

**INSURANCE DAMAGES AMENDMENTS**

2023 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Douglas R. Welton**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill amends provisions related to actions to recover insurance claims.

**Highlighted Provisions:**

This bill:

▶ 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

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

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



28 **31A-26-314. Improper denial of claims prohibited -- Remedies.**

29 (1) As used in this section:

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

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

33 (A) a nonparticipating provider performing services; or

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

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

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

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

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

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

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

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

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

45 (a) reasonable attorney fees; and

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

47 (i) unreasonable delay; or

48 (ii) unreasonable denial.

49 (4) This section does not apply to:

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

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