



104TH GENERAL ASSEMBLY

State of Illinois

2025 and 2026

HB4160

Introduced 10/15/2025, by Rep. Tracy Katz Muhl

SYNOPSIS AS INTRODUCED:

215 ILCS 5/143.13b new

Amends the Illinois Insurance Code. Provides that every automobile insurance policy issued, renewed, or delivered in Illinois that includes first-party coverage for physical damage shall contain a provision granting either the insured or the insurer the right to invoke appraisal in the event of a dispute over (i) the actual cash value or amount of a loss, including repairable or total loss amounts; or (ii) the value of a settlement offer made to a third-party claimant. Sets forth provisions concerning the selection of appraisers; appointment of an umpire in the event of a disagreement between appraisers; issuance of the award following the appraisal; the binding effect of an agreement between appraisers or one appraiser and the umpire; cost allocation and consumer protections; the right of appraisal for third-party claimants; and enforcement and penalties. Creates the Automotive Appraisal Standards Advisory Board to provide guidance on rulemaking, enforcement priorities, and best practices. Sets forth membership provisions and provides that the Board shall meet no less than quarterly and may issue nonbinding recommendations to the Department of Insurance regarding updates to rules and emerging trends impacting fair claim resolution. Requires the Department to publish meeting summaries and any formal recommendations on its public website. Provides that the Department may adopt rules necessary to implement and enforce provisions concerning the right to appraisal. Effective 90 days after becoming law.

LRB104 15794 BAB 28989 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 adding Section 143.13b as follows:

6 (215 ILCS 5/143.13b new)

7 Sec. 143.13b. Right to appraisal; Automotive Appraisal
8 Standards Board.

9 (a) Definitions. As used in this Section:

10 "Appraiser" means an individual selected to determine the
11 value of the disputed loss.

12 "Board" means the Automotive Appraisal Standards Advisory
13 Board.

14 "Competent" means an individual with appropriate subject
15 matter expertise, training, and experience in automobile
16 damage valuation and claims practices.

17 "Disinterested" means an individual having no direct or
18 indirect financial interest in the outcome of the appraisal.

19 "Third-party claimant" means any person other than the
20 insured who files a liability claim for damages arising from a
21 loss when liability is reasonably clear.

22 "Umpire" means a neutral, disinterested individual with
23 relevant experience in vehicle damage assessment, selected

1 under paragraph (3) of subsection (b).

2 (b) Right to appraisal for first-party and third-party
3 claims.

4 (1) Every automobile insurance policy issued, renewed,
5 or delivered in Illinois that includes first-party
6 coverage for physical damage shall contain a provision
7 granting either the insured or the insurer the right to
8 invoke appraisal if there is a dispute over:

9 (A) the actual cash value or amount of a loss,
10 including repairable or total loss amounts; or

11 (B) the value of a settlement offer made to a
12 third-party claimant.

13 (2) If a dispute arises regarding the amount of a loss
14 or a settlement offer, either party may submit a written
15 demand for appraisal. Within 7 calendar days after
16 receiving the demand, each party shall:

17 (A) select a competent and disinterested
18 appraiser; and

19 (B) notify the opposing party in writing of the
20 selection.

21 (3) The 2 appraisers shall independently determine the
22 amount of loss. If the appraisers fail to agree on the
23 amount of a loss or a settlement offer within 5 calendar
24 days after the date of their appointment, they shall
25 jointly select a competent and disinterested umpire. If
26 the appraisers fail to agree on an umpire within 15

1 calendar days after they failed to agree on the amount of
2 the loss or the settlement offer, either party may
3 petition a court of competent jurisdiction or request
4 assistance from the Department of Insurance to appoint a
5 suitable umpire.

6 (4) The 2 appraisers or, if there is a disagreement
7 under paragraph (3), one appraiser and the umpire shall
8 issue an award determining:

9 (A) the actual cash value and amount of the loss;

10 and

11 (B) in the case of a third-party claim, the fair
12 value of a reasonable settlement offer.

13 (5) An agreement by any 2 of the 3, either both
14 appraisers or one appraiser and the umpire, shall be
15 binding upon all parties.

16 (c) Cost allocation and consumer protections.

17 (1) Each party shall bear the cost of its own
18 appraiser.

19 (2) The cost of the umpire shall be shared equally
20 between the parties unless the final appraisal award is
21 10% or more favorable to the policyholder or third-party
22 claimant compared to the insurer's last written offer
23 prior to appraisal; in such cases, the insurer shall pay
24 all appraisal and umpire fees.

25 (d) Application to third-party claimants.

26 (1) The right to appraisal under this Section shall

1 also apply to a third-party claimant if a dispute arises
2 regarding the actual cash value or amount of a loss used to
3 determine a settlement offer.

4 (2) The third-party claimant may invoke the appraisal
5 process under the same terms and timelines as the
6 policyholder.

7 (e) Enforcement and penalties.

8 (1) Any insurer in Illinois that fails to comply with
9 the appraisal provisions of this Section, including any
10 refusal to participate in the process in good faith, shall
11 be subject to:

12 (A) a civil penalty of up to \$5,000 per violation;

13 (B) additional administrative penalties imposed by
14 the Department; and

15 (C) liability for the insured's or third-party
16 claimant's reasonable attorney's fees and appraisal
17 costs, regardless of the outcome, if it is found that
18 the insurer delayed, obstructed, or acted in bad
19 faith.

20 (2) Repeated violations of this Section may result in
21 further disciplinary measures, including suspension or
22 revocation of the insurer's authority to write automobile
23 insurance policies in Illinois.

24 (f) Automotive Appraisal Standards Advisory Board.

25 (1) Within 120 days after the effective date of this
26 amendatory Act of the 104th General Assembly, the

1 Department shall create an Automotive Appraisal Standards
2 Advisory Board to provide guidance on rulemaking,
3 enforcement priorities, and best practices.

4 (2) The Board shall consist of the following members
5 appointed by the Director:

6 (A) 2 representatives from the automotive
7 collision repair industry, with technical knowledge of
8 vehicle repair standards or from an original equipment
9 manufacturer;

10 (B) 2 representatives from the insurance industry
11 with experience in automobile physical damage claims;

12 (C) 2 representatives from a consumer protection
13 organization or association or from the Office of the
14 Attorney General; and

15 (D) 2 public members with no direct financial
16 stake in insurance or automotive repair.

17 (3) The Board shall meet no less than quarterly and
18 may issue nonbinding recommendations to the Department
19 regarding updates to rules and emerging trends impacting
20 fair claim resolution. The Department shall publish
21 meeting summaries and any formal recommendations on its
22 public website.

23 (g) Rulemaking. The Department may adopt rules necessary
24 to implement and enforce this Section.

25 Section 99. Effective date. This Act takes effect 90 days
26 after becoming law.