



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

SB3505

Introduced 2/5/2026, by Sen. Julie A. Morrison

SYNOPSIS AS INTRODUCED:

215 ILCS 5/154.6	from Ch. 73, par. 766.6
215 ILCS 5/155	from Ch. 73, par. 767
215 ILCS 5/397.1	from Ch. 73, par. 1009.1
215 ILCS 5/1570	
215 ILCS 5/1575	
215 ILCS 5/1590	

Amends the Illinois Insurance Code. Increases one of the fees allowed as part of the taxable costs in a specified action to \$240,000 (instead of \$60,000). Provides that it shall be unlawful for any company transacting insurance business in this State to pay a claim of an insured property owner for loss by fire or explosion to a structure located in this State where the amount recoverable for loss to the structure under a policy exceeds \$100,000 (instead of \$25,000), until the insurance company receives the required certificate. Sets forth provisions concerning adjustment and settlement of first party property insurance losses based on replacement cost. Requires the insurer to replace items with material of like kind and quality so as to conform to a reasonably uniform appearance, including interior and exterior covered losses, when a covered loss for real property requires the replacement of an item or items and the replacement item or items do not match adjacent items in quality, color, or size. Excludes expenses to be reimbursed to the public adjuster from the 10% cap on a public adjuster's salary, fee, commission, compensation, or consideration. Sets forth provisions concerning direction to pay letters and payments to public adjusters. Provides that the policies must be individually underwritten for personal, family, or household use. Provides that expenses to be reimbursed to the public adjuster are not limited to emergency mitigation expenses, and requires expenses to be reimbursed to the public adjuster regardless of whether the expense is covered by the applicable insurance policy. Includes the named insured's public adjuster and the named insured's attorney as designees.

LRB104 19484 BAB 32932 b

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 changing Sections 154.6, 155, 397.1, 1570, 1575, and 1590 as
6 follows:

7 (215 ILCS 5/154.6) (from Ch. 73, par. 766.6)

8 Sec. 154.6. Acts constituting improper claims practice.

9 (a) Any of the following acts by a company, if committed
10 without just cause and in violation of Section 154.5,
11 constitutes an improper claims practice:

12 (1) ~~(a)~~ Knowingly misrepresenting to claimants and
13 insureds relevant facts or policy provisions relating to
14 coverages at issue;

15 (2) ~~(b)~~ Failing to acknowledge with reasonable
16 promptness pertinent communications with respect to claims
17 arising under its policies;

18 (3) ~~(c)~~ Failing to adopt and implement reasonable
19 standards for the prompt investigations and settlement of
20 claims arising under its policies;

21 (4) ~~(d)~~ Not attempting in good faith to effectuate
22 prompt, fair and equitable settlement of claims submitted
23 in which liability has become reasonably clear;

1 (5) ~~(e)~~ Compelling policyholders to institute suits to
2 recover amounts due under its policies by offering
3 substantially less than the amounts ultimately recovered
4 in suits brought by them;

5 (6) ~~(f)~~ Engaging in activity which results in a
6 disproportionate number of meritorious complaints against
7 the insurer received by the Insurance Department;

8 (7) ~~(g)~~ Engaging in activity which results in a
9 disproportionate number of lawsuits to be filed against
10 the insurer or its insureds by claimants;

11 (8) ~~(h)~~ Refusing to pay claims without conducting a
12 reasonable investigation based on all available
13 information;

14 (9) ~~(i)~~ Failing to affirm or deny coverage of claims
15 within a reasonable time after proof of loss statements
16 have been completed;

17 (10) ~~(j)~~ Attempting to settle a claim for less than
18 the amount to which a reasonable person would believe the
19 claimant was entitled, by reference to written or printed
20 advertising material accompanying or made part of an
21 application or establishing unreasonable caps or limits on
22 paint or materials when estimating vehicle repairs;

23 (11) ~~(k)~~ Attempting to settle claims on the basis of
24 an application which was altered without notice to, or
25 knowledge or consent of, the insured;

26 (12) ~~(l)~~ Making a claims payment to a policyholder or

1 beneficiary omitting the coverage under which each payment
2 is being made;

3 (13) ~~(m)~~ Delaying the investigation or payment of
4 claims by requiring an insured, a claimant, or the
5 physicians of either to submit a preliminary claim report
6 and then requiring subsequent submission of formal proof
7 of loss forms, resulting in the duplication of
8 verification;

9 (14) ~~(n)~~ Failing in the case of the denial of a claim
10 or the offer of a compromise settlement to promptly
11 provide a reasonable and accurate explanation of the basis
12 in the insurance policy or applicable law for such denial
13 or compromise settlement;

14 (15) ~~(o)~~ Failing to provide forms necessary to present
15 claims within 15 working days of a request with such
16 explanations as are necessary to use them effectively;

17 (16) ~~(p)~~ Failing to adopt and implement reasonable
18 standards to verify that a repairer designated by the
19 insurance company to provide an estimate, perform repairs,
20 or engage in any other service in connection with an
21 insured loss on a vehicle is duly licensed under Section
22 5-301 of the Illinois Vehicle Code;

23 (17) ~~(q)~~ Failing to provide as a persistent tendency a
24 notification on any written estimate prepared by an
25 insurance company in connection with an insured loss that
26 Illinois law requires that vehicle repairers must be

1 licensed in accordance with Section 5-301 of the Illinois
2 Vehicle Code;

3 (18) ~~(r)~~ Failing to pay the replacement vehicle use or
4 occupation tax, title, and transfer fees required by
5 Section 154.9 of this Code;

6 (19) ~~(s)~~ Engaging in any other acts which are in
7 substance equivalent to any of the foregoing.

8 (b) When the policy provides for the adjustment and
9 settlement of first-party property insurance losses based on
10 replacement cost and when a loss requires repair or
11 replacement of an item or part, any consequential physical
12 damage incurred in making such repair or replacement, not
13 otherwise excluded by the policy, shall be included in the
14 loss. The insured shall not be required to pay for betterment
15 nor any other cost except for the applicable deductible.

16 (c) When a covered loss for real property requires the
17 replacement of an item or items and the replacement item or
18 items do not match adjacent items in quality, color, or size,
19 the insurer shall replace the items with material of like kind
20 and quality so as to conform to a reasonably uniform
21 appearance. This provision applies to interior and exterior
22 covered losses.

23 (Source: P.A. 102-69, eff. 7-1-22.)

24 (215 ILCS 5/155) (from Ch. 73, par. 767)

25 Sec. 155. Attorney fees.

1 (1) In any action by or against a company wherein there is
2 in issue the liability of a company on a policy or policies of
3 insurance or the amount of the loss payable thereunder, or for
4 an unreasonable delay in settling a claim, and it appears to
5 the court that such action or delay is vexatious and
6 unreasonable, the court may allow as part of the taxable costs
7 in the action reasonable attorney fees, other costs, plus an
8 amount not to exceed any one of the following amounts:

9 (a) 60% of the amount which the court or jury finds
10 such party is entitled to recover against the company,
11 exclusive of all costs;

12 (b) \$240,000 ~~\$60,000~~; or

13 (c) the excess of the amount which the court or jury
14 finds such party is entitled to recover, exclusive of
15 costs, over the amount, if any, which the company offered
16 to pay in settlement of the claim prior to the action.

17 (2) Where there are several policies insuring the same
18 insured against the same loss whether issued by the same or by
19 different companies, the court may fix the amount of the
20 allowance so that the total attorney fees on account of one
21 loss shall not be increased by reason of the fact that the
22 insured brings separate suits on such policies.

23 (Source: P.A. 93-485, eff. 1-1-04.)

24 (215 ILCS 5/397.1) (from Ch. 73, par. 1009.1)

25 Sec. 397.1. Certificate regarding payment of taxes and

1 expenses on property sustaining loss.

2 (a) It shall be unlawful for any company transacting
3 insurance business in this State to pay a claim of an insured
4 property owner for loss by fire or explosion to a structure
5 located in this State where the amount recoverable for loss to
6 the structure under a policy exceeds \$100,000 ~~\$25,000~~, until
7 the insurance company receives the certificate required by
8 this Section. A notice, to the State's Attorney of the county
9 where the structure is located, of the insurers intent to pay a
10 claim shall include the name of the property owner, the
11 address of the property, its legal description, the permanent
12 real estate index number that identifies the property for
13 purposes of taxation, and the amount of the claim to be paid.

14 (b) For purposes of this Section, the following
15 definitions are applicable:

16 (1) "Insured property owner" is a person named as an
17 insured who is the owner, title-holder or mortgagee of a
18 structure, the holder of an interest secured by the
19 structure, the beneficiary of a land trust owning or
20 holding title to a structure, the lessee of a structure
21 with a contractual obligation for property taxes, or the
22 assignee of any such person.

23 (2) "Amount recoverable" is the dollar amount payable
24 under all insurance policies for loss to the structure.

25 (3) "Proceeds" is the dollar amount payable for loss
26 to the structure under an insurance policy.

1 (4) "Delinquent property taxes" are those property
2 taxes on the property which are delinquent pursuant to
3 Section 21-15, 21-20, or 21-25 of the Property Tax Code,
4 including those delinquent taxes on property forfeited
5 under Section 21-225 of the Property Tax Code, as of the
6 date of loss.

7 In determining delinquent property taxes under this
8 Section, the amount of property taxes for which a
9 certificate of error has been issued pursuant to Section
10 14-10 or 14-20 of the Property Tax Code shall not be
11 considered delinquent.

12 (5) "Incurred demolition expense" is: a. the cost of
13 demolishing or removing a structure from property by or at
14 the expense of a unit of local government if the
15 demolition or removal occurs on a date preceding the later
16 of (i) the acceptance by the insurance company of a Proof
17 of Loss for an agreed amount of proceeds, or (ii) the date
18 of receipt by the unit of local government of a request for
19 execution of the certificate required by this Section; or
20 b. the amount estimated by the unit of local government
21 when it receives a request to execute the certificate
22 required by this Section; or c. the amount ordered to be
23 withheld by a court within 28 days after a unit of local
24 government receives a request for execution of the
25 certificate required by this Section. The unit of local
26 government must be a party to such proceeding.

1 Incurred demolition expense shall be determined under
2 subparagraph a. whenever possible. In determining the
3 incurred demolition expense under subparagraph b., the
4 unit of local government shall make its estimate and
5 execute the certificate within 30 days after receiving a
6 request for execution. If the unit of local government
7 shall fail within 30 days to execute the certificate, as
8 required by subparagraph a., the company can proceed to
9 make payment of the claim as if the certificate had been
10 received showing no unpaid demolition costs. The request
11 for execution may be served personally, and may be proven
12 by a written receipt signed by the local official as of the
13 date the request was made or by service on the local
14 official by certified mail, return receipt requested. A
15 court order under subparagraph c. shall supersede an
16 estimate under subparagraph b.

17 (6) "Property" is the lot on which the structure is
18 located.

19 (7) "Structure" is a building.

20 (8) "Claim" is the demand by an insured for payment
21 under an insurance policy or policies.

22 (9) "Proof of Loss" is the document on which an
23 insured formally presents his claim to an insurance
24 company.

25 (10) "Certificate" is the executed form prescribed by
26 the Director of Insurance.

1 (11) "Executed" means signed by the appropriate
2 official or unit of government.

3 (c) For any claim to which this Section is applicable, an
4 insured property owner must submit one of the following to the
5 insurance company:

6 (1) a certificate that with respect to the property
7 there are:

8 a. no delinquent property taxes, and

9 b. no unpaid incurred demolition expenses;

10 (2) a certificate setting forth with respect to the
11 property:

12 a. the amount of unpaid delinquent property taxes,

13 b. the amount of unpaid incurred demolition
14 expense, and

15 c. a direction by an insured property owner to the
16 insurance company to pay the unpaid delinquent
17 property taxes and unpaid incurred demolition
18 expenses.

19 (d) (1) Except as provided in paragraph (2) of this
20 subsection (d), if a certificate is submitted pursuant to
21 paragraph (2) of subsection (c) of this Section, the
22 insurance company shall pay the unpaid delinquent property
23 taxes and unpaid incurred demolition expense from the
24 proceeds payable by issuing a draft or check payable to
25 the appropriate tax collector or unit of local government.

26 Any proceeds remaining shall be paid to the insured

1 property owner.

2 (2) In the event incurred demolition expense is
3 determined by estimation under paragraph (5) of subsection
4 (b) of this Section in cities of over 2,000,000, the
5 insurance company shall hold the amount estimated until an
6 amended certificate executed by the appropriate local
7 government official is submitted stating (i) that no
8 demolition expense will be incurred or (ii) the actual
9 unpaid incurred demolition expense. The insurance company
10 shall then issue a draft or check payable to the unit of
11 local government for the actual unpaid incurred demolition
12 expense. Any proceeds remaining shall be paid to the
13 insured property owner.

14 In determining the amount of proceeds remaining under
15 this paragraph, the insured property owner shall receive
16 interest on the amount withheld from the date the
17 certificate is executed as provided in Section 2 of the
18 Interest Act.

19 (e) If, under this Section, the proceeds payable are less
20 than the amount of the unpaid delinquent property taxes and
21 unpaid incurred demolition expense, unpaid property taxes
22 shall be paid first.

23 (f) If incurred demolition expense withheld pursuant to
24 subparagraphs b. or c. of paragraph 5 of subsection (b) of this
25 Section exceeds the ultimate cost of demolition, the excess
26 shall first be applied to unpaid delinquent property taxes.

1 Any amount of proceeds remaining shall be paid to the insured
2 property owner.

3 (g) Nothing in this Section shall be construed as:

4 (1) making an insurance company liable for any amount
5 in excess of the proceeds payable under its insurance
6 policy unless the insurance company shall have made
7 payment to the named insured without satisfying the
8 requirements of this Section;

9 (2) making a unit of local government or tax collector
10 an insured under an insurance policy; or

11 (3) creating an obligation for an insurance company to
12 pay unpaid delinquent property taxes or unpaid incurred
13 demolition expense other than as provided in subsection
14 (d) of this Section.

15 (h) An insurance company making a payment of proceeds
16 under this Section for unpaid delinquent taxes or unpaid
17 incurred demolition expense shall be entitled to the full
18 benefit of such payment, including subrogation rights and
19 other rights of assignment.

20 (i) Unpaid property taxes and unpaid incurred demolition
21 expense for a claim for loss to a structure occurring after the
22 issuance of a tax deed pursuant to Section 22-40 of the
23 Property Tax Code shall not include any unpaid property tax or
24 unpaid demolition expense arising before the issuance of the
25 tax deed.

26 (j) The county collector shall be designated as the local

1 official who shall execute the certificate required by this
2 Section regarding delinquent property taxes. The village clerk
3 or city clerk in incorporated areas and the official in charge
4 of the county building department in unincorporated areas
5 shall be designated as the local official who shall execute
6 the certificate required by this Section regarding demolition
7 expenses.

8 (k) A fee not to exceed \$5 may be charged by a unit of
9 local government for execution of the certificate required by
10 this Section.

11 (l) This Section shall retroactively apply to any policy
12 issued or renewed on or after January 1, 1978 for which a claim
13 subject to this Section remains unpaid as of the effective
14 date of this amendatory Act of 1978.

15 (Source: P.A. 87-507; 88-667, eff. 9-16-94; 88-670, eff.
16 12-2-94.)

17 (215 ILCS 5/1570)

18 Sec. 1570. Public adjuster fees.

19 (a) A public adjuster shall not pay a commission, service
20 fee, or other valuable consideration to a person for
21 investigating or settling claims in this State if that person
22 is required to be licensed under this Article and is not so
23 licensed.

24 (b) A person shall not accept a commission, service fee,
25 or other valuable consideration for investigating or settling

1 claims in this State if that person is required to be licensed
2 under this Article and is not so licensed.

3 (c) A public adjuster may pay or assign commission,
4 service fees, or other valuable consideration to persons who
5 do not investigate or settle claims in this State, unless the
6 payment would violate State law.

7 (d) If the loss giving rise to the claim for which the
8 public adjuster was retained arises from damage to property
9 that is anything but a personal residence, a public adjuster
10 may not charge, agree to, or accept any compensation, payment,
11 commission, fee, or other valuable consideration in excess of
12 10% of the amount of the insurance settlement claim paid by the
13 insurer on any claim resulting from a catastrophic event,
14 unless approved in writing by the Director. Application for
15 exception to the 10% limit must be made in writing. The request
16 must contain specific reasons as to why the consideration
17 should be in excess of 10% and proof that the policyholder
18 would accept the consideration. The Director must act on any
19 request within 5 business days after receipt of the request.

20 For the purpose of this subsection (d), "catastrophic
21 event" means an occurrence of widespread or severe damage or
22 loss of property producing an overwhelming demand on State and
23 local response resources and mechanisms and a severe long-term
24 effect on general economic activity, and that severely affects
25 State, local, and private sector capabilities to begin to
26 sustain response activities resulting from any catastrophic

1 cause, including, but not limited to, fire, including arson
2 (provided the fire was not caused by the willful action of an
3 owner or resident of the property), flood, earthquake, wind,
4 storm, explosion, or extended periods of severe inclement
5 weather as determined by declaration of a State of disaster by
6 the Governor. This declaration may be made on a
7 county-by-county basis and shall be in effect for 90 days, but
8 may be renewed for 30-day intervals thereafter.

9 (e) If the loss giving rise to the claim for which the
10 public adjuster was retained arises from damage to a personal
11 residence, a public adjuster may not charge, agree to, or
12 accept any compensation, payment, commission, fee, or other
13 valuable consideration in excess of 10% of the amount of the
14 insurance settlement claim paid by the insurer on any claim.
15 Expenses to be reimbursed to the public adjuster are not
16 subject to the 10% cap on a public adjuster's salary, fee,
17 commission, compensation, or consideration. The policies must
18 be individually underwritten for personal, family, or
19 household use. No other type of insurance shall be considered
20 personal insurance. As used in this subsection, "personal
21 residence" means a residence insured under homeowners and
22 non-commercial dwelling fire insurance policies.

23 (f)(1) When a claim is settled where the insured is
24 represented by a public adjuster, upon the request of the
25 insured, the insurer shall follow the direction of the
26 insured, subject to the interests of any loss payee or

1 mortgagee, as to who shall be named on the insurer's check or
2 checks by following the instructions in a direction to pay
3 letter signed by the insured and filed with the insurer. The
4 insurer shall not accept the direction to pay letter unless
5 the letter is signed by the first named insured with regard to
6 commercial claims and by all named insureds with regard to
7 noncommercial claims.

8 (2) Upon the written direction of the insured, the insurer
9 shall make its check payable to both the public adjuster and
10 the insured, or to the public adjuster named as a payee, but
11 not in excess of the amount of the public adjuster's fee, as
12 indicated in the written compensation agreement signed by the
13 insured party to be charged and filed with the insurer. The
14 balance of the proceeds shall be made payable to the insured or
15 any loss payee or mortgagee, or both, whichever is
16 appropriate. If an insured does not submit a direction to pay
17 letter to the insurer, then the insurer shall not make any
18 check payable to the public adjuster.

19 (3) Any payment made to a public adjuster shall be only for
20 those elements of the claim for which the public adjuster
21 represents the insured.

22 (4) A direction to pay letter shall be valid for any
23 payment made pursuant to a claim unless revoked by the
24 insured. A direction to pay letter shall be revocable by any
25 named insured at any time prior to the insurer issuing a check.
26 If an insured revokes a direction to pay letter, then the

1 revocation shall be in writing and signed by the insured. The
2 insured shall submit the revocation to the insurer and provide
3 the public adjuster with a copy.

4 (5) A public adjuster shall not condition doing business
5 with an insured on the insured signing a direction to pay
6 letter that directs the insurer to name the public adjuster on
7 the check.

8 (Source: P.A. 103-216, eff. 1-1-24.)

9 (215 ILCS 5/1575)

10 Sec. 1575. Contract between public adjuster and insured.

11 (a) Public adjusters shall ensure that all contracts for
12 their services are in writing and contain the following terms:

13 (1) legible full name of the adjuster signing the
14 contract, as specified in Department records;

15 (2) permanent home state business address, email
16 address, and phone number;

17 (3) license number;

18 (4) title of "Public Adjuster Contract";

19 (5) the insured's full name, street address, insurance
20 company name, and policy number, if known or upon
21 notification;

22 (6) a description of the loss and its location;

23 (7) description of services to be provided to the
24 insured;

25 (8) signatures of the public adjuster and the insured;

1 (9) date and time the contract was signed by the
2 public adjuster and date and time the contract was signed
3 by the insured;

4 (10) attestation language stating that the public
5 adjuster is fully bonded pursuant to State law; and

6 (11) full salary, fee, commission, compensation, or
7 other considerations the public adjuster is to receive for
8 services, including any applicable cap under Section 1570.

9 (b) The contract may specify that the public adjuster
10 shall be named as a co-payee on an insurer's payment of a
11 claim.

12 (1) If the compensation is based on a share of the
13 insurance settlement, the exact percentage shall be
14 specified.

15 (2) Initial expenses to be reimbursed to the public
16 adjuster from the proceeds of the claim payment shall be
17 specified by type, with dollar estimates set forth in the
18 contract and with any additional expenses first approved
19 by the insured. Expenses to be reimbursed to the public
20 adjuster are not limited to emergency mitigation expenses.
21 Expenses shall be reimbursed to the public adjuster
22 regardless of whether the expense is covered by the
23 applicable insurance policy.

24 (3) Compensation provisions in a public adjuster
25 contract shall not be redacted in any copy of the contract
26 provided to the Director.

1 (c) If the insurer, not later than 5 business days after
2 the date on which the loss is reported to the insurer, either
3 pays or commits in writing to pay to the insured the policy
4 limit of the insurance policy, the public adjuster shall:

5 (1) not receive a commission consisting of a
6 percentage of the total amount paid by an insurer to
7 resolve a claim;

8 (2) inform the insured that loss recovery amount might
9 not be increased by insurer; and

10 (3) be entitled only to reasonable compensation from
11 the insured for services provided by the public adjuster
12 on behalf of the insured, based on the time spent on a
13 claim and expenses incurred by the public adjuster, until
14 the claim is paid or the insured receives a written
15 commitment to pay from the insurer.

16 (d) A public adjuster shall provide the insured a written
17 disclosure concerning any direct or indirect financial
18 interest that the public adjuster has with any other party who
19 is involved in any aspect of the claim, other than the salary,
20 fee, commission, or other consideration established in the
21 written contract with the insured, including, but not limited
22 to, any ownership of or any compensation expected to be
23 received from, any construction firm, salvage firm, building
24 appraisal firm, board-up company, or any other firm that
25 provides estimates for work, or that performs any work, in
26 conjunction with damages caused by the insured loss on which

1 the public adjuster is engaged. The word "firm" shall include
2 any corporation, partnership, association, joint-stock
3 company, or person.

4 (e) A public adjuster contract may not contain any
5 contract term that:

6 (1) allows the public adjuster's percentage fee to be
7 collected when money is due from an insurance company, but
8 not paid, or that allows a public adjuster to collect the
9 entire fee from the first check issued by an insurance
10 company, rather than as a percentage of each check issued
11 by an insurance company;

12 (2) requires the insured to authorize an insurance
13 company to issue a check only in the name of the public
14 adjuster;

15 (3) precludes a public adjuster or an insured from
16 pursuing civil remedies;

17 (4) includes any hold harmless agreement that provides
18 indemnification to the public adjuster by the insured for
19 liability resulting from the public adjuster's negligence;

20 or

21 (5) provides power of attorney by which the public
22 adjuster can act in the place and instead of the insured.

23 (f) The following provisions apply to a contract between a
24 public adjuster and an insured:

25 (1) Prior to the signing of the contract, the public
26 adjuster shall provide the insured with a separate signed

1 and dated disclosure document regarding the claim process
2 that states:

3 "Property insurance policies obligate the insured to
4 present a claim to his or her insurance company for
5 consideration. There are 3 types of adjusters that could
6 be involved in that process. The definitions of the 3
7 types are as follows:

8 (A) "Company adjuster" means the insurance
9 adjusters who are employees of an insurance company.
10 They represent the interest of the insurance company
11 and are paid by the insurance company. They will not
12 charge you a fee.

13 (B) "Independent adjuster" means the insurance
14 adjusters who are hired on a contract basis by an
15 insurance company to represent the insurance company's
16 interest in the settlement of the claim. They are paid
17 by your insurance company. They will not charge you a
18 fee.

19 (C) "Public adjuster" means the insurance
20 adjusters who do not work for any insurance company.
21 They represent the insured to assist in the
22 preparation, presentation and settlement of the claim.
23 The insured hires them by signing a contract agreeing
24 to pay them a fee or commission based on a percentage
25 of the settlement, or other method of compensation."

26 (2) The insured is not required to hire a public

1 adjuster to help the insured meet his or her obligations
2 under the policy, but has the right to do so.

3 (3) The public adjuster is not a representative or
4 employee of the insurer or the Department of Insurance.

5 (4) The salary, fee, commission, or other
6 consideration is the obligation of the insured, not the
7 insurer, except when rights have been assigned to the
8 public adjuster by the insured.

9 (g) The contracts shall be executed in duplicate to
10 provide an original contract to the public adjuster, and an
11 original contract to the insured. The public adjuster's
12 original contract shall be available at all times for
13 inspection without notice by the Director.

14 (h) The public adjuster shall provide the insurer or its
15 authorized representative for receiving notice of loss or
16 damage with an exact copy of the contract with the insured by
17 email no later than 5 business days after execution of the
18 contract, authorizing the public adjuster to represent the
19 insured's interest.

20 (i) The public adjuster shall give the insured written
21 notice of the insured's rights as a consumer under the law of
22 this State.

23 (j) A public adjuster shall not provide services, other
24 than emergency services, until a written contract with the
25 insured has been executed, on a form filed with and approved by
26 the Director, and an exact copy of the contract has been

1 provided to the insurer in accordance with subsection (h). At
2 the option of the insured, any such contract shall be voidable
3 for 5 business days after the contract is received by the
4 insurer. The insured may void the contract by notifying the
5 public adjuster in writing by (i) registered or certified
6 mail, return receipt requested, to the address shown on the
7 contract, (ii) personally serving the notice on the public
8 adjuster, or (iii) sending an email to the email address shown
9 on the contract.

10 (k) If the insured exercises the right to rescind the
11 contract, anything of value given by the insured under the
12 contract will be returned to the insured within 15 business
13 days following the receipt by the public adjuster of the
14 cancellation notice.

15 (l) All contracts entered into that are in violation of
16 this Section are void and invalid.

17 (Source: P.A. 103-216, eff. 1-1-24.)

18 (215 ILCS 5/1590)

19 Sec. 1590. Standards of conduct of public adjuster.

20 (a) A public adjuster is obligated, under his or her
21 license, to serve with objectivity and complete loyalty for
22 the interests of his client alone, and to render to the insured
23 such information, counsel, and service, as within the
24 knowledge, understanding, and opinion in good faith of the
25 licensee, as will best serve the insured's insurance claim

1 needs and interest.

2 (b) A public adjuster may not propose or attempt to
3 propose to any person that the public adjuster represent that
4 person while a loss-producing occurrence is continuing, nor
5 while the fire department or its representatives are engaged
6 at the damaged premises, nor between the hours of 7:00 p.m. and
7 8:00 a.m.

8 (c) A public adjuster shall not permit an unlicensed
9 employee or representative of the public adjuster to conduct
10 business for which a license is required under this Article.

11 (d) A public adjuster shall not have a direct or indirect
12 financial interest in any aspect of the claim, other than the
13 salary, fee, commission, or other consideration established in
14 the written contract with the insured, unless full written
15 disclosure has been made to the insured as set forth in
16 subsection (d) of Section 1575.

17 (e) A public adjuster shall not acquire any interest in
18 the salvage of property subject to the contract with the
19 insured unless the public adjuster obtains written permission
20 from the insured after settlement of the claim with the
21 insurer as set forth in subsection (d) of Section 1575 of this
22 Article.

23 (f) The public adjuster shall abstain from referring or
24 directing the insured to get needed repairs or services in
25 connection with a loss from any person, unless disclosed to
26 the insured:

1 (1) with whom the public adjuster has a direct or
2 indirect financial interest; or

3 (2) from whom the public adjuster may receive direct
4 or indirect compensation for the referral.

5 (g) The public adjuster shall disclose to an insured if he
6 or she has any interest or will be compensated by any
7 construction firm, salvage firm, building appraisal firm,
8 board-up company, or any other firm that performs any work in
9 conjunction with damages caused by the insured loss. The word
10 "firm" shall include any corporation, partnership,
11 association, joint-stock company or individual as set forth in
12 Section 1575 of this Article.

13 (h) Any compensation or anything of value in connection
14 with an insured's specific loss that will be received by a
15 public adjuster shall be disclosed by the public adjuster to
16 the insured in writing including the source and amount of any
17 such compensation.

18 (i) In all cases where the loss giving rise to the claim
19 for which the public adjuster was retained arise from damage
20 to a personal residence, the insurance proceeds shall be
21 delivered to the named insured or his or her designee,
22 including the named insured's public adjuster and the named
23 insured's attorney. Where proceeds paid by an insurance
24 company are paid jointly to the insured and the public
25 adjuster, the insured shall release such portion of the
26 proceeds that are due the public adjuster within 30 calendar

1 days after the insured's receipt of the insurance company's
2 check, money order, draft, or release of funds. If the
3 proceeds are not so released to the public adjuster within 30
4 calendar days, the insured shall provide the public adjuster
5 with a written explanation of the reason for the delay.

6 (j) Public adjusters shall adhere to the following general
7 ethical requirements:

8 (1) a public adjuster shall not undertake the
9 adjustment of any claim if the public adjuster is not
10 competent and knowledgeable as to the terms and conditions
11 of the insurance coverage, or which otherwise exceeds the
12 public adjuster's current expertise;

13 (2) a public adjuster shall not knowingly make any
14 oral or written material misrepresentations or statements
15 which are false or maliciously critical and intended to
16 injure any person engaged in the business of insurance to
17 any insured client or potential insured client;

18 (3) no public adjuster, while so licensed by the
19 Department, may represent or act as a company adjuster or
20 independent adjuster on the same claim;

21 (4) the contract shall not be construed to prevent an
22 insured from pursuing any civil remedy after the
23 5-business day revocation or cancellation period;

24 (5) a public adjuster shall not enter into a contract
25 or accept a power of attorney that vests in the public
26 adjuster the effective authority to choose the persons who

1 shall perform repair work;

2 (6) a public adjuster shall ensure that all contracts
3 for the public adjuster's services are in writing and set
4 forth all terms and conditions of the engagement; and

5 (7) a public adjuster shall not advance money or any
6 valuable consideration, except emergency services to an
7 insured pending adjustment of a claim.

8 (k) A public adjuster may not agree to any loss settlement
9 without the insured's knowledge and consent and shall, upon
10 the insured's request, provide the insured with a document
11 setting forth the scope, amount, and value of the damages
12 prior to request by the insured for authority to settle the
13 loss.

14 (l) A public adjuster shall not provide legal advice or
15 representation to the insured or engage in the unauthorized
16 practice of law.

17 (m) A public adjuster shall not represent that he or she is
18 a representative of an insurance company, a fire department,
19 or the State of Illinois, that he or she is a fire
20 investigator, that his or her services are required for the
21 insured to submit a claim to the insured's insurance company,
22 or that he or she may provide legal advice or representation to
23 the insured. A public adjuster may represent that he or she has
24 been licensed by the State of Illinois.

25 (Source: P.A. 103-216, eff. 1-1-24.)