

# HB3771



## 104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB3771

Introduced 2/18/2025, by Rep. Harry Benton

### SYNOPSIS AS INTRODUCED:

215 ILCS 5/1575  
215 ILCS 5/1590

Amends the Public Adjusters Article of the Illinois Insurance Code. Removes provisions allowing a public adjuster to have a direct or indirect financial interest in an aspect of the claim if the public adjuster provides the insured a written disclosure. Makes conforming changes.

LRB104 10433 BAB 20508 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 Sections 1575 and 1590 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;

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

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

23 (9) date and time the contract was signed by the

1 public adjuster and date and time the contract was signed  
2 by the insured;

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

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

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

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

14 (2) Initial expenses to be reimbursed to the public  
15 adjuster from the proceeds of the claim payment shall be  
16 specified by type, with dollar estimates set forth in the  
17 contract and with any additional expenses first approved  
18 by the insured.

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

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

26 (1) not receive a commission consisting of a

1 percentage of the total amount paid by an insurer to  
2 resolve a claim;

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

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

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

25 (e) A public adjuster contract may not contain any  
26 contract term that:

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

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

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

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

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

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

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

24               "Property insurance policies obligate the insured to  
25               present a claim to his or her insurance company for  
26               consideration. There are 3 types of adjusters that could

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

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

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

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

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

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

26 (4) The salary, fee, commission, or other

1 consideration is the obligation of the insured, not the  
2 insurer, except when rights have been assigned to the  
3 public adjuster by the insured.

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

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

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

18 (j) A public adjuster shall not provide services, other  
19 than emergency services, until a written contract with the  
20 insured has been executed, on a form filed with and approved by  
21 the Director, and an exact copy of the contract has been  
22 provided to the insurer in accordance with subsection (h). At  
23 the option of the insured, any such contract shall be voidable  
24 for 5 business days after the contract is received by the  
25 insurer. The insured may void the contract by notifying the  
26 public adjuster in writing by (i) registered or certified

1 mail, return receipt requested, to the address shown on the  
2 contract, (ii) personally serving the notice on the public  
3 adjuster, or (iii) sending an email to the email address shown  
4 on the contract.

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

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

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

13 (215 ILCS 5/1590)

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

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

22 (b) A public adjuster may not propose or attempt to  
23 propose to any person that the public adjuster represent that  
24 person while a loss-producing occurrence is continuing, nor  
25 while the fire department or its representatives are engaged



1 at the damaged premises, nor between the hours of 7:00 p.m. and  
2 8:00 a.m.

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

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

12 (e) A public adjuster shall not acquire any interest in  
13 the salvage of property subject to the contract with the  
14 insured ~~unless the public adjuster obtains written permission~~  
15 ~~from the insured after settlement of the claim with the~~  
16 ~~insurer as set forth in subsection (d) of Section 1575 of this~~  
17 ~~Article.~~

18 (f) The public adjuster shall abstain from referring or  
19 directing the insured to get needed repairs or services in  
20 connection with a loss from any person. ~~7 unless disclosed to~~  
21 ~~the insured:~~

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

24 ~~(2) from whom the public adjuster may receive direct~~  
25 ~~or indirect compensation for the referral.~~

26 (g) (Blank). ~~The public adjuster shall disclose to an~~

1 ~~insured if he or she has any interest or will be compensated by~~  
2 ~~any construction firm, salvage firm, building appraisal firm,~~  
3 ~~board up company, or any other firm that performs any work in~~  
4 ~~conjunction with damages caused by the insured loss. The word~~  
5 ~~"firm" shall include any corporation, partnership,~~  
6 ~~association, joint stock company or individual as set forth in~~  
7 ~~Section 1575 of this Article.~~

8 (h) Any compensation or anything of value in connection  
9 with an insured's specific loss that will be received by a  
10 public adjuster shall be disclosed by the public adjuster to  
11 the insured in writing including the source and amount of any  
12 such compensation.

13 (i) In all cases where the loss giving rise to the claim  
14 for which the public adjuster was retained arise from damage  
15 to a personal residence, the insurance proceeds shall be  
16 delivered to the named insured or his or her designee. Where  
17 proceeds paid by an insurance company are paid jointly to the  
18 insured and the public adjuster, the insured shall release  
19 such portion of the proceeds that are due the public adjuster  
20 within 30 calendar days after the insured's receipt of the  
21 insurance company's check, money order, draft, or release of  
22 funds. If the proceeds are not so released to the public  
23 adjuster within 30 calendar days, the insured shall provide  
24 the public adjuster with a written explanation of the reason  
25 for the delay.

26 (j) Public adjusters shall adhere to the following general

1 ethical requirements:

2 (1) a public adjuster shall not undertake the  
3 adjustment of any claim if the public adjuster is not  
4 competent and knowledgeable as to the terms and conditions  
5 of the insurance coverage, or which otherwise exceeds the  
6 public adjuster's current expertise;

7 (2) a public adjuster shall not knowingly make any  
8 oral or written material misrepresentations or statements  
9 which are false or maliciously critical and intended to  
10 injure any person engaged in the business of insurance to  
11 any insured client or potential insured client;

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

15 (4) the contract shall not be construed to prevent an  
16 insured from pursuing any civil remedy after the  
17 5-business day revocation or cancellation period;

18 (5) a public adjuster shall not enter into a contract  
19 or accept a power of attorney that vests in the public  
20 adjuster the effective authority to choose the persons who  
21 shall perform repair work;

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

25 (7) a public adjuster shall not advance money or any  
26 valuable consideration, except emergency services to an

1           insured pending adjustment of a claim.

2           (k) A public adjuster may not agree to any loss settlement  
3 without the insured's knowledge and consent and shall, upon  
4 the insured's request, provide the insured with a document  
5 setting forth the scope, amount, and value of the damages  
6 prior to request by the insured for authority to settle the  
7 loss.

8           (l) A public adjuster shall not provide legal advice or  
9 representation to the insured or engage in the unauthorized  
10 practice of law.

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

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