

Colin W. Jack proposes the following substitute bill:

Automotive Repair Business Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Colin W. Jack

Senate Sponsor:

LONG TITLE

General Description:

This bill amends provisions related to automotive repairs.

Highlighted Provisions:

This bill:

▸ requires that a motor vehicle liability coverage policy include coverage of the difference in market value from before and after a motor vehicle accident, if the insured purchases coverage;

▸ provides that coverage for a motor vehicle accident may not be stepped down under certain circumstances;

▸ grants the Insurance Department rulemaking authority to establish a formula to determine the coverage of the difference in market value from before and after a motor vehicle accident;

▸ requires that a repair facility or installer use crash parts that are substantially equivalent to original equipment manufacturer aftermarket repair parts;

▸ grants a motor vehicle owner a right of action against a repair facility or installer that does not use crash parts that are substantially equivalent to original equipment manufacturer aftermarket repair parts; and

▸ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

31A-22-303, as last amended by Laws of Utah 2023, Chapter 415

29 **31A-22-319**, as renumbered and amended by Laws of Utah 1995, Chapter 8

30

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

32 Section 1. Section **31A-22-303** is amended to read:

33 **31A-22-303 . Motor vehicle liability coverage.**

34 (1)(a) In addition to complying with the requirements of Chapter 21, Insurance

35 Contracts in General, and Part 2, Liability Insurance in General, a policy of motor

36 vehicle liability coverage under Subsection 31A-22-302(1)(a) shall:

37 (i) name the motor vehicle owner or operator in whose name the policy was
 38 purchased, state ~~[that]~~ the named insured's address, the coverage afforded, the
 39 premium charged, the policy period, and the limits of liability;

40 (ii)(A) if ~~[it]~~ the policy is an owner's policy, designate by appropriate reference all
 41 the motor vehicles on which coverage is granted, insure the person named in
 42 the policy, insure any other person using any named motor vehicle with the
 43 express or implied permission of the named insured, and, except as provided in
 44 Section 31A-22-302.5, insure any person included in Subsection (1)(a)(iii)
 45 against loss from the liability imposed by law for damages arising out of the
 46 ownership, maintenance, or use of these motor vehicles within the United
 47 States and Canada, subject to limits exclusive of interest and costs, for each
 48 motor vehicle, in amounts not less than the minimum limits specified under
 49 Section 31A-22-304; or

50 (B) if ~~[it]~~ the policy is an operator's policy, insure the person named as insured
 51 against loss from the liability imposed upon ~~[him]~~ the person by law for
 52 damages arising out of the insured's use of any motor vehicle not owned by [
 53 ~~him]~~ the person, within the same territorial limits and with the same limits of
 54 liability as in an owner's policy under Subsection (1)(a)(ii)(A);

55 (iii) except as provided in Section 31A-22-302.5, insure persons related to the named
 56 insured by blood, marriage, adoption, or guardianship who are residents of the
 57 named insured's household, including ~~[those]~~ a person who usually ~~[make their]~~
 58 makes the person's home in the same household but temporarily ~~[live]~~ lives
 59 elsewhere, to the same extent as the named insured;

60 ~~[(iv) where a claim is brought by the named insured or a person described in~~
 61 ~~Subsection (1)(a)(iii), the available coverage of the policy may not be reduced or~~
 62 ~~stepped-down because:]~~

- 63 ~~[(A) a permissive user driving a covered motor vehicle is at fault in causing an~~
64 ~~accident; or]~~
- 65 ~~[(B) the named insured or any of the persons described in Subsection (1)(a)(iii)~~
66 ~~driving a covered motor vehicle is at fault in causing an accident; and]~~
- 67 ~~[(v)] (iv)~~ cover damages or injury resulting from a covered driver of a motor vehicle
68 who is stricken by an unforeseeable paralysis, seizure, or other unconscious
69 condition and who is not reasonably aware that paralysis, seizure, or other
70 unconscious condition is about to occur to the extent that a person of ordinary
71 prudence would not attempt to continue driving[-] ; and
- 72 (v) if the insured purchases coverage to cover the difference in market value of an
73 insured's motor vehicle calculated in a manner the commissioner establishes by
74 rule in accordance with Subsection (10), cover the difference in market value of
75 an insured's motor vehicle calculated in a manner the commissioner establishes by
76 rule in accordance with Subsection (10).
- 77 (b) Where a named insured or a person described in Subsection (1)(a)(iii) brings a claim,
78 the available coverage of the policy may not be reduced or stepped down because:
- 79 (i) a permissive user driving a covered motor vehicle is at fault in causing an
80 accident; or
- 81 (ii) the named insured or any of the persons described in Subsection (1)(a)(iii) driving
82 a covered motor vehicle is at fault in causing an accident.
- 83 ~~[(b)] (c)~~ The driver's liability under Subsection ~~[(1)(a)(v)] (1)(a)(iv)~~ is limited to the
84 insurance coverage.
- 85 ~~[(e)] (d)~~(i) "Guardianship" under Subsection (1)(a)(iii) includes the relationship
86 between a foster parent and a minor who is in the legal custody of the Division of
87 Child and Family Services if:
- 88 (A) the minor resides in a foster home, as defined in Section 62A-2-101, with a
89 foster parent who is the named insured; and
- 90 (B) the foster parent has signed to be jointly and severally liable for compensatory
91 damages caused by the minor's operation of a motor vehicle in accordance with
92 Section 53-3-211.
- 93 (ii) "Guardianship" as defined under this Subsection ~~[(1)(e)] (1)(d)~~ ceases to exist
94 when a minor described in Subsection ~~[(1)(e)(i)(A)] (1)(d)(i)(A)~~ is no longer a
95 resident of the named insured's household.
- 96 (2)(a) A policy containing motor vehicle liability coverage under Subsection

- 97 31A-22-302(1)(a) may:
- 98 (i) provide for the prorating of the insurance under that policy with other valid and
- 99 collectible insurance;
- 100 (ii) grant any lawful coverage in addition to the required motor vehicle liability
- 101 coverage;
- 102 (iii) if an insurer issues the policy [~~is issued~~] to a person other than a motor vehicle
- 103 business, limit the coverage afforded to a motor vehicle business or [its] the motor
- 104 vehicle business's officers, agents, or employees to the minimum limits under
- 105 Section 31A-22-304, and to those instances when there is no other valid and
- 106 collectible insurance with at least those limits, whether the other insurance is
- 107 primary, excess, or contingent; and
- 108 (iv) if [~~issued~~] an insurer issues the policy to a motor vehicle business, restrict
- 109 coverage afforded to anyone other than the motor vehicle business or its officers,
- 110 agents, or employees to the minimum limits under Section 31A-22-304, and to
- 111 those instances when there is no other valid and collectible insurance with at least
- 112 those limits, whether the other insurance is primary, excess, or contingent.
- 113 (b)(i) The liability insurance coverage of a permissive user of a motor vehicle owned
- 114 by a motor vehicle business shall be primary coverage.
- 115 (ii) The liability insurance coverage of a motor vehicle business shall be secondary to
- 116 the liability insurance coverage of a permissive user as specified under Subsection
- 117 (2)(b)(i).
- 118 (3) Motor vehicle liability coverage need not insure any liability:
- 119 (a) under any workers' compensation law under Title 34A, Utah Labor Code;
- 120 (b) resulting from bodily injury to or death of an employee of the named insured, other
- 121 than a domestic employee, while engaged in the employment of the insured, or while
- 122 engaged in the operation, maintenance, or repair of a designated vehicle; or
- 123 (c) resulting from damage to property owned by, rented to, bailed to, or transported by
- 124 the insured.
- 125 (4) An insurance carrier providing motor vehicle liability coverage has the right to settle
- 126 any claim covered by the policy, and if the insurance carrier makes the settlement [~~is~~
- 127 ~~made~~] in good faith, the amount of the settlement is deductible from the limits of
- 128 liability specified under Section 31A-22-304.
- 129 (5) A policy containing motor vehicle liability coverage imposes on the insurer the duty to
- 130 defend, in good faith, any person insured under the policy against any claim or suit

- 131 seeking damages which would be payable under the policy.
- 132 (6)(a) If a policy containing motor vehicle liability coverage provides an insurer with the
133 defense of lack of cooperation on the part of the insured, that defense is not effective
134 against a third person making a claim against the insurer, unless there was collusion
135 between the third person and the insured.
- 136 (b) If the defense of lack of cooperation is not effective against the claimant, after
137 payment, the insurer is subrogated to the injured person's claim against the insured to
138 the extent of the payment and is entitled to reimbursement by the insured after the
139 injured third person has been made whole with respect to the claim against the
140 insured.
- 141 (7)(a) A policy of motor vehicle coverage may limit coverage to the policy minimum
142 limits under Section 31A-22-304 if the policy or a specifically reduced premium was
143 extended to the insured upon express written declaration executed by the insured that
144 the insured motor vehicle would not be operated by a person described in Subsection
145 (7)(c) operating in a manner described in Subsection (7)(b)(i).
- 146 (b)(i) A policy of motor vehicle liability coverage may limit coverage as described in
147 Subsection (7)(a) if the insured motor vehicle is operated by an individual
148 described in Subsection (7)(c) if the individual described in Subsection (7)(c) is
149 guilty of:
- 150 (A) driving under the influence as described in Section 41-6a-502;
151 (B) impaired driving as described in Section 41-6a-502.5; or
152 (C) operating a vehicle with a measurable controlled substance in the individual's
153 body as described in Section 41-6a-517.
- 154 (ii) An individual's refusal to submit to a chemical test as described in Sections
155 41-6a-520 and 41-6a-520.1 is admissible evidence, but not conclusive, that the
156 individual is guilty of an offense described in Subsection (7)(b)(i).
- 157 (c) A reduction in coverage as described in Subsection (7)(a) applies to the following
158 individuals:
- 159 (i) the insured;
160 (ii) the spouse of the insured; or
161 (iii) if the individual has a separate policy as a secondary source of coverage, and:
162 (A) the individual is over [~~the age of 21~~] 21 years old and resides in the household
163 of the insured; or
164 (B) the individual is a permissible user of the motor vehicle.

- 165 (d) A reduction in coverage as described in Subsection (7)(a) does not apply to an
166 individual under ~~[the age of 21]~~ 21 years old who is a relative of the insured and a
167 resident of the insured's household.
- 168 (8)(a) When a claim is brought exclusively by a named insured or a person described in
169 Subsection (1)(a)(iii) and asserted exclusively against a named insured or an
170 individual described in Subsection (1)(a)(iii), the claimant may elect to resolve the
171 claim:
- 172 (i) by submitting the claim to binding arbitration; or
173 (ii) through litigation.
- 174 (b) Once the claimant has elected to commence litigation under Subsection (8)(a)(ii), the
175 claimant may not elect to resolve the claim through binding arbitration under this
176 section without the written consent of both parties and the defendant's liability insurer.
- 177 (c)(i) Unless otherwise agreed on in writing by the parties, a panel of three arbitrators
178 shall resolve a claim that [is submitted] the parties submit to binding arbitration
179 under Subsection (8)(a)(i) ~~[- shall be resolved by a panel of three arbitrators]~~.
- 180 (ii)(A) Unless otherwise agreed on in writing by the parties, each party shall select
181 an arbitrator.[-]
- 182 (B) The arbitrators selected by the parties shall select a third arbitrator.
- 183 (d)(i) Unless otherwise agreed on in writing by the parties, each party ~~[will]~~ shall pay
184 the fees and costs of the arbitrator that party selects.[-]
- 185 (ii) Both parties shall share equally the fees and costs of the third arbitrator.
- 186 (e) Except as otherwise provided in this section, an arbitration procedure conducted
187 under this section shall be governed by Title 78B, Chapter 11, Utah Uniform
188 Arbitration Act, unless otherwise agreed on in writing by the parties.
- 189 (f)(i) ~~[Discovery shall be conducted]~~ The parties shall conduct discovery in
190 accordance with Rules 26b through 36, Utah Rules of Civil Procedure.
- 191 (ii) ~~[All]~~ The arbitration panel shall resolve all issues of discovery ~~[- shall be resolved~~
192 by the arbitration panel].
- 193 (g) A written decision of two of the three arbitrators shall constitute a final decision of
194 the arbitration panel.
- 195 (h) ~~[Prior to the]~~ Before the rendering of the arbitration award:
- 196 (i) the existence of a liability insurance policy may be disclosed to the arbitration
197 panel; and
198 (ii) the amount of all applicable liability insurance policy limits may not be disclosed

- 199 to the arbitration panel.
- 200 (i)(i) The amount of the arbitration award may not exceed the liability limits of all the
 201 defendant's applicable liability insurance policies, including applicable liability
 202 umbrella policies.[-]
- 203 (ii) If the initial arbitration award exceeds the liability limits of all applicable liability
 204 insurance policies, the arbitration award shall be reduced to an amount equal to
 205 the liability limits of all applicable liability insurance policies.
- 206 (j) The arbitration award is the final resolution of all claims between the parties unless
 207 the award was procured by corruption, fraud, or other undue means.
- 208 (k) If the arbitration panel finds [~~that the action was not brought, pursued, or defended in~~
 209 ~~good faith~~] a party did not bring, pursue, or defend the action in good faith, the
 210 arbitration panel may award reasonable fees and costs against the party that failed to
 211 bring, pursue, or defend the claim in good faith.
- 212 (l) Nothing in this section is intended to limit any claim under any other portion of an
 213 applicable insurance policy.
- 214 (9) An at-fault driver or an insurer issuing a policy of insurance under this part that is
 215 covering an at-fault driver may not reduce compensation to an injured party based on the
 216 injured party not being covered by a policy of insurance that provides personal injury
 217 protection coverage under Sections 31A-22-306 through 31A-22-309.
- 218 (10) The department shall establish by rule, in accordance with Title 63G, Chapter 3, Utah
 219 Administrative Rulemaking Act, a formula that an insurer shall use to calculate the
 220 difference in market value for a motor vehicle from before and after an accident
 221 involving the motor vehicle.
- 222 Section 2. Section **31A-22-319** is amended to read:
- 223 **31A-22-319 . Prohibition on insurer requiring certain parts -- Disclosure.**
- 224 (1) Unless [~~the insured is given notice~~] the insurer gives the insured notice in writing, an
 225 insurer may not [~~specify~~] permit the use of non-OEM aftermarket crash parts in the
 226 repair of an insured's motor vehicle.[-]
- 227 (2) The notice[-] required by Subsection (1) shall identify non-OEM parts as not made for
 228 or by the vehicle manufacturer.
- 229 [(2)] (3) Unless the [~~consumer is given~~] insurer gives the insured notice in writing [~~prior to~~]
 230 before installation, a repair facility or installer may not use non-OEM aftermarket parts
 231 to repair a vehicle.
- 232 [(3)] (4) In all instances where [~~non-OEM aftermarket crash parts are intended for use by an~~

- 233 ~~insurer]~~ an insurer intends to use non-OEM aftermarket crash parts:
- 234 (a) the written estimate shall clearly identify each non-OEM aftermarket crash part;~~[and]~~
- 235 (b) a disclosure document containing the following statements in 10 point or larger type
- 236 shall appear on or be attached to the insured's copy of the estimate: "This estimate
- 237 has been prepared based on the use of crash parts supplied by a source other than the
- 238 manufacturer of your motor vehicle. Warranties applicable to these replacement
- 239 parts are provided by the manufacturer or distributor of these parts rather than the
- 240 manufacturer of your vehicle."; and
- 241 (c) the repair facility or installer shall use non-OEM aftermarket crash parts that are
- 242 substantially equivalent in quality and function to OEM aftermarket crash parts.
- 243 (5)(a) A motor vehicle owner has a right of action against a repair facility or installer
- 244 that violates Subsection (4)(c).
- 245 (b) If a motor vehicle owner brings an action against a repair facility or installer in
- 246 accordance with Subsection (5)(a) and a court with jurisdiction determines that the
- 247 repair facility or installer violated Subsection (4)(c):
- 248 (i) the court shall award the motor vehicle owner actual damages caused by the
- 249 violation of Subsection (4)(c); and
- 250 (ii) the repair facility or installer is not subject to any further penalty imposed by the
- 251 department for the violation in accordance with Section 31A-2-308.

252 Section 3. **Effective Date.**

253 This bill takes effect on May 6, 2026.