AN ACT concerning regulation.

Be it enacted by the People of the State of Illinois, represented in the General Assembly:

Section 5. The Illinois Insurance Code is amended by adding Section 143.13b as follows:

(215 ILCS 5/143.13b new)

Sec. 143.13b. Right to appraisal.

(a) Definitions. As used in this Section:

"Appraiser" means an individual selected to determine the value of the disputed loss.

"Competent" means an individual with appropriate subject matter expertise, training, and experience in automobile damage valuation and claims practices.

"Disinterested" means an individual having no direct or indirect financial interest in the outcome of the appraisal.

"Umpire" means a neutral, disinterested individual with relevant experience in vehicle damage assessment, selected under paragraph (3) of subsection (b).

(b) Right to appraisal for first-party claims.

(1) Every automobile insurance policy issued, renewed, or delivered in Illinois that includes first-party coverage for physical damage shall contain a provision granting either the insured or the insurer the right to

invoke appraisal if there is a dispute over:

(A) the actual cash value or amount of a loss, including repairable or total loss amounts; or

(B) the value of a settlement offer made to a third-party claimant.

(2) If a dispute arises regarding the amount of a loss or a settlement offer, either party may submit a written demand for appraisal. Within 7 calendar days after receiving the demand, each party shall:

(A) select a competent and disinterested appraiser; and

(B) notify the opposing party in writing of the selection.

(3) The 2 appraisers shall independently determine the amount of loss. If the appraisers fail to agree on the amount of a loss or a settlement offer within 5 calendar days after the date of their appointment, they shall jointly select a competent and disinterested umpire. If the appraisers fail to agree on an umpire within 15 calendar days after they failed to agree on the amount of the loss or the settlement offer, either party may petition a court to appoint a suitable umpire. The Department shall maintain a list of competent and disinterested umpires and shall furnish that list to any party that requests the list. If an umpire is selected pursuant to this Section, a final award shall be

determined within 5 calendar days after the umpire was selected.

(4) The 2 appraisers or, if there is a disagreement under paragraph (3), one appraiser and the umpire shall issue an award determining the actual cash value and amount of the loss.

(5) An agreement by any 2 of the 3, either both appraisers or one appraiser and the umpire, shall be binding upon all parties.

(c) Cost allocation and consumer protections.

(1) Each party shall bear the cost of its own appraiser.

(2) The cost of the umpire shall be shared equally between the parties.

(d) Enforcement and penalties.

(1) Any insurer in Illinois that fails to comply with the appraisal provisions of this Section, including any refusal to participate in the process in good faith, shall be subject to administrative penalties imposed by the Department.

(2) Repeated violations of this Section may result in further disciplinary measures, including suspension or revocation of the insurer's authority to write automobile insurance policies in Illinois.

Section 99. Effective date. This Act takes effect 90 days after becoming law.