

1 S.7

2 Introduced by Senator Hashim

3 Referred to Committee on Judiciary

4 Date: January 14, 2025

5 Subject: Insurance; automobile; underinsured motorist coverage; medical
6 payments coverage

7 Statement of purpose of bill as introduced: This bill proposes to amend
8 Vermont law as it pertains to automobile insurance. Specifically, the bill
9 prohibits an insurer from deducting from the underinsurance motorist coverage
10 available to a policyholder any payments received by the policyholder through
11 the at-fault driver's liability insurance policy. It also limits an insurer's
12 subrogation rights with respect to medical payments coverage.

13 An act relating to automobile insurance

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

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

16 § 941. INSURANCE AGAINST UNINSURED, UNDERINSURED, OR
17 UNKNOWN MOTORISTS

18 * * *

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

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

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

11 * * *

12 (h) Payments made to an injured party under the liability insurance policy
13 of the person legally responsible for the damage or personal injury shall not be
14 deducted from the underinsured motorist coverage otherwise available to the
15 injured party.

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

17 (4) Payment of any judicial judgment or claim by the insured for any of
18 the company's liability under the policy shall not bar the insured from any
19 action or right of action against the company. In case of payment of loss or
20 expense under the policy, the company shall be subrogated to all rights of the
21 insured against any party, as respects such loss or expense, to the amount of

1 such payment, and the insured shall execute all papers required and shall
2 cooperate with the company to secure to the company such rights. However,
3 the right of subrogation against any third party shall not exist or be claimed in
4 favor of the insurer who has paid or reimbursed, to or for the benefit of the
5 insured, medical costs payable pursuant to medical payments coverage.

6 Sec. 3. EFFECTIVE DATE; APPLICATION

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