

INSURANCE DAMAGES AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Douglas R. Welton

Senate Sponsor: _____

LONG TITLE

General Description:

This bill amends provisions related to insurance claims.

Highlighted Provisions:

This bill:

▶ prohibits a person engaged in the business of insurance from unreasonably delaying or unreasonably denying payment of insurance claims;

▶ provides that in an action to recover a claim on certain insurance, an insured is entitled to:

- reasonable attorney's fees; and
- double the amount of the claim, if the court finds the insurer unreasonably

delayed or unreasonably denied a claim; and

▶ defines terms.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

31A-26-314, Utah Code Annotated 1953



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

29 Section 1. Section **31A-26-314** is enacted to read:

30 **31A-26-314. Improper denial of claims prohibited -- Remedies.**

31 (1) As used in this section:

32 (a) (i) "First party claimant" means a person who asserts an entitlement to benefits
33 owed directly to or on behalf of an insured under an insurance policy.

34 (ii) "First party claimant" does not include:

35 (A) a nonparticipating provider performing services; or

36 (B) a person asserting a claim against an insured under a liability policy.

37 (b) "Unreasonable delay" means failure to comply with:

38 (i) Section [31A-26-301](#); and

39 (ii) rules the commissioner makes in accordance with Section [31A-26-301](#).

40 (c) "Unreasonable denial" means a denial of a claim:

41 (i) that is the result of, or in conjunction with, a violation of Section [31A-26-303](#); or

42 (ii) without a reasonable basis for the denial.

43 (2) A person engaged in the business of insurance may not unreasonably delay or
44 unreasonably deny payment of a claim for benefits owed to or on behalf of a first party
45 claimant.

46 (3) In a judicial action against an insurer to recover a claim, an insured may recover:

47 (a) reasonable attorney fees; and

48 (b) double the amount of the claim, if the court finds an:

49 (i) unreasonable delay; or

50 (ii) unreasonable denial.

51 (4) This section does not apply to:

52 (a) insurance issued in compliance with Title 34A, Chapter 2, Workers' Compensation
53 Act; or

54 (b) title insurance issued in compliance with this title.

55 Section 2. **Effective date.**

56 This bill takes effect on May 1, 2024.