

1 TITLE 50: INSURANCE
2 CHAPTER I: DEPARTMENT OF INSURANCE
3 SUBCHAPTER ii: INSURANCE PRODUCERS, LIMITED INSURANCE
4 REPRESENTATIVES AND BUSINESS ENTITIES
5

6 PART 3118
7 LICENSING OF PUBLIC ADJUSTERS
8

9 Section

10	3118.10	Authority (Repealed)
11	3118.20	Purpose and Scope
12	3118.25	Definitions
13	3118.30	Engaged in the Business of Adjusting Insurance Claims (Repealed)
14	3118.35	License Required
15	3118.40	Valuable Consideration (Repealed)
16	3118.45	Fingerprinting
17	3118.50	Records Material
18	3118.60	Grandfather License Provisions (Repealed)
19	3118.65	Resident License
20	3118.70	Nonresident Public Adjusters (Repealed)
21	3118.80	Contract Between Public Adjuster and Insured
22	3118.85	Financial Client Disclosure and Consumer Rights Notice
23	3118.90	Charges for Services
24	3118.95	Required Disclosure (Repealed)
25	3118.100	Maintenance of Records (Repealed)
26	3118.110	Performance Standards Applicable to All Public Adjusters (Repealed)
27	3118.115	Performance Standards Applicable to All Public Adjusters
28	3118.120	Hearings
29	3118.130	Severability

30
31 AUTHORITY: Implementing Article XLV and authorized by Section 1615 of the Illinois
32 Insurance Code [215 ILCS 5].
33

34 SOURCE: Adopted and codified at 6 Ill. Reg. 14622, effective November 16, 1982; amended at
35 14 Ill. Reg. 17978, effective October 18, 1990; amended at 30 Ill. Reg. 19367, effective
36 November 29, 2006; recodified from the Department of Financial and Professional Regulation to
37 the Department of Insurance pursuant to Executive Order 2009-04 at 38 Ill. Reg. 24069;
38 amended at 39 Ill. Reg. 1528, effective January 9, 2015; amended at 40 Ill. Reg. 12786, effective
39 August 16, 2016; amended at 47 Ill. Reg. 2301, effective February 1, 2023; amended at 48 Ill.
40 Reg. _____, effective _____.

41
42 **Section 3118.35 License Required**
43

44 All contracts entered into by anyone violating Section 1515 or Section 1575 of the Code are void
45 and invalid.

46
47 (Source: Amended at 48 Ill. Reg. _____, effective _____)
48

49 **Section 3118.80 Contract Between Public Adjuster and Insured**
50

51 a) Each public adjuster shall file with and secure the approval of the Director of each
52 contract before it is used in the State of Illinois.

53
54 b) Each contract form filing submitted for approval must include provisions required
55 by Section 1575 of the Code and must be consistent with the provisions of Article
56 XLV of the Code. Contract form filings must include:

57
58 1) The names and license numbers of the public adjusters making the filing;

59
60 2) Notification as to whether the filing is new or supersedes a current filing.
61 Identification of all changes in all superseding filings, as well as
62 identification of all superseded forms, is required; and

63
64 3) The effective date of use.

65
66 c) All contracts must contain the following and be formatted in no less than 10-point
67 font:

68
69 1) *Legible full name of the person signing the contract, as specified in the*
70 *Department records;*

71
72 2) Form number and edition of the form must appear in the lower left-hand
73 corner of the contract form to be approved;

74
75 3) Effective date of use;

76
77 4) *Permanent home state business address, email address, ~~email address~~, and*
78 *phone number;*

79
80 5) *License number* or space for indicating the license number if more than
81 one public adjuster will be using the contract;

82
83 6) The *title "Public Adjuster Contract"* printed at the head of the contract
84 form with the name of the public adjuster or the public adjuster business
85 entity and the location and telephone number of the public adjuster's
86 principal place of business. Unless located in a rural area that does not use

- 87 a street address, P.O. Box addresses are not permitted unless the street
88 address is also included;
89
- 90 7) A place to list *the insured's full name, street address, insurance company*
91 *name, and policy number, if known or upon notification;*
92
- 93 8) *A description of the loss and its location;*
94
- 95 9) *A description of services to be provided to the insured;*
96
- 97 10) A place for the *signatures of the public adjuster and the insured;*
98
- 99 11) A place for the date and; time ~~and location~~ the contract was signed by the
100 public adjuster and date and; time ~~and location~~ the contract was signed by
101 the insured;
102
- 103 12) *Attestation language stating that the public adjuster is fully bonded*
104 *pursuant to State law;*
105
- 106 13) Disclosure of *full salary, fee, commission, compensation or other*
107 *considerations the public adjuster is to receive for services, including any*
108 *applicable cap under Section 1570 of the Code; [215 ILCS 5/1575(a)]*
109
- 110 14) Notice that the written contract shall constitute the entire agreement
111 between the public adjuster and the insured;
112
- 113 15) Notice that, *at the option of the insured, any such contract shall be*
114 *voidable for 5 business days after the contract is received by the*
115 *insurer execution, except when notice is required by the Fire Damage*
116 *Representation Agreement Act [815 ILCS 625]. The insured may void the*
117 *contract by notifying the public insurance adjuster in writing by:*
118
- 119 A) *registered or certified mail, return receipt requested, to the*
120 *address shown on the contract with a postmark date within 5 days*
121 *of execution of the contract; ~~or~~*
122
- 123 B) *personally serving the notice on the public insurance adjuster; or*
124
- 125 C) *sending an email to the email address shown on the contract.* [215
126 ILCS 5/1575(j)]
127
- 128 ~~16) Notice as required by the Fire Damage Representation Agreement Act~~
129 ~~[815 ILCS 625];~~

130
131
132
133
134
135
136
137
138
139
140
141
142
143
144
145
146
147
148
149
150
151
152
153
154
155
156
157
158
159
160
161
162
163
164
165
166
167
168
169
170
171
172

~~1617~~) Notice that, if not later than 5 business days after the date of the loss is reported to the insurer, the insurer either pays or commits in writing to pay the policy limit, the public adjuster shall not receive a commission but only reasonable compensation for services provided.

~~1718~~) Attestation language stating that the public adjuster who signed the contract is the public adjuster who solicited the public adjuster business.

(Source: Amended at 48 Ill. Reg. _____, effective _____)

Section 3118.85 Financial~~Client~~ Disclosure and Consumer Rights Notice

a) Public ~~adjusters~~~~Adjusters~~ must provide full written financial disclosure consistent with Sections 1575(d) and 1590(d), (f), (g), and (h) of the Code. The financial disclosure must contain, at a minimum, the following wording in 10-point font:

1) "You are not required to use any person recommended to you by the public adjuster. You have a right to receive quotes or estimates from other contractors or vendors. You are free to hire the contractor or vendor of your choice."; and

2) A statement clarifying the amount of ownership in the recommended contractor by the public adjuster or any immediate family and/or the specific amount of compensation the public adjuster will receive from the recommended contractor if the client uses the recommended contractor. This disclosure may be stated in an actual dollar amount or a percentage of the payment.

b) The Department shall create a standard Consumer Right Notice explaining and referencing Illinois laws and regulations applicable to the public adjuster and client relationship. Public adjusters must provide this Notice to all clients. The Department shall publish the Consumer Rights Notice on the Department's website and provide a copy to all licensed public adjusters via email each time the Consumer Rights Notice is revised. ~~If the client of the public adjuster chooses either a board up company, contractor or any other vendor in which the public adjuster, or its employees, agents or assigns, has or receives any ownership, beneficial or equitable interest in that ownership, then the nature of that ownership or interest must be disclosed to the public adjuster's client in writing prior to execution of any contract between the public adjuster's client and any entity in which the public adjuster has ownership or beneficial or equitable interest.~~

173 c) The Consumer Rights Notice shall include the client's right to obtain quotes or
174 estimates from other contractors or vendors when a public adjuster recommends a
175 contractor or vendor, regardless of whether that public adjuster has a disclosable
176 financial interest in the recommended contractor under subsection (a).~~The~~
177 ~~disclosure must contain, at a minimum:~~

178
179 1) ~~The following wording in 10 point font:~~

180
181 ~~"You are not required to use any person recommended to you by the~~
182 ~~public adjuster and may choose any contractor or vendor you so choose.";~~

183
184 2) ~~A statement clarifying the amount of ownership in the recommended~~
185 ~~contractor by the public adjuster or any immediate family; and~~

186
187 3) ~~The specific amount of compensation the public adjuster will receive from~~
188 ~~the recommended contractor. This disclosure may be stated in an actual~~
189 ~~dollar amount or a percentage of the payment.~~

190
191 d) ~~The~~Notice of the Department's availability must be included in the Consumer
192 Rights Notice and~~provided to all clients. The notice must include information on~~
193 how consumers can file a complaint with the Department,~~at least the following:~~

194
195 ~~"This notice is to advise, should any complaints arise, you may contact the~~
196 ~~Illinois Department of Insurance at 320 West Washington Street,~~
197 ~~Springfield IL 62767, Phone: (866) 445-5364, or submit a consumer~~
198 ~~complaint on the Department's website at <http://insurance.illinois.gov>."~~

199
200 e) The public adjuster must provide all written disclosures regarding financial
201 interests and the Consumer Rights Notice to the client~~claim process, in addition to~~
202 ~~a consumer rights notice,~~ before the client~~insured~~ signs the public adjuster
203 contract.~~Sample notices containing recommended language can be found on the~~
204 ~~Department's website at <http://insurance.illinois.gov>.~~

205
206 (Source: Amended at 48 Ill. Reg. _____, effective _____)

207
208 **Section 3118.90 Charges for Services**

209
210 a) A public adjuster client shall not be required by the licensed public adjuster, or its
211 agent, to pay higher fees to the public adjuster if the client does not elect to work
212 with the contractor or vendor preferred or primarily recommended by the public
213 adjuster.~~A licensed public adjuster, or its agent, shall present to the public~~
214 ~~adjuster client not fewer than two good faith, competitive bids for any contractor,~~
215 ~~vendor or service provider recommended to the client by the public adjuster.~~

216
217
218
219
220
221
222
223
224
225
226
227
228
229
230
231
232
233
234
235
236
237
238
239
240

~~b) If the public adjuster refers the insured to a contractor, the public adjuster warrants that all work will be performed in a workmanlike manner and conform to all statutes, ordinances and codes. Should the work not be completed in a workmanlike manner, the public adjuster shall be responsible for any and all costs and expense required to complete or repair the work in a workmanlike manner.~~

b) A public adjuster commission, charges or fee shall not include the deductible amount and shall only be based on net claim payment made by the insurer.

(Source: Amended at 48 Ill. Reg. _____, effective _____)

Section 3118.115 Performance Standards Applicable to All Public Adjusters

a) A public adjuster shall not allow any unlicensed individual or entity in which the public adjuster has any interest, or that will compensate the adjuster, to solicit a loss in violation of Section 1590(b) of the Code.

b) A public adjuster shall not recommend any contractor unless the public adjuster first receives confirmation from the contractor that the contractor has liability insurance, a performance bond, any necessary licenses required to perform the particular work, and a written warranty of workmanship in the contractor's contract.

(Source: Amended at 48 Ill. Reg. _____, effective _____)