

**MOTOR VEHICLE INSURANCE - NAMED DRIVER**

**EXCLUSION AMENDMENTS**

2011 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Lyle W. Hillyard**

House Sponsor: Jack R. Draxler

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**LONG TITLE**

**General Description:**

This bill modifies the Insurance Code by amending provisions relating to named driver exclusions for motor vehicle insurance coverage.

**Highlighted Provisions:**

This bill:

- ▶ clarifies that if the driver license of a person excluded from coverage has been denied, suspended, revoked, or disqualified and the person excluded from coverage subsequently operates a motor vehicle, the exclusion shall proportionately reduce any benefits to any named insured for benefits payable under uninsured motorist coverage, underinsured motorist coverage, personal injury protection coverage, and first party medical coverage to the extent the person excluded from coverage was comparatively at fault; and

- ▶ makes technical changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**31A-22-302.5**, as enacted by Laws of Utah 2010, Chapter 172

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

31 Section 1. Section **31A-22-302.5** is amended to read:

32 **31A-22-302.5. Named driver exclusions.**

33 (1) A policy of personal lines insurance or combination of personal lines policies  
34 purchased to satisfy the owner's or operator's security requirement under Section 41-12a-301  
35 may specifically exclude from coverage:

36 (a) a person who is a resident of the named insured's household, including a person  
37 who usually makes the person's home in the same household but temporarily lives elsewhere;

38 or

39 (b) a person who usually or customarily operates the motor vehicle.

40 (2) The named driver exclusion under Subsection (1) is effective only if:

41 (a) at the time of the proposed exclusion, each person excluded from coverage satisfies  
42 the owner's or operator's security requirement under Section 41-12a-301, independently of the  
43 named insured's proof of owner's or operator's security;

44 (b) any named insured and the person excluded from coverage each provide written  
45 consent to the exclusion; and

46 (c) the insurer includes the name of each person excluded from coverage in the  
47 evidence of insurance provided to an additional insured or loss payee.

48 (3) The provisions of Subsection (2)(a) do not apply to the named driver exclusion of  
49 the person excluded from coverage if the person's driver license has been denied, suspended, or  
50 revoked.

51 (4) The named driver exclusion shall remain effective until removed by the insurer.

52 (5) If the driver license of a person excluded from coverage under Subsection (1) has  
53 been denied, suspended, revoked, or disqualified and the person excluded from coverage  
54 subsequently operates a motor vehicle, the exclusion shall:

55 (a) exclude all liability coverage and all physical damage coverage without regard to  
56 the comparative fault of the excluded driver;

57 (b) proportionately reduce any benefits otherwise payable to the person excluded from

58 coverage and to any named insured [~~under Subsection (2)(b)~~] for benefits payable under  
59 uninsured motorist coverage, underinsured motorist coverage, personal injury protection  
60 coverage, and first party medical coverage to the extent the person excluded from coverage was  
61 comparatively at fault; and

62 (c) if the person excluded from coverage is 50% or more at fault in causing the  
63 accident, bar both the excluded driver and any named insured [~~under Subsection (2)(b)~~] from  
64 recovering any benefits under any coverage listed under Subsection (5)(b).

65 (6) The named driver exclusion under Subsection (1) does not apply when the person  
66 excluded from coverage is:

67 (a) a non-driving passenger in a motor vehicle; or

68 (b) a pedestrian.