

INSURANCE CONTRACTS AMENDMENTS

2018 GENERAL SESSION

STATE OF UTAH

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LONG TITLE

General Description:

This bill amends provisions related to insurance contracts.

Highlighted Provisions:

This bill:

- ▶ prohibits discretionary clauses in certain insurance contracts; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

31A-21-314, as last amended by Laws of Utah 2015, Chapter 244



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

28 Section 1. Section 31A-21-314 is amended to read:

29 **31A-21-314. Prohibited provisions.**

30 (1) An insurance policy subject to this chapter may not contain ~~[any]~~ a provision:

31 (a) requiring ~~[it]~~ the insurance policy to be construed according to the laws of another
32 jurisdiction except as necessary to meet the requirements of compulsory insurance laws of
33 other jurisdictions;

34 (b) depriving Utah courts of jurisdiction over an action against the insurer, except as
35 provided in permissible arbitration provisions; ~~[or]~~

36 (c) limiting the right of action against the insurer to less than three years from the date
37 the cause of action accrues~~[-];~~ or

38 (d) for life insurance or accident and health insurance:

39 (i) reserving discretionary authority to the insurer to:

40 (A) interpret the terms of the insurance policy; or

41 (B) make any determination impacting benefits or coverage under the insurance policy;

42 or

43 (ii) establishing a standard of review for a court's review of an insurer's decision with
44 respect to a policyholder.

45 (2) For purposes of Subsection (1)(c), the cause of action accrues on a fidelity bond on
46 the date the insurer first denies all or part of a claim made under the fidelity bond.

Legislative Review Note
Office of Legislative Research and General Counsel