

BULLETIN 94-4 (Amended)

WAIVER OF PIP LOSS OF GROSS INCOME BENEFITS

House Bill 49, enacted in the 1994 Legislature, amended the Utah Personal Injury Protection law (automobile no-fault) with regards to benefits provided. A new option for coverage has been added. Section 31A-22-307(4) now reads:

(4) The insured may waive for the named insured and the named insured's spouse only the loss of gross income benefits of Subsection (1)(b)(i) if the insured states in writing that: (a) within 31 days of applying for coverage, neither the insured nor the insured's spouse received any earned income from regular employment; and (b) for at least 180 days from the date of the writing and during the period of insurance, neither the insured nor the insured's spouse will receive earned income from regular employment.

It is important that insurers advise current insureds and new applicants of this option.

The law is effective May 2, 1994 and applies to both personal and commercial auto insurance. As soon as possible, but no later than September 1, 1994, insurers must include this option in all application procedures. In addition, notice of the option must be provided to all existing insureds by including information about it in at least one renewal notice for each policy.

The Department is not requiring or prescribing specific wording. It is the responsibility of insurers to adequately describe the option to their insureds and applicants. Nor is the Department requiring the immediate revision of application forms. Until existing supplies are used, notification of the option may be done by means of a supplemental page. Once existing application form supplies are exhausted, this option must be included in the application form. Application forms are required to be filed with the Department.

Insurance Company representatives and agents should be instructed regarding this new option and impressed with the importance of explaining it to those insureds that might be affected.

Insurers are also reminded that filings must be submitted to the Department amending rating manuals to provide for an appropriate rate reduction for the waiver of coverage. Endorsement forms amending coverage must also be filed.

DATED this 25th day of April 1994.

Insurance Commissioner

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