

SB3263



101ST GENERAL ASSEMBLY

State of Illinois

2019 and 2020

SB3263

Introduced 2/11/2020, by Sen. Bill Cunningham

SYNOPSIS AS INTRODUCED:

215 ILCS 5/154.6

from Ch. 73, par. 766.6

Amends the Illinois Insurance Code. Provides that it is an improper claims practice for a domestic, foreign, or alien company transacting business in this State to fail to pay applicable tax, title, and transfer fees for all first-party and third-party claims on a replacement vehicle in a private passenger automobile total loss vehicle claim if that act is committed knowingly in violation of the Code, has been committed with such frequency to indicate a persistent tendency to engage in that type of conduct, and is committed without just cause. Effective immediately.

LRB101 18644 BMS 68099 b

A BILL FOR

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 154.6 as follows:

6 (215 ILCS 5/154.6) (from Ch. 73, par. 766.6)

7 Sec. 154.6. Acts constituting improper claims practice.

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

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

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

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

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

23 (e) Compelling policyholders to institute suits to recover

1 amounts due under its policies by offering substantially less
2 than the amounts ultimately recovered in suits brought by them;

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

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

9 (h) Refusing to pay claims without conducting a reasonable
10 investigation based on all available information;

11 (i) Failing to affirm or deny coverage of claims within a
12 reasonable time after proof of loss statements have been
13 completed;

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

20 (k) Attempting to settle claims on the basis of an
21 application which was altered without notice to, or knowledge
22 or consent of, the insured;

23 (l) Making a claims payment to a policyholder or
24 beneficiary omitting the coverage under which each payment is
25 being made;

26 (m) Delaying the investigation or payment of claims by

1 requiring an insured, a claimant, or the physicians of either
2 to submit a preliminary claim report and then requiring
3 subsequent submission of formal proof of loss forms, resulting
4 in the duplication of verification;

5 (n) Failing in the case of the denial of a claim or the
6 offer of a compromise settlement to promptly provide a
7 reasonable and accurate explanation of the basis in the
8 insurance policy or applicable law for such denial or
9 compromise settlement;

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

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

18 (q) Failing to provide as a persistent tendency a
19 notification on any written estimate prepared by an insurance
20 company in connection with an insured loss that Illinois law
21 requires that vehicle repairers must be licensed in accordance
22 with Section 5-301 of the Illinois Vehicle Code;

23 (r) Failing to pay applicable tax, title, and transfer fees
24 for all first-party and third-party claims on a replacement
25 vehicle in a private passenger automobile total loss vehicle
26 claim;

1 (s) ~~(r)~~ Engaging in any other acts which are in substance
2 equivalent to any of the foregoing.

3 (Source: P.A. 90-340, eff. 8-8-97.)

4 Section 99. Effective date. This Act takes effect upon
5 becoming law.