

1 AN ACT concerning insurance.

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 512.52, 512.53, 512.55, 512.57, 512.58,  
6 512.59, 512.60, 512.61, and 512.64 as follows:

7 (215 ILCS 5/512.52) (from Ch. 73, par. 1065.59-52)

8 Sec. 512.52. Definitions. As used in this Article unless  
9 the context clearly otherwise requires:

10 (a) "Adjusting insurance claims" means representing an  
11 insured with an insurer for compensation, and while  
12 representing that insured either negotiating values, damages,  
13 or depreciation, or applying the loss circumstances to  
14 insurance policy provisions.

15 (b) "Public Insurance Adjuster" means a person engaged in  
16 the business of adjusting insurance claims who is licensed  
17 pursuant to this Article.

18 (c) "Registered Firm" means a person registered with the  
19 Director under Section 512.57.

20 (d) "Compensation" shall include, but need not be limited  
21 to, the following:

22 1. any assignment of insurance proceeds or a percentage  
23 thereof;

1           2. any agreement to make repairs for the amount of the  
2 insurance proceeds payable;

3           3. assertion of any lien against insurance proceeds  
4 payable.

5           (e) "Person" embraces both natural persons and business  
6 entities of whatever type.

7 (Source: P.A. 84-335; 84-832.)

8           (215 ILCS 5/512.53) (from Ch. 73, par. 1065.59-53)

9           Sec. 512.53. License Required. (a) No person may engage in  
10 the business of adjusting insurance claims, nor advertise,  
11 solicit or hold himself out to be in the business of adjusting  
12 insurance claims, solicit or hold himself out to be a Public  
13 Insurance Adjuster, nor attempt to obtain a contract for Public  
14 Adjusting services, unless licensed or registered in  
15 accordance with the provisions of this Article, except that the  
16 provisions of this paragraph do not apply to a person admitted  
17 to the practice of law in this State, to a licensed agent  
18 adjusting loss or damage under a policy within his control or  
19 to a marine surveyor or average adjuster.

20           (b) In addition to any other penalty set forth in this  
21 Article, any person violating paragraph (a) of this Section  
22 shall be guilty of a Class A misdemeanor, and any person  
23 misappropriating or converting any monies collected as a Public  
24 Insurance Adjuster, whether licensed or not, shall be guilty of  
25 a Class 4 felony.

1       (c) All contracts entered into by any person violating  
2       subsection (a) of this Section are void and invalid.

3       (Source: P.A. 83-1362.)

4               (215 ILCS 5/512.55) (from Ch. 73, par. 1065.59-55)

5       Sec. 512.55. Public Insurance Adjuster license. (a) The  
6       Director shall issue a Public Insurance Adjuster license to an  
7       applicant who has:

8               (1) met the requirements of Section 512.54; and

9               (2) paid the fee as set forth in Section 512.63; and

10              (3) filed with the Director a bond as prescribed in Section  
11       512.56.

12              (b) Every Public Insurance Adjuster license shall remain in  
13       effect for one year from the date of its issuance.

14              (c) Each Public Insurance Adjuster license shall contain  
15       the name, business address, resident address and personal  
16       identification number of the Public Insurance Adjuster, the  
17       date of issue, general conditions relative to expiration or  
18       termination and any other information the Director considers  
19       proper.

20              (d) The holder of a Public Insurance Adjuster license shall  
21       notify the Director, in writing, of a change of either business  
22       or residence address within 30 days of such change.

23              (e) Each Public Insurance Adjuster license shall remain in  
24       effect as long as the holder of the license maintains in force  
25       and effect the bond required by Section 512.56 and pays the

1 annual fee required by Section 512.63 by the date due as  
2 prescribed by the Director, unless the license is revoked or  
3 suspended pursuant to Section 512.61.

4 The Department may refuse to issue or may suspend the  
5 license of any person who fails to file a return, or to pay the  
6 tax, penalty or interest shown in a filed return, or to pay any  
7 final assessment of tax, penalty or interest, as required by  
8 any tax Act administered by the Illinois Department of Revenue,  
9 until such time as the requirements of any such tax Act are  
10 satisfied.

11 (Source: P.A. 84-221; 84-832.)

12 (215 ILCS 5/512.57) (from Ch. 73, par. 1065.59-57)

13 Sec. 512.57. Registered Firms. (a) No person shall ~~may~~  
14 engage in the business of adjusting insurance claims ~~employ one~~  
15 ~~or more Public Insurance Adjustors in their professional~~  
16 ~~capacity, other than for the purpose of using their~~  
17 ~~professional services to negotiate or adjust such person's own~~  
18 ~~losses and insurance claims,~~ unless such person is licensed  
19 pursuant to this Article and registered with the Director under  
20 subsection (b) of this Section.

21 No Public Insurance Adjuster may form or participate in any  
22 association, partnership or other business entity ~~with any~~  
23 ~~other Public Insurance Adjuster~~ for the purpose of engaging in  
24 the business of adjusting insurance claims, unless such  
25 business entity is registered with the Director under

1 subsection (b) of this Section.

2 (b) To become a Registered Firm, a person must submit to  
3 the Director an application, on a form specified by the  
4 Director, and the fee required by Section 512.63. The Director  
5 may require any documents reasonably necessary to verify the  
6 information contained in the application.

7 (c) Each Registered Firm must notify the Director, in  
8 writing, of any change in its business or residence address  
9 within 30 days of such change.

10 (d) Each Registered Firm must notify the Director of each  
11 Public Insurance Adjuster who is a member, officer, director or  
12 employee of the Registered Firm, and report any changes in such  
13 status of any such Public Insurance Adjuster to the Director  
14 within 30 days thereof.

15 (e) Each Registered Firm shall appoint one or more Public  
16 Insurance Adjusters who is an officer, director or member of  
17 the Firm to be responsible for the compliance of the Registered  
18 Firm with the laws of this State and the rules and regulations  
19 of the Director. The Registered Firm shall be responsible for  
20 the actions of its officers, directors, members and employees.

21 (f) Each Registered Firm which, for any of the causes  
22 listed in Section 512.61, terminates its relationship with a  
23 Public Insurance Adjuster who is an officer, director, employee  
24 or member of the Registered Firm shall notify the Director, in  
25 writing, within 30 days of such termination of the specific  
26 reasons for such termination. The Registered Firm shall provide

1 the Director with information, documents, records or  
2 statements pertaining to the termination. Any materials  
3 provided may be used by the Director in any action taken  
4 pursuant to Section 512.62. There shall be no liability on the  
5 part of, nor any cause of action against, the Director or the  
6 Registered Firm, or any authorized representative of either,  
7 for any statement made or materials provided pursuant to this  
8 paragraph.

9 (g) The Director shall terminate any registration which  
10 does not comply with the requirements of this Article.

11 (h) A registered firm may only be comprised of licensed  
12 Public Insurance Adjusters. All shareholders, officers, and  
13 directors of registered firms must be licensed pursuant to this  
14 Act. Any Public Insurance Adjuster who has a license that has  
15 been revoked, suspended, or not renewed, whether voluntarily or  
16 not, must withdraw from a registered firm within 30 days and  
17 give written notice of his or her resignation to the licensed  
18 firm within 30 days.

19 (Source: P.A. 84-832.)

20 (215 ILCS 5/512.58) (from Ch. 73, par. 1065.59-58)

21 Sec. 512.58. Rate Schedules and Contract Forms. (a) A  
22 Public Insurance Adjuster shall not provide services until a  
23 written contract with the insured has been executed, on a form  
24 filed with and approved by the Director. At the option of the  
25 insured, any such contract which is executed within 5 business

1 days after conclusion of the loss-producing occurrence shall be  
2 voidable for 10 days after execution. The insured may void the  
3 contract by notifying the Public Insurance Adjuster in writing  
4 by (i) registered or certified mail, return receipt requested,  
5 to the address shown on the contract; or (ii) personally  
6 serving the notice on the Public Insurance Adjuster.

7 (b) The written contract required by paragraph (a) shall  
8 constitute the entire agreement between the Public Insurance  
9 Adjuster and the insured. A copy of the contract shall be given  
10 to the insured when the contract is executed. Such contract  
11 forms may not include any hold harmless agreement which  
12 provides indemnification to the Public Insurance Adjuster by  
13 the insured for liability resulting from the Public Insurance  
14 Adjuster's negligence, nor any power-of-attorney by which the  
15 Public Insurance Adjuster can act in the place and instead of  
16 the insured.

17 (Source: P.A. 83-1362.)

18 (215 ILCS 5/512.59) (from Ch. 73, par. 1065.59-59)

19 Sec. 512.59. Performance standards applicable to all  
20 Public Insurance Adjusters.

21 (a) A Public Insurance Adjuster shall ~~may~~ not represent  
22 that he is a representative of an insurance company, a fire  
23 department, or the State of Illinois, or that he is a fire  
24 investigator, or that his services are required for the insured  
25 to submit a claim to the insured's insurance company, or that

1 he may provide legal advice or representation to the insured. A  
2 Public Insurance Adjuster may represent that he has been  
3 licensed by the State of Illinois.

4 (b) A Public Insurance Adjuster shall ~~may~~ not agree to any  
5 loss settlement without the insured's knowledge and consent and  
6 shall provide the insured with a document setting forth the  
7 scope, amount, and value of the damages prior to requesting the  
8 insured for authority to settling any loss.

9 (c) If the Public Insurance Adjuster refers the insured to  
10 a contractor, the Public Insurance Adjuster warrants that all  
11 work will be performed in a workmanlike manner and conform to  
12 all statutes, ordinances and codes. Should the work not be  
13 completed in a workmanlike manner, the Public Insurance  
14 Adjuster shall be responsible for any and all costs and expense  
15 required to complete or repair the work in a workmanlike  
16 manner.

17 (d) In all cases where the loss giving rise to the claim  
18 for which the Public Insurance Adjuster was retained arise from  
19 damage to a personal residence, the insurance proceeds shall be  
20 delivered in person to the named insured or his or her  
21 designee. Where proceeds paid by an insurance company are paid  
22 jointly to the insured and the Public Insurance Adjuster, the  
23 insured ~~Public Insurance Adjuster~~ shall release such portion of  
24 the proceeds which are due the Public Insurance Adjuster  
25 ~~insured~~ within 30 calendar days after the insured's ~~Public~~  
26 ~~Insurance Adjuster's~~ receipt of the insurance company's check,



1 money order, draft, or release of funds. If the proceeds are  
2 not so released to the insured within 30 calendar days, the  
3 insured Public Insurance Adjuster shall provide the Public  
4 Insurance Adjuster ~~insured and the Illinois Department of~~  
5 ~~Insurance~~ with a written explanation of the reason for the  
6 delay.

7 (e) A Public Insurance Adjuster may not propose or attempt  
8 to propose to any person that the Public Insurance Adjuster  
9 represent that person while a loss-producing occurrence is  
10 continuing nor while the fire department or its representatives  
11 are engaged at the damaged premises nor between the hours of  
12 7:00 p.m. and 8:00 a.m..

13 (f) A Public Insurance Adjuster shall ~~may~~ not advance money  
14 or any valuable consideration, ~~except emergency services or the~~  
15 ~~commencement of repairs,~~ to an insured pending adjustment of a  
16 claim.

17 (g) A Public Insurance Adjuster shall ~~may~~ not provide legal  
18 advice or representation to the insured, or engage in the  
19 unauthorized practice of law.

20 (Source: P.A. 84-335.)

21 (215 ILCS 5/512.60) (from Ch. 73, par. 1065.59-60)

22 Sec. 512.60. Maintenance of records. (a) All Public  
23 Insurance Adjusters shall maintain a complete record of each of  
24 their transactions as a Public Insurance Adjuster. The records  
25 required by this Section shall include:

- 1 (1) name of the insured;
- 2 (2) date, location and amount of loss;
- 3 (3) copy of the contract between the Public Insurance  
4 Adjuster and insured;
- 5 (4) name of the insurer, amount, expiration date and number  
6 of each policy carried with respect to the loss;
- 7 (5) itemized statement of the insured's recoveries;
- 8 (6) name of the Public Insurance Adjuster who executed the  
9 contract; ~~and~~
- 10 (7) name of the attorney representing the insured, if  
11 applicable, and the name of the representative of the insurance  
12 company; ~~and~~.
- 13 (8) copy of the statement provided to the insured  
14 explaining the amount and value of the damages to the insured  
15 premises, the amount of insurance proceeds recovered from the  
16 insured, and the amount and values of all expenses incurred to  
17 adjust the claim and the amount and value of the Public  
18 Insurance Adjuster's fees and charges.

19 (b) Records shall be maintained for at least three years  
20 after the termination of the transaction with an insured and  
21 shall be open to examination by the Director at any time.

22 (c) A Public Insurance Adjuster shall not divulge  
23 information regarding any insured without written consent from  
24 the insured, except that the Public Insurance Adjuster may  
25 divulge such information to an insurance company or its  
26 representative which insures the insured, to the Department of

1 Insurance, or upon a court order or an Internal Revenue Service  
2 subpoena.

3 (d) Where a Public Insurance Adjuster is engaged or  
4 employed by a Registered Firm, the records required by this  
5 Section may be maintained by such Registered Firm on behalf of  
6 the Public Insurance Adjuster.

7 (Source: P.A. 84-335.)

8 (215 ILCS 5/512.61) (from Ch. 73, par. 1065.59-61)

9 Sec. 512.61. License suspension, revocation or denial. (a)  
10 Any license issued under this Article may, ~~after notice to the~~  
11 ~~licensee and hearing as provided by Section 402,~~ be suspended  
12 or revoked, and any application for a license may be denied, if  
13 the Director finds that the holder of or applicant for a  
14 license has:

15 (1) willfully violated any provision of this Code or any  
16 rule or regulation promulgated by the Director; or

17 (2) intentionally made a material misstatement in an  
18 application for a license as a Public Insurance Adjuster; or

19 (3) obtained or attempted to obtain a license as a Public  
20 Insurance Adjuster through misrepresentation or fraud; or

21 (4) misappropriated, converted to his own use or improperly  
22 withheld money due others; or

23 (5) intentionally misrepresented the terms of any  
24 insurance policy; or

25 (6) used fraudulent, coercive or dishonest practices, or

1 demonstrated incompetence, untrustworthiness or financial  
2 irresponsibility in the transaction of business as a Public  
3 Insurance Adjuster; or

4 (7) been convicted of any ~~a~~ felony or misdemeanor involving  
5 dishonesty or fraud, unless the individual demonstrates to the  
6 Director sufficient rehabilitation to warrant the public  
7 trust; or

8 (8) knowingly transacted the business of a Public Insurance  
9 Adjuster in conjunction with an individual who was not licensed  
10 at the time; or

11 (9) failed to appear without reasonable cause or excuse in  
12 response to a subpoena lawfully issued by the Director; or

13 (10) a license as a Public Insurance Adjuster suspended or  
14 revoked or an application denied in any other state, district,  
15 territory or province on a ground similar to one of the grounds  
16 stated in this Section; or

17 (11) failed to comply with or violated any of the standards  
18 set forth in Section 512.59; or

19 (12) failed to maintain the records required by Section  
20 512.60; or

21 (13) engaged in the unauthorized practice of law.

22 (b) Revocation, suspension, or the denial ~~Denial~~ of an  
23 application pursuant to this Section shall be by written notice  
24 served upon the applicant by certified or registered mail sent  
25 to the address specified in the application. The applicant may  
26 request a hearing in writing within 30 days from the date of

1 mailing as provided in Section 402. The hearing shall be held  
2 pursuant to Section 2402 of Title 50 of the Code.

3 (c) Upon notification of the issuance of an order  
4 suspending or revoking a Public Insurance Adjuster's license,  
5 the licensee or other person having possession or custody of  
6 such license shall promptly deliver it to the Director in  
7 person or by mail. The Director shall publish the name of each  
8 Public Insurance Adjuster whose license is suspended or  
9 revoked, after such suspension or revocation becomes final, in  
10 a manner designed to notify interested insurance companies and  
11 other persons.

12 (d) Any individual whose Public Insurance Adjuster's  
13 license is revoked or whose application is denied pursuant to  
14 this Section shall be ineligible to apply for a Public  
15 Insurance Adjuster's license for 5 ~~2~~ years. A suspension  
16 pursuant to this Section may be for any period of time up to 5 ~~2~~  
17 years.

18 (Source: P.A. 84-335; 84-832.)

19 (215 ILCS 5/512.64) (from Ch. 73, par. 1065.59-64)

20 Sec. 512.64. Injunctive Relief. Any person who acts as or  
21 holds himself out to be either engaged in the business of  
22 adjusting insurance claims or a Public Insurance Adjuster  
23 without holding a valid and current Public Insurance Adjuster's  
24 license ~~to do so~~ is hereby declared to be inimical to the  
25 public welfare and to constitute a public nuisance. The

1 Director may report such practice to the Attorney General of  
2 the State of Illinois, whose duty it is to apply forthwith by  
3 complaint on relation of the Director in the name of the people  
4 of the State of Illinois, as plaintiff, for injunctive relief  
5 in the circuit court of the county where such practice occurred  
6 to enjoin such person from engaging in such practice; and, upon  
7 the filing of a verified petition in such court, the court, if  
8 satisfied by affidavit or otherwise that such person has been  
9 engaged in such practice without a valid and current license to  
10 do so, may enter a temporary restraining order without notice  
11 or bond, enjoining the defendant from such further practice. A  
12 copy of the verified complaint shall be served upon the  
13 defendant and the proceedings shall thereafter be conducted as  
14 in other civil cases. If it is established that the defendant  
15 has been or is engaged in such unlawful practice, the court may  
16 enter an order or judgment perpetually enjoining the defendant  
17 from further such practice. In all proceedings hereunder the  
18 court, in its discretion, may apportion the costs among the  
19 parties interested in the action, including cost of filing the  
20 complaint, service of process, witness fees and expenses, court  
21 reporter charges and reasonable attorney fees. In case of  
22 violation of any injunctive order entered under the provisions  
23 of this Section, the court may try and punish the offender for  
24 contempt of court. Such injunction proceedings shall be in  
25 addition to, and not in lieu of, all penalties and other  
26 remedies.

1 (Source: P.A. 84-548.)