

1 **MOTOR VEHICLE LIABILITY POLICY**

2 **MINIMUM LIMITS**

3 2008 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Sheldon L. Killpack**

6 House Sponsor: Stephen H. Urquhart

7

8 **LONG TITLE**

9 **General Description:**

10 This bill modifies the Insurance Code by amending provisions relating to motor vehicle
11 liability coverage policy limits.

12 **Highlighted Provisions:**

13 This bill:

14 ▶ amends the definition of owner's and operator's security to clarify that certain motor
15 vehicle insurance policies issued or renewed prior to ~~H→ [July 1, 2008]~~ January 1, 2009 ←H satisfy
15a the owner's

16 or operator's security requirement;

17 ▶ increases the minimum policy limits for motor vehicle liability coverage; and

18 ▶ makes technical changes.

19 **Monies Appropriated in this Bill:**

20 None

21 **Other Special Clauses:**

22 This bill takes effect on ~~H→ [July 1, 2008]~~ January 1, 2009 ←H .

23 This bill provides revisor instructions.

24 **Utah Code Sections Affected:**

25 AMENDS:

26 **31A-22-304**, as last amended by Laws of Utah 1993, Chapter 271

27 **41-12a-103**, as last amended by Laws of Utah 1993, Chapters 212 and 234



28 **41-12a-306**, as last amended by Laws of Utah 2004, Chapter 90
 29 **41-12a-405**, as last amended by Laws of Utah 1991, Chapter 203

30

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

32 Section 1. Section **31A-22-304** is amended to read:

33 **31A-22-304. Motor vehicle liability policy minimum limits.**

34 Policies containing motor vehicle liability coverage may not limit the insurer's liability
 35 under that coverage below the following:

36 (1) (a) ~~Ĥ~~→ [F] **\$25,000** [F] ~~[\$30,000]~~ ←~~Ĥ~~ because of liability for bodily injury to or
 36a death of one

37 person, arising out of the use of a motor vehicle in any one accident;

38 (b) subject to the limit for one person in Subsection (1)(a), in the amount of [~~\$50,000~~]

39 ~~Ĥ~~→ [~~\$60,000~~] **\$65,000** ←~~Ĥ~~ because of liability for bodily injury to or death of two or more
 39a persons arising out of

40 the use of a motor vehicle in any one accident; and

41 (c) in the amount of ~~Ĥ~~→ [F] **\$15,000** [F] [~~\$20,000~~] ←~~Ĥ~~ because of liability for injury to, or
 41a destruction

42 of, property of others arising out of the use of a motor vehicle in any one accident; or

43 (2) [~~\$65,000~~] **\$80,000** in any one accident whether arising from bodily injury to or the
 44 death of others, or from destruction of, or damage to, the property of others.

45 Section 2. Section **41-12a-103** is amended to read:

46 **41-12a-103. Definitions.**

47 As used in this chapter:

48 (1) "Department" means the Department of Public Safety.

49 (2) "Judgment" means any judgment that is final by:

50 (a) expiration without appeal of the time within which an appeal might have been
 51 perfected; or

52 (b) final affirmation on appeal, rendered by a court of competent jurisdiction of any
 53 state or of the United States, upon a cause of action for damages:

54 (i) arising out of the ownership, maintenance, or use of any motor vehicle, including
 55 damages for care and loss of services because of bodily injury to or death of any person, or
 56 because of injury to or destruction of property including the loss of use of the property; or

57 (ii) on a settlement agreement.

58 (3) "License" or "license certificate" have the same meanings as under Section

59 53-3-102.

60 (4) (a) "Motor vehicle" means every self-propelled vehicle that is designed for use
61 upon a highway, including trailers and semitrailers designed for use with other motorized
62 vehicles.

63 (b) "Motor vehicle" does not include traction engines, road rollers, farm tractors,
64 tractor cranes, power shovels, and well drillers, and every vehicle that is propelled by electric
65 power obtained from overhead wires but not operated upon rails.

66 (5) "Nonresident" means every person who is not a resident of Utah.

67 (6) "Nonresident's operating privilege" means the privilege conferred upon a person
68 who is not a resident of Utah by the laws of Utah pertaining to the operation by him of a motor
69 vehicle, or the use of a motor vehicle owned by him, in Utah.

70 (7) "Operator" means every person who is in actual physical control of a motor vehicle.

71 (8) "Owner" means:

72 (a) a person who holds legal title to a motor vehicle;

73 (b) a lessee in possession;

74 (c) a conditional vendee or lessee if a motor vehicle is the subject of a conditional sale
75 or lease with the right of purchase upon performance of the conditions stated in the agreement
76 and with an immediate right of possession in the conditional vendee or lessee; or

77 (d) a mortgagor if a motor vehicle is the subject of a mortgage with the mortgagor
78 entitled to possession.

79 (9) "Owner's or operator's security," "owner's security," or "operator's security" means
80 any of the following:

81 (a) an insurance policy or combination of policies conforming to Section 31A-22-302,
82 which is issued by an insurer authorized to do business in Utah;

83 (b) an insurance policy or combination of policies issued or renewed prior to ~~H~~ → [July 1,
84 ~~2008] January 1, 2009 ←H that:~~

85 (i) conformed to the minimum coverage limits of Section 31A-22-304 prior to the
86 effective date of this bill; and

87 (ii) conform to the current requirements other than the minimum coverage limits of
88 policies issued in accordance with Section 31A-22-302;

89 [~~b~~] (c) a surety bond issued by an insurer authorized to do a surety business in Utah in

90 which the surety is subject to the minimum coverage limits and other requirements of policies
91 conforming to Section 31A-22-302, which names the department as a creditor under the bond
92 for the use of persons entitled to the proceeds of the bond;

93 ~~[(c)]~~ (d) a deposit with the state treasurer of cash or securities complying with Section
94 41-12a-406;

95 ~~[(d)]~~ (e) maintaining a certificate of self-funded coverage under Section 41-12a-407; or

96 ~~[(e)]~~ (f) a policy conforming to Section 31A-22-302 issued by the Risk Management
97 Fund created in Section 63A-4-201.

98 (10) "Registration" means the issuance of the certificates and registration plates issued
99 under the laws of Utah pertaining to the registration of motor vehicles.

100 (11) "Self-insurance" has the same meaning as provided in Section 31A-1-301.

101 Section 3. Section **41-12a-306** is amended to read:

102 **41-12a-306. Claims adjustment by persons with owner's or operator's security**
103 **other than insurance.**

104 (1) An owner or operator of a motor vehicle with respect to whom owner's or operator's
105 security is maintained by a means other than an insurance policy under Subsection
106 41-12a-103(9)(a) or (b), shall refer all bodily injury claims against the owner's or operator's
107 security to an independent adjuster licensed under Title 31A, Chapter 26, Insurance Adjusters,
108 or to an attorney.

109 (2) Unless otherwise provided by contract, any motor vehicle claim adjustment
110 expense incurred by a person maintaining owner's or operator's security by a means other than
111 an insurance policy under Subsection 41-12a-103(9)(a) or (b), shall be paid by the person who
112 maintains this type of owner's or operator's security.

113 (3) Owners and operators of motor vehicles maintaining owner or operator's security by
114 a means other than an insurance policy under Subsection 41-12a-103(9)(a) or (b) are subject to
115 the claim adjustment provisions of Title 31A, Chapter 26, Part 3, Claim Practices, in
116 connection with claims against such persons which arise out of the ownership, maintenance, or
117 use of a motor vehicle.

118 (4) In addition to other penalties and remedies available for failure to abide by this
119 section, the department may require any person violating this section to maintain owner's or
120 operator's security only in the manner specified under Subsection 41-12a-103(9)(a).

121 Section 4. Section **41-12a-405** is amended to read:

122 **41-12a-405. Surety bond as proof of owner's or operator's security.**

123 (1) Proof of owner's or operator's security may be furnished by filing with the
124 department a copy of a surety bond, certified by the surety, which conforms to Subsection
125 41-12a-103 (9)(~~b~~)(c). The bond may not be canceled except after ten days' written notice to
126 the department.

127 (2) If a judgment rendered against the principal within the coverage of the bond is not
128 satisfied within 60 days after judgment becomes final, the judgment creditor may, for his own
129 use and benefit and at his sole expense, bring an action in the name of the department against
130 the surety executing the bond.

131 Section 5. **Effective date.**

132 This bill takes effect on ~~H~~→ [July 1, 2008] January 1, 2009 ←~~H~~ .

133 Section 6. **Revisor instructions.**

134 It is the intent of the Legislature, that in preparing the Utah Code database for
135 publication, the Office of Legislative Research and General Counsel shall replace the reference
136 in Subsection 41-12a-103(9)(b)(i) from "this bill" to the bill's designated chapter number in the
137 Laws of Utah.

Legislative Review Note
as of 1-21-08 3:29 PM

Office of Legislative Research and General Counsel

S.B. 149 - Motor Vehicle Liability Policy Minimum Limits

Fiscal Note

2008 General Session

State of Utah

State Impact

Enactment of this bill will not require additional appropriations.

Individual, Business and/or Local Impact

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for local governments. Businesses administrative costs may be increased due to the change statute. Premiums costs for individuals may increased due to increases in minimum policy limits.
