

1 **RECOVERY OF DAMAGES FOR LOSS OF USE**
2 **OF A MOTOR VEHICLE**

3 2002 GENERAL SESSION

4 STATE OF UTAH

5 **Sponsor: Greg J. Curtis**

6 **This act modifies the Insurance Code to specify how damages for loss of use of a rental**
7 **vehicle and administrative fees are calculated.**

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

9 AMENDS:

10 **31A-22-311**, as last amended by Chapter 316, Laws of Utah 1994

11 ENACTS:

12 **31A-22-312.5**, Utah Code Annotated 1953

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

14 Section 1. Section **31A-22-311** is amended to read:

15 **31A-22-311. Definitions.**

16 As used in Sections 31A-22-312, 31A-22-312.5, and 31A-22-314:

17 (1) "Administrative fee" means a fee collected under Section 31A-22-312.5 to offset
18 expenses incurred in administrating the collection and resolution of a claim.

19 [(+)] (2) "Authorized driver" means the person to whom the vehicle is rented and includes:

20 (a) his spouse if a licensed driver satisfying the rental company's minimum age
21 requirement;

22 (b) his employer or coworker if engaged in business activity with the renter and if they are
23 licensed drivers satisfying the rental company's minimum age requirement;

24 (c) any person who operates the vehicle during an emergency situation;

25 (d) any person who operates the vehicle while parking the vehicle at a commercial
26 establishment; or

27 (e) any person expressly listed by the rental company on the rental agreement as an



28 authorized driver.

29 ~~[(2)]~~ (3) "Damage" means any damage or loss to the rented vehicle resulting from a
30 collision, or other physical damage or loss to a vehicle, including:

31 (a) loss of use ~~[and]~~ during the time that is reasonably necessary to repair or replace a
32 motor vehicle as calculated under Section 31A-22-312.5;

33 (b) any costs and expenses incident to the damage or loss[-];

34 (c) an administrative fee associated with the loss collected under Section 31A-22-312.5;

35 and

36 (d) the difference between the value of a vehicle immediately before and immediately after
37 a repair.

38 ~~[(3)]~~ (4) "Rental agreement" means any written agreement stating the terms and conditions
39 governing the use of a private passenger motor vehicle provided by a rental company.

40 ~~[(4)]~~ (5) "Rental company" means any person or organization in the business of providing
41 private passenger motor vehicles to the public.

42 ~~[(5)]~~ (6) "Renter" means any person or organization obtaining the use of a private
43 passenger motor vehicle from a rental company under the terms of a rental agreement.

44 Section 2. Section **31A-22-312.5** is enacted to read:

45 **31A-22-312.5. Calculation of damages for loss of use -- Limitation of administrative**
46 **fee.**

47 (1) Damages for loss of use of a rental vehicle shall be calculated based on a good faith
48 estimate of the number of hours of labor needed to repair the parts of the vehicle that are damaged,
49 limited to a maximum of 30 days, calculated as follows:

50 (a) one day equals four labor hours, representing the average number of hours a vehicle
51 is worked on per day;

52 (b) two days for weekends shall be added for every five repair days;

53 (c) three days for administration shall be added to account for time needed to:

54 (i) obtain an estimate; and

55 (ii) transport the vehicle to and from the repair facility.

56 (2) In the event of a total loss of the vehicle, damages for loss of use may not exceed 30
57 days as calculated under Subsections (1)(a), (b), and (c).

58 (3) An administrative fee may not exceed:

59 (a) 10% of the total estimated cost for repairs and labor, if the damage is \$1,500 or less;

60 or

61 (b) the amount calculated under Subsection (3)(a) for the first \$1,500 of the total estimated

62 cost for repairs and labor, plus 7.5% of the total estimated cost for repairs and labor that exceeds

63 \$1,500, if the damage exceeds \$1,500.

Legislative Review Note

as of 2-5-02 10:08 AM

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

Office of Legislative Research and General Counsel