

MOTOR VEHICLE LIABILITY POLICY

MINIMUM LIMITS

2008 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Sheldon L. Killpack

House Sponsor: Stephen H. Urquhart

LONG TITLE

General Description:

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

Highlighted Provisions:

This bill:

- ▶ amends the definition of owner's and operator's security to clarify that certain motor vehicle insurance policies issued or renewed prior to January 1, 2009 satisfy the owner's or operator's security requirement;
- ▶ increases the minimum policy limits for motor vehicle liability coverage; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on January 1, 2009.

This bill provides revisor instructions.

Utah Code Sections Affected:

AMENDS:

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

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

41-12a-306, as last amended by Laws of Utah 2004, Chapter 90

41-12a-405, as last amended by Laws of Utah 1991, Chapter 203

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

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

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

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

(1) (a) \$25,000 because of liability for bodily injury to or death of one person, arising out of the use of a motor vehicle in any one accident;

(b) subject to the limit for one person in Subsection (1)(a), in the amount of [~~\$50,000~~] \$65,000 because of liability for bodily injury to or death of two or more persons arising out of the use of a motor vehicle in any one accident; and

(c) in the amount of \$15,000 because of liability for injury to, or destruction of, property of others arising out of the use of a motor vehicle in any one accident; or

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

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

41-12a-103. Definitions.

As used in this chapter:

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

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

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

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

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

(ii) on a settlement agreement.

(3) "License" or "license certificate" have the same meanings as under Section 53-3-102.

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

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

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

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

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

(8) "Owner" means:

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

(b) a lessee in possession;

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

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

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

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

(b) an insurance policy or combination of policies issued or renewed prior to January 1, 2009 that:

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

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

~~[(b)]~~ (c) a surety bond issued by an insurer authorized to do a surety business in Utah in which the surety is subject to the minimum coverage limits and other requirements of policies conforming to Section 31A-22-302, which names the department as a creditor under the bond for the use of persons entitled to the proceeds of the bond;

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

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

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

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

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

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

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

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

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

(3) Owners and operators of motor vehicles maintaining owner or operator's security by a means other than an insurance policy under Subsection 41-12a-103(9)(a) or (b) are subject to

the claim adjustment provisions of Title 31A, Chapter 26, Part 3, Claim Practices, in connection with claims against such persons which arise out of the ownership, maintenance, or use of a motor vehicle.

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

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

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

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

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

Section 5. **Effective date.**

This bill takes effect on January 1, 2009.

Section 6. **Revisor instructions.**

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