or document.
- (13) For purposes of this section, an insurer's failure to comply with Subsection (4) or (5) constitutes a withdrawal of the party's consent.
- (14) A party is presumed to have withdrawn consent under this section if the email address the party provides to receive a policy document returns a message stating that the message is undeliverable each time the insurer attempts electronic delivery over a period of up to two business days.
- (15) This section may not be construed to modify, limit, or supersede the federal Electronic Signatures in Global and National Commerce Act, P. Law 106-229, as amended.

Amended by Chapter 120, 2024 General Session