

1                                   **MOTOR VEHICLE LIABILITY COVERAGE**

2   1999 GENERAL SESSION

3   STATE OF UTAH

4                                   **Sponsor: John L. Valentine**

5 AN ACT RELATING TO INSURANCE; AMENDING MOTOR VEHICLE LIABILITY  
6 COVERAGE PROVISIONS.

7 This act affects sections of Utah Code Annotated 1953 as follows:

8 AMENDS:

9           **31A-22-303**, as last amended by Chapters 181 and 325, Laws of Utah 1998

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

11           Section 1. Section **31A-22-303** is amended to read:

12           **31A-22-303. Motor vehicle liability coverage.**

13           (1) (a) In addition to complying with the requirements of Chapter 21 and Part II of Chapter  
14 22, a policy of motor vehicle liability coverage under Subsection 31A-22-302(1)(a) shall:

15           (i) name the motor vehicle owner or operator in whose name the policy was purchased,  
16 state that named insured's address, the coverage afforded, the premium charged, the policy period,  
17 and the limits of liability;

18           (ii) (A) if it is an owner's policy, designate by appropriate reference all the motor vehicles  
19 on which coverage is granted, insure the person named in the policy, insure any other person using  
20 any named motor vehicle with the express or implied permission of the named insured, and, except  
21 as provided in Subsection (7), insure any person included in Subsection (1)(a)(iii) against loss from  
22 the liability imposed by law for damages arising out of the ownership, maintenance, or use of these  
23 motor vehicles within the United States and Canada, subject to limits exclusive of interest and  
24 costs, for each motor vehicle, in amounts not less than the minimum limits specified under Section  
25 31A-22-304; or

26           (B) if it is an operator's policy, insure the person named as insured against loss from the  
27 liability imposed upon him by law for damages arising out of the insured's use of any motor

28 vehicle not owned by him, within the same territorial limits and with the same limits of liability  
29 as in an owner's policy under Subsection (1) (ii)(A);

30 (iii) except as provided in Subsection (7), insure persons related to the named insured by  
31 blood, marriage, adoption, or guardianship who are residents of the named insured's household,  
32 including those who usually make their home in the same household but temporarily live  
33 elsewhere, to the same extent as the named insured and the available coverage of the policy may  
34 not be reduced to the persons described in this Subsection (1)(a)(iii) because:

35 (A) a permissive user driving a covered motor vehicle is at fault in causing an accident;

36 or

37 (B) the named insured or any of the persons described in this Subsection (1)(a)(iii) driving  
38 a covered motor vehicle is at fault in causing an accident; and

39 (iv) cover damages or injury resulting from a covered driver of a motor vehicle who is  
40 stricken by an unforeseeable paralysis, seizure, or other unconscious condition and who is not  
41 reasonably aware that paralysis, seizure, or other unconscious condition is about to occur to the  
42 extent that a person of ordinary prudence would not attempt to continue driving.

43 (b) The driver's liability under Subsection (1)(a)(iv) is limited to the insurance coverage.

44 (2) (a) A policy containing motor vehicle liability coverage under Subsection  
45 31A-22-302(1)(a) may:

46 (i) provide for the prorating of the insurance under that policy with other valid and  
47 collectible insurance;

48 (ii) grant any lawful coverage in addition to the required motor vehicle liability coverage;

49 (iii) if the policy is issued to a person other than a motor vehicle business, limit the  
50 coverage afforded to a motor vehicle business or its officers, agents, or employees to the minimum  
51 limits under Section 31A-22-304, and to those instances when there is no other valid and  
52 collectible insurance with at least those limits, whether the other insurance is primary, excess, or  
53 contingent; and

54 (iv) if issued to a motor vehicle business, restrict coverage afforded to anyone other than  
55 the motor vehicle business or its officers, agents, or employees to the minimum limits under  
56 Section 31A-22-304, and to those instances when there is no other valid and collectible insurance  
57 with at least those limits, whether the other insurance is primary, excess, or contingent.

58 (b) (i) The liability insurance coverage of a permissive user of a motor vehicle owned by

59 a motor vehicle business shall be primary coverage.

60 (ii) The liability insurance coverage of a motor vehicle business shall be secondary to the  
61 liability insurance coverage of a permissive user as specified under Subsection (2)(b)(i).

62 (3) Motor vehicle liability coverage need not insure any liability:

63 (a) under any workers' compensation law under Title 34A;

64 (b) resulting from bodily injury to or death of an employee of the named insured, other  
65 than a domestic employee, while engaged in the employment of the insured, or while engaged in  
66 the operation, maintenance, or repair of a designated vehicle; or

67 (c) resulting from damage to property owned by, rented to, bailed to, or transported by the  
68 insured.

69 (4) An insurance carrier providing motor vehicle liability coverage has the right to settle  
70 any claim covered by the policy, and if the settlement is made in good faith, the amount of the  
71 settlement is deductible from the limits of liability specified under Section 31A-22-304.

72 (5) A policy containing motor vehicle liability coverage imposes on the insurer the duty  
73 to defend, in good faith, any person insured under the policy against any claim or suit seeking  
74 damages which would be payable under the policy.

75 (6) (a) If a policy containing motor vehicle liability coverage provides an insurer with the  
76 defense of lack of cooperation on the part of the insured, that defense is not effective against a third  
77 person making a claim against the insurer, unless there was collusion between the third person and  
78 the insured.

79 (b) If the defense of lack of cooperation is not effective against the claimant, after  
80 payment, the insurer is subrogated to the injured person's claim against the insured to the extent  
81 of the payment and is entitled to reimbursement by the insured after the injured third person has  
82 been made whole with respect to the claim against the insured.

83 (7) A policy of motor vehicle liability coverage under Subsection 31A-22-302(1) may  
84 specifically exclude from coverage a person who is a resident of the named insured's household,  
85 including a person who usually makes his home in the same household but temporarily lives  
86 elsewhere, if each person excluded from coverage satisfies the owner's or operator's security  
87 requirement of Section 41-12a-301, independently of the named insured's proof of owner's or  
88 operator's security.

89 (8) A policy of motor vehicle liability coverage may limit coverage to the policy minimum

90 limits under Section 31A-22-304 if the insured motor vehicle is operated by a person who has  
91 consumed any alcohol or any illegal drug or § ILLEGAL § substance **h** IF THE POLICY OR A  
91a SPECIFICALLY REDUCED PREMIUM WAS EXTENDED TO THE INSURED UPON EXPRESS WRITTEN  
91b DECLARATION EXECUTED BY THE INSURED THAT THE INSURED MOTOR VEHICLE WOULD NOT  
91c BE SO OPERATED **h** .

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**Legislative Review Note**  
**as of 2-3-99 4:23 PM**

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

**Office of Legislative Research and General Counsel**