



## 104TH GENERAL ASSEMBLY

### State of Illinois

2025 and 2026

SB3536

Introduced 2/5/2026, by Sen. Chapin Rose

#### SYNOPSIS AS INTRODUCED:

215 ILCS 5/154.6 from Ch. 73, par. 766.6  
215 ILCS 5/155.29a new

Amends the Illinois Insurance Code. Defines terms. Provides that "insurer" means a company, firm, partnership, association, order, society, or system that is obligated to pay at least part of the cost of repairing the exterior of an insured's motor vehicle under an insurance policy issued by the company, firm, partnership, association, order, society, or system. Provides that an insurer may not direct a body shop to repair an insured's motor vehicle until the insurer or its agent has given the insured written notice that meets certain requirements. Sets forth requirements for the content of the written notice. Provides that an insurer or its agent shall give an insured an opportunity to indicate in writing the type of body parts that the insured approves for use in the repair of the insured's motor vehicle. Provides that an insurer who violates certain requirements commits an improper claims practice. Provides that the requirements of the amendatory provisions apply only for 5 years after the model year of the applicable motor vehicle. Provides that the requirements of the amendatory provisions may be fulfilled on behalf of an insurer by the body shop that is directed by the insurer to repair the applicable motor vehicle. Makes a conforming change.

LRB104 17057 BAB 30472 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 changing Section 154.6 and by adding Section 155.29a as  
6 follows:

7 (215 ILCS 5/154.6) (from Ch. 73, par. 766.6)

8 Sec. 154.6. Acts constituting improper claims practice.

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

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

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

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

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

1 (e) Compelling policyholders to institute suits to recover  
2 amounts due under its policies by offering substantially less  
3 than the amounts ultimately recovered in suits brought by  
4 them;

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

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

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

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

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

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

25 (l) Making a claims payment to a policyholder or  
26 beneficiary omitting the coverage under which each payment is

1 being made;

2 (m) Delaying the investigation or payment of claims by  
3 requiring an insured, a claimant, or the physicians of either  
4 to submit a preliminary claim report and then requiring  
5 subsequent submission of formal proof of loss forms, resulting  
6 in the duplication of verification;

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

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

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

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

25 (q-5) Violating subsection (e) of Section 155.29a;

26 (r) Failing to pay the replacement vehicle use or

1 occupation tax, title, and transfer fees required by Section  
2 154.9 of this Code;

3 (s) Engaging in any other acts which are in substance  
4 equivalent to any of the foregoing.

5 (Source: P.A. 102-69, eff. 7-1-22.)

6 (215 ILCS 5/155.29a new)

7 Sec. 155.29a. Motor vehicle insurance; body parts used in  
8 the repair of a motor vehicle.

9 (a) As used in this Section:

10 "Body part" means a replacement for any of the  
11 nonmechanical sheet metal or plastic parts that generally  
12 constitute the exterior of a motor vehicle. "Body part"  
13 includes the inner and outer panels of the body of a motor  
14 vehicle.

15 "Body shop" means a business that repairs damage to the  
16 exterior of motor vehicles.

17 "Insured" means a person who is entitled to the coverage  
18 provided by an insurance policy.

19 "Insurer" means a company, firm, partnership, association,  
20 order, society, or system that is obligated to pay at least  
21 part of the cost of repairing the exterior of an insured's  
22 motor vehicle under an insurance policy issued by the company,  
23 firm, partnership, association, order, society, or system.

24 "Insurer" includes associations operating as Lloyds,  
25 reciprocal or inter-insurers, and individual underwriters.

1 "Motor vehicle" means a vehicle that is self-propelled.

2 "Motor vehicle" does not include a farm tractor, an implement  
3 of agriculture designed to be operated primarily in a farm  
4 field or on farm premises, an electric bicycle, an electric  
5 foot scooter, or an electric personal assistive mobility  
6 device.

7 "New body part" means a body part that has not previously  
8 been attached to a motor vehicle.

9 "Used body part" means a body part that has previously  
10 been attached to a motor vehicle.

11 (b) An insurer may not direct a body shop to repair an  
12 insured's motor vehicle until the insurer or its agent has  
13 given the insured written notice that meets the requirements  
14 set forth in subsection (c).

15 (c) An insurer or its agent shall give an insured written  
16 notice that complies with the following:

17 (1) the written notice informs the insured that the  
18 insured has a right to approve the type of body parts used  
19 in the repair of the motor vehicle; and

20 (2) the written notice gives the insured an  
21 opportunity, in approving the type of body parts used in  
22 the repair of the motor vehicle, to select from the  
23 following categories:

24 (A) new body parts manufactured by or for the  
25 manufacturer of the motor vehicle;

26 (B) new body parts that were not manufactured by

1           or for the manufacturer of the motor vehicle; and

2           (C) used body parts.

3           (d) An insurer or its agent shall give an insured an  
4 opportunity to indicate in writing the type of body parts that  
5 the insured approves for use in the repair of the insured's  
6 motor vehicle.

7           (e) An insurer who does any of the following actions  
8 commits an improper claims practice under Section 154.6:

9           (1) the insurer or its agent does not give an insured  
10 written notice and directs a body shop to repair the  
11 insured's motor vehicle;

12           (2) the insurer or its agent does not meet the  
13 requirements set forth in subsection (c) or (d) and  
14 directs a body shop to repair the insured's motor vehicle;

15           (3) the insurer or its agent gives an insured an  
16 opportunity to indicate in writing the type of body parts  
17 that the insured approves for use in the repair of the  
18 insured's motor vehicle and directs a body shop to repair  
19 the motor vehicle using a type of body part that is  
20 different from the type of body part that the insured  
21 approved; or

22           (4) the insurer or its agent gives an insured an  
23 opportunity to indicate in writing the type of body parts  
24 that the insured approves for use in the repair of the  
25 insured's motor vehicle and refuses to pay for the type of  
26 body parts that the insured approved or refuses to direct

1       a body shop to use the type of body parts that the insured  
2       approved in the repair of the motor vehicle.

3       (f) The requirements of this Section apply only for 5  
4       years after the model year of the applicable motor vehicle.

5       (g) The requirements of this Section may be fulfilled on  
6       behalf of an insurer by the body shop that is directed by the  
7       insurer to repair the applicable motor vehicle.