

1 AN ACT concerning regulation.

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

4 Section 5. The Illinois Insurance Code is amended by
5 adding Section 398 as follows:

6 (215 ILCS 5/398 new)

7 Sec. 398. Right to appraisal.

8 (a) Definitions. As used in this Section:

9 "Actual cash value" means the market value of the subject
10 property of the personal automobile insurance policy
11 immediately before it was damaged.

12 "Amount of loss" means:

13 (1) with regard to the repair of the vehicle, the cost
14 to repair the damage to the subject property expressed
15 monetarily in the context of the repair of a vehicle; and

16 (2) with regard to the value of the vehicle, the
17 actual cash value of the vehicle.

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

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

23 "Disinterested" means an individual having no direct or

1 indirect financial interest in the outcome of the appraisal.

2 "Umpire" means a neutral, competent, and disinterested
3 individual with relevant experience in vehicle damage
4 assessment.

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

6 (1) Every policy of automobile insurance, as defined
7 in subsection (a) of Section 143.13, issued, renewed, or
8 delivered on or after July 1, 2027 in Illinois that
9 includes first-party coverage for physical damage shall
10 contain a provision granting the insured, in the insured's
11 sole discretion, without the company's consent or
12 agreement required, and the insurer the right to invoke
13 appraisal if there is a dispute over the amount of a loss.

14 (2) If a dispute arises regarding the amount of a
15 loss, either party may submit a written demand for
16 appraisal. Within 7 business days after receiving the
17 demand, each party shall:

18 (A) select a competent and disinterested
19 appraiser; and

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

22 (3) The 2 appraisers shall independently determine the
23 amount of loss. If the appraisers fail to agree on the
24 amount of a loss within 5 business days after the date of
25 their appointment, they shall jointly select an umpire. If
26 the appraisers fail to agree on an umpire within 15

1 business days after they failed to agree on the amount of
2 the loss, either party may petition a court to appoint a
3 suitable umpire.

4 (4) The 2 appraisers or, if there is a disagreement
5 under paragraph (3), one appraiser and the umpire shall
6 issue an award determining the amount of the loss. A final
7 award shall be determined within 5 business days after the
8 umpire was selected.

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

12 (c) Cost allocation.

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

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

17 Section 99. Effective date. This Act takes effect July 1,
18 2027.