

1 S.7

2 An act relating to automobile insurance

3 It is hereby enacted by the General Assembly of the State of Vermont:

4 Sec. 1. 23 V.S.A. § 941 is amended to read:

5 § 941. INSURANCE AGAINST UNINSURED, UNDERINSURED, OR
6 UNKNOWN MOTORISTS

7 * * *

8 (f) For the purpose of this subchapter, a motor vehicle is underinsured to
9 the extent that:

10 (1) the liability insurance limits applicable at the time of the crash are
11 less than the ~~limits of the uninsured motorist coverage applicable to the insured~~
12 damages that a person insured pursuant to this section is legally entitled to
13 recover because of injury or death; or

14 (2) the available liability insurance has been reduced by payments to
15 others injured in the crash to an amount less than the ~~limits of the uninsured~~
16 ~~motorist coverage applicable to the insured~~ damages that a person insured
17 pursuant to this section is legally entitled to recover because of injury or death.

18 * * *

19 (h) Payments made to an injured party under the liability insurance policy
20 of the person legally responsible for the damage or personal injury shall not be

1 deducted from the underinsured motorist coverage otherwise available to the
2 injured party.

3 Sec. 2. 8 V.S.A. § 4203(4) is amended to read:

4 (4) Payment of any judicial judgment or claim by the insured for any of
5 the company's liability under the policy shall not bar the insured from any
6 action or right of action against the company. In case of payment of loss or
7 expense under the policy, the company shall be subrogated to all rights of the
8 insured against any party, as respects such loss or expense, to the amount of
9 such payment, and the insured shall execute all papers required and shall
10 cooperate with the company to secure to the company such rights. However,
11 the right of subrogation against any third party shall not exist or be claimed in
12 favor of the insurer who has paid or reimbursed, to or for the benefit of the
13 insured, medical costs payable pursuant to medical payments coverage.

14 Sec. 3. EFFECTIVE DATE; APPLICATION

15 This act shall take effect on passage and shall apply to all automobile
16 insurance policies offered, issued, or renewed on or after January 1, 2026.