

SB0135S01 compared with SB0135

~~deleted text~~ shows text that was in SB0135 but was deleted in SB0135S01.

Inserted text shows text that was not in SB0135 but was inserted into SB0135S01.

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Representative Brian S. King proposes the following substitute bill:

INSURANCE CONTRACTS AMENDMENTS

2018 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lincoln Fillmore

House Sponsor: ~~_____~~ Brian S. King

Cosponsors:	Luz Escamilla	Karen Mayne
Jacob L. Anderegg	Deidre M. Henderson	Evan J. Vickers
Allen M. Christensen	Lyle W. Hillyard	Brian Zehnder
Jim Dabakis	Jani Iwamoto	
Gene Davis	Peter C. Knudson	

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.

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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

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

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

31A-21-314. Prohibited provisions.

(1) As used in this section:

(a) "Reserving discretionary authority" means a policy provision that:

(i) has the effect of conferring discretion on an insurer, or other claim administrator, to:

(A) determine eligibility for benefits; or

(B) interpret the terms or provisions of the policy, contract, certificate, or agreement;

and

(ii) could lead to a deferential standard of review by a reviewing court.

(b) "Reserving discretionary authority" does not include a policy provision that:

(i) informs an insured that, as part of the insurer's routine operations, the insurer

applies the terms of the contract for:

(A) making a decision, including making a determination regarding eligibility, or receipt of benefits or claims; or

(B) explaining the insurer's policies and procedures; and

(ii) does not give rise to a deferential standard of review by a reviewing court.

[~~(1)~~ (2)] An insurance policy subject to this chapter may not contain [~~any~~] a provision:

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

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

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

~~(d) for life insurance or accident and health insurance;~~

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

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

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

~~or~~

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

~~(2)~~(3) For purposes of Subsection ~~(1)~~(2)(c), the cause of action accrues on a fidelity bond on the date the insurer first denies all or part of a claim made under the fidelity bond.

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~~Legislative Review Note~~

~~Office of Legislative Research and General Counsel }~~