



102ND GENERAL ASSEMBLY

State of Illinois

2021 and 2022

HB0240

Introduced 1/29/2021, by Rep. Thaddeus Jones

SYNOPSIS AS INTRODUCED:

215 ILCS 5/1575
215 ILCS 5/Art. XXXI.75 rep.

Amends the Illinois Insurance Code. Provides that a public adjuster shall ensure that a contract between a public adjuster and insured contains the email address of the public adjuster. Provides that a public adjuster shall provide the insurer with an exact copy of the contract with the insured by email within 2 business days after execution of the contract. Provides that a public adjuster shall not provide services until a written contract with the insured has been executed and an exact copy of the contract has been provided to the insurer. Provides that, at the option of an insured, any contract between a public adjuster and the insured shall be voidable for 5 business days after the copy of the contract has been received by the insurer. Provides that the insured may void the contract by notifying the public adjuster in writing by sending an email to the email address shown on the contract. Repeals the Public Insurance Adjusters and Registered Firms Article of the Illinois Insurance Code. Effective immediately.

LRB102 05098 BMS 15118 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 Section 1575 as follows:

6 (215 ILCS 5/1575)

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

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

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

12 (2) permanent home state business address, email
13 address, and phone number;

14 (3) license number;

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

16 (5) the insured's full name, street address, insurance
17 company name, and policy number, if known or upon
18 notification;

19 (6) a description of the loss and its location, if
20 applicable;

21 (7) description of services to be provided to the
22 insured;

23 (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.

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.

20 (3) Compensation provisions in a public adjuster
21 contract shall not be redacted in any copy of the contract
22 provided to the Director.

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

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

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

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

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

26 (e) A public adjuster contract may not contain any

1 contract term that:

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

8 (2) requires the insured to authorize an insurance
9 company to issue a check only in the name of the public
10 adjuster;

11 (3) precludes a public adjuster or an insured from
12 pursuing civil remedies;

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

16 or

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

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

21 (1) Prior to the signing of the contract, the public
22 adjuster shall provide the insured with a separate signed
23 and dated disclosure document regarding the claim process
24 that states:

25 "Property insurance policies obligate the insured to
26 present a claim to his or her insurance company for

1 consideration. There are 3 types of adjusters that could
2 be involved in that process. The definitions of the 3
3 types are as follows:

4 (A) "Company adjuster" means the insurance
5 adjusters who are employees of an insurance company.
6 They represent the interest of the insurance company
7 and are paid by the insurance company. They will not
8 charge you a fee.

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

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

22 (2) The insured is not required to hire a public
23 adjuster to help the insured meet his or her obligations
24 under the policy, but has the right to do so.

25 (3) The public adjuster is not a representative or
26 employee of the insurer.

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

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

10 (h) The public adjuster shall provide the insurer with an
11 exact copy of the contract with ~~by~~ the insured by email within
12 2 business days after execution of the contract, authorizing
13 the public adjuster to represent the insured's interest.

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

17 (j) A public adjuster shall not provide services until a
18 written contract with the insured has been executed, on a form
19 filed with and approved by the Director, and an exact copy of
20 the contract has been provided to the insurer. At the option of
21 the insured, any such contract shall be voidable for 5
22 business days after the copy has been received by the insurer
23 ~~execution~~. The insured may void the contract by notifying the
24 public adjuster in writing by (i) registered or certified
25 mail, return receipt requested, to the address shown on the
26 contract, ~~or~~ (ii) personally serving the notice on the public

1 adjuster, or (iii) sending an email to the email address shown
2 on the contract.

3 (k) If the insured exercises the right to rescind the
4 contract, anything of value given by the insured under the
5 contract will be returned to the insured within 15 business
6 days following the receipt by the public adjuster of the
7 cancellation notice.

8 (Source: P.A. 96-1332, eff. 1-1-11; 97-333, eff. 8-12-11.)

9 (215 ILCS 5/Art. XXXI.75 rep.)

10 Section 10. The Illinois Insurance Code is amended by
11 repealing Article XXXI 3/4.

12 Section 99. Effective date. This Act takes effect upon
13 becoming law.