

AN ACT concerning regulation.

**Be it enacted by the People of the State of Illinois,  
represented in the General Assembly:**

Section 5. The Illinois Insurance Code is amended by changing Section 154.6 and by adding Section 154.9 as follows:

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

Sec. 154.6. Acts constituting improper claims practice. Any of the following acts by a company, if committed without just cause and in violation of Section 154.5, constitutes an improper claims practice:

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

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

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

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

(e) Compelling policyholders to institute suits to recover

amounts due under its policies by offering substantially less than the amounts ultimately recovered in suits brought by them;

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

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

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

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

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

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

(l) Making a claims payment to a policyholder or beneficiary omitting the coverage under which each payment is being made;

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

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

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

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

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

(r) Failing to pay the replacement vehicle use or occupation tax, title, and transfer fees required by Section 154.9 of this Code;

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

(Source: P.A. 90-340, eff. 8-8-97.)

(215 ILCS 5/154.9 new)

Sec. 154.9. Payment of applicable use or occupation tax, title, and transfer fees on a private passenger total loss claim.

(a) When an insurer determines that an insured's or third-party claimant's private passenger automobile is a total loss that is covered under the terms of a personal automobile policy issued or renewed on or after July 1, 2022 by the insurer, the insurer shall pay any use or occupation tax imposed by the State or a unit of local government and title and transfer fees as provided for in this Section. As used in this Section, "private passenger vehicle" means a private passenger motor vehicle, station wagon, or any other 4-wheeled motor vehicle with a load capacity of 1,500 pounds or less that is not used in the occupation, profession, or business of the insured or third-party claimant, not used as a public or livery conveyance for passengers, nor rented to others.

(b) If the insurer elects to replace the insured vehicle, the insurer shall pay any use or occupation tax imposed by the State or a unit of local government tax and title and transfer fees on the replacement vehicle.

(c) If a cash settlement is provided for the total loss

private passenger vehicle, the insurer shall reimburse the insured or third-party claimant for any use or occupation tax imposed by the State or a unit of local government and title and transfer fees if the replacement vehicle is purchased or leased within 30 days after the receipt of the cash settlement by the insured or third-party claimant and the insured or third-party claimant substantiates such purchase and the payment of such taxes and fees by submission of appropriate documentation to the insurer within 33 days after the receipt of the settlement or receipt of the required reimbursement form from the insurer, whichever is later.

(1) With respect to leased vehicles, use or occupation taxes and title and transfer fees shall be deemed to be incurred by the insured or the third-party claimant at the time the lease is entered into, but only if such use or occupation taxes and title and transfer fees are included in the cost of the lease or are paid directly by the insured or third-party claimant.

(2) The insurer is not required to reimburse the insured or third-party claimant for any use or occupation taxes and title or transfer fees in excess of the amount payable based on the value of the total loss vehicle at the time of the loss or for taxes and title or transfer fees not actually paid by the insured or third-party claimant.

(3) In lieu of this reimbursement procedure, the insurer may directly pay the required amount of any use or

occupation taxes and title and transfer fees to the claimant at the time of settlement.

(4) If an insurer requires a particular form be used to apply for reimbursement of any use or occupation taxes and title or transfer fees, the form must be delivered to the insured or third-party claimant at or before the time of settlement.

(d) The Department may adopt rules establishing uniform standards for implementation of this Section, including, but not limited to, prescribing the method of determining the market value of the insured's or third-party claimant's vehicle.

Section 99. Effective date. This Act takes effect July 1, 2022.