



Rep. Thaddeus Jones

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10200HB0240ham001

LRB102 05098 BMS 24707 a

1 AMENDMENT TO HOUSE BILL 240

2 AMENDMENT NO. \_\_\_\_\_. Amend House Bill 240 by replacing  
3 everything after the enacting clause with the following:

4 "Section 5. The Illinois Insurance Code is amended by  
5 changing Sections 1510 and 1575 as follows:

6 (215 ILCS 5/1510)

7 Sec. 1510. Definitions. In this Article:

8 ~~"Adjusting a claim for loss or damage covered by an~~  
9 ~~insurance contract" means negotiating values, damages, or~~  
10 ~~depreciation or applying the loss circumstances to insurance~~  
11 ~~policy provisions.~~

12 "Adjusting insurance claims" means representing an insured  
13 with an insurer for compensation, and while representing that  
14 insured either negotiating values, damages, or depreciation,  
15 or applying the loss circumstances to insurance policy  
16 provisions.

1 "Business entity" means a corporation, association,  
2 partnership, limited liability company, limited liability  
3 partnership, or other legal entity.

4 "Compensation" includes, but is not limited to, the  
5 following:

6 (1) any assignment of insurance proceeds or a  
7 percentage of the insurance proceeds;

8 (2) any agreement to make repairs for the amount of  
9 the insurance proceeds payable; or

10 (3) assertion of any lien against insurance proceeds  
11 payable.

12 "Department" means the Department of Insurance.

13 "Director" means the Director of Insurance.

14 "Fingerprints" means an impression of the lines on the  
15 finger taken for the purpose of identification. The impression  
16 may be electronic or in ink converted to electronic format.

17 "Home state" means the District of Columbia and any state  
18 or territory of the United States where the public adjuster's  
19 principal place of residence or principal place of business is  
20 located. If neither the state in which the public adjuster  
21 maintains the principal place of residence nor the state in  
22 which the public adjuster maintains the principal place of  
23 business has a substantially similar law governing public  
24 adjusters, the public adjuster may declare another state in  
25 which it becomes licensed and acts as a public adjuster to be  
26 the home state.

1 "Individual" means a natural person.

2 "Person" means an individual or a business entity.

3 "Public adjuster" means any person who, for compensation  
4 or any other thing of value on behalf of the insured:

5 (i) acts, ~~or~~ aids, or represents the insured solely in  
6 relation to first party claims arising under insurance  
7 contracts that insure the real or personal property of the  
8 insured, ~~on behalf of an insured~~ in adjusting an insurance  
9 ~~a~~ claim for loss or damage covered by an insurance  
10 contract;

11 (ii) advertises for employment as a public adjuster of  
12 insurance claims or solicits business or represents  
13 himself or herself to the public as a public adjuster of  
14 first party insurance claims for losses or damages arising  
15 out of policies of insurance that insure real or personal  
16 property; or

17 (iii) directly or indirectly solicits business,  
18 investigates or adjusts losses, or advises an insured  
19 about first party claims for losses or damages arising out  
20 of policies of insurance that insure real or personal  
21 property for another person engaged in the business of  
22 adjusting losses or damages covered by an insurance policy  
23 for the insured.

24 "Uniform individual application" means the current version  
25 of the National Association of Directors (NAIC) Uniform  
26 Individual Application for resident and nonresident

1 individuals.

2 "Uniform business entity application" means the current  
3 version of the National Association of Insurance Commissioners  
4 (NAIC) Uniform Business Entity Application for resident and  
5 nonresident business entities.

6 (Source: P.A. 96-1332, eff. 1-1-11.)

7 (215 ILCS 5/1575)

8 Sec. 1575. Contract between public adjuster and insured.

9 (a) Public adjusters shall ensure that all contracts for  
10 their services are in writing and contain the following terms:

11 (1) legible full name of the adjuster signing the  
12 contract, as specified in Department records;

13 (2) permanent home state business address, email  
14 address, and phone number;

15 (3) license number;

16 (4) title of "Public Adjuster Contract";

17 (5) the insured's full name, street address, insurance  
18 company name, and policy number, if known or upon  
19 notification;

20 (6) a description of the loss and its location, if  
21 applicable;

22 (7) description of services to be provided to the  
23 insured;

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

25 (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.

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 provide the insured a written  
12 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 ~~work for~~ the insured to assist in the  
17 preparation, presentation, and settlement of the  
18 claim. The insured hires them by signing a contract  
19 agreeing to pay them a fee or commission based on a  
20 percentage of the settlement, or other method of  
21 compensation."

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

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



1           (4) The salary, fee, commission, or other  
2 consideration is the obligation of the insured, not the  
3 insurer, except when rights have been assigned to the  
4 public adjuster by the insured.

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

10           (h) The public adjuster shall provide the insurer, or its  
11 authorized representative for receiving notice of loss or  
12 damage, with an exact copy of the contract with ~~by~~ the insured  
13 by email after execution of the contract, authorizing the  
14 public adjuster to represent the 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, or its authorized representative for  
23 receiving notice of loss or damage. Except as provided in the  
24 Fire Damage Representation Agreement Act, at ~~At~~ the option of  
25 the insured, any such contract shall be voidable for 5  
26 business days after the copy has been received by the insurer

1 ~~execution~~. The insured may void the contract by notifying the  
2 public adjuster in writing by (i) registered or certified  
3 mail, return receipt requested, to the address shown on the  
4 contract, ~~or~~ (ii) personally serving the notice on the public  
5 adjuster, or (iii) sending an email to the email address shown  
6 on the contract.

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

12 (Source: P.A. 96-1332, eff. 1-1-11; 97-333, eff. 8-12-11.)

13 (215 ILCS 5/Art. XXXI.75 rep.)

14 Section 10. The Illinois Insurance Code is amended by  
15 repealing Article XXXI 3/4.

16 Section 99. Effective date. This Act takes effect upon  
17 becoming law."