

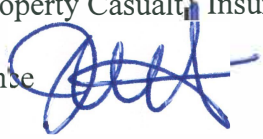


Illinois Department of Insurance

BRUCE RAUNER
Governor

JENNIFER HAMMER
Director

TO: All Licensed Public Adjusters and Property Casualty Insurance Companies

FROM: Jennifer Hammer, Director of Insurance 

DATE: August 29, 2018

RE: Bulletin 2018-06
Public Adjuster Practices

This shall serve as a reminder to all Public Adjusters of their duties under Article 45 of the Illinois Insurance Code. (215 ILCS 5/1501 *et seq.*).

It has come to our attention that some Public Adjusters may not be following all requirements set forth by Illinois insurance laws and this may be adversely impacting Illinois consumers who are unaware of their rights. This bulletin is intended to serve as a reminder to Public Adjusters operating in Illinois that fraudulent, coercive, or dishonest practices may be investigated. Committing insurance fraud or violating unfair insurance trade practice regulations are grounds for the Director to take action, which may include the probation, suspension, or revocation of license. (215 ILCS 5/1555).

- Prior to the execution of a Public Adjuster Contract an exact copy of the contract must be filed with and approved by the Department of Insurance. (215 ILCS 5/1575(j)).
- Prior to the execution of a Public Adjuster Contract a separate signed and dated disclosure document must be provided to the consumer regarding the claim process. (215 ILCS 5/1575(f)(1)).
- The Public Adjuster must provide an original contract to the insured at the time it is executed. (215 ILCS 5/1575(g)).

In addition, a consumer has a right to void any Public Adjuster Contract within 5 business days of execution. The Department believes this is a valuable consumer protection, which needs to be clearly explained to the consumer when the Public Adjuster Contract is executed. Calculation of "business days," as it involves an act to be performed pursuant to the statute (i.e., the mailing of a notice under 215 ILCS 5/1575), will be done using the method set forth in the Statute on Statutes (5 ILCS 70/1.11) excluding the date the contract is executed and also any weekend and holidays. Notification can be made in writing by either certified or registered mail, return receipt requested, to the address shown on the contract, or by personally serving notice on the Public Adjuster. In the case of mailing, if proper notice is sent on or before the fifth business day after execution of the Public Adjuster Contract, the contract will be deemed void. Notice will be considered served if it is personally delivered to the Public Adjuster or their agent, or delivered to the address shown in the contract as the place of business.

Public Adjusters are also required to abstain from referring or directing a consumer to get repairs or services in connection from the loss from any person unless proper advance disclosure has been provided of any financial interest, including both direct and indirect compensation, that they may receive from any firm that performs work in conjunction with the damages. (215 ILCS 5/1590; *see also* Title 50 of the Illinois Administrative Code, Sections 3118.85 and 3118.95).

The Department recommends all Public Adjusters use the attached pre-approved template when entering into a contract with the insured for adjusting a claim for loss or damages on behalf of the insured. As an alternative, Public Adjusters may file a contract pursuant to 215 ILCS 5/1575 for the Department's review and approval.

If you have questions, please submit them to this email address: DOI.InfoDesk@illinois.gov.

PUBLIC ADJUSTER CONTRACT

This Public Adjuster Contract (hereafter referred to as "Agreement") is entered into between (**full name of the insured**), Insured(s) ("Insured"), living at (**street address**) insured by (**insurance company name**), _____, (**policy number**) _____ and (**full name of public adjuster**), Public Insurance Adjuster ("Public Adjuster"), license number _____ doing business at (**permanent home state business address**) with a business phone number of (**business phone number**) _____, for the following described services relating to claim number _____ for the loss of property _____ which occurred on _____, 20__ at approximately _____ a.m./p.m. at _____, in _____ (*town or municipality*). Pursuant to the following terms and conditions, the parties agree to the following:

1. **Term:** This Agreement shall become effective upon the full execution of all signatories of this Agreement. No work shall commence until all parties have signed.
2. **Services:** Public Adjuster will act as a public insurance adjuster on behalf of Insured and provide the following services: _____.
3. **Fees for Services:** Insured understands and agrees that Public Adjuster shall recover its fees based on the amount recovered from an insurance company for the loss. Public adjuster's fee shall be due and payable within five business days of the insurance company making a payment to the insured. The amount of the Public Adjuster's fee shall be computed as follows: ____ percent (____%) of all sums recovered under the insurance contract for this claim. The insured understands that a public adjuster may not charge a commission more than 10% of the amount of the insurance settlement claim paid by the insurer on any claim resulting from a catastrophic event, unless approved in writing by the Illinois Director of Insurance. The insured also understands that this amount will be his or her obligation as the insured and is not provided as a part of any insurance policy.
4. **Cancellation of Contract:** The Insured may cancel this Agreement without penalty or obligation:
 - a. Within five (**5**) **business days** after the date on which this contract is executed and delivered to the insured. The Insured **must** provide notification to cancel the contract in writing by either (1) certified or registered mail, return receipt requested, to the address shown on the contract or (2) personally serving notice on the Public Adjuster, or
 - b. Within five (5) business days after the date on which the Insurer or Public Adjuster has notified any insurance company of the claim, by phone or in writing, whichever is later. The Insured must provide notification to void the contract in writing by either (1) certified or registered mail, return receipt requested, to the address shown on the contract or (2) personally serving notice on the Public Adjuster.

- c. If the Insured cancels the contract, the Public Adjuster shall return anything of value given to Public Adjuster by the Insured, within fifteen (15) days of the receipt of notice.

5. Miscellaneous:

- a. **Parties understand and agree that an insurer will always provide an adjuster for the settlement of any claim at no charge to the insured.** If the insurer, not later than five (5) business days after the date on which the loss is reported to the insurer, either pays or commits in writing to pay the Insured the policy limit(s) of the insurance policy, the Public Adjuster shall not receive a commission consisting of a percentage of the total amount paid by an insurer to resolve a claim, and shall be entitled only to reasonable compensation from the Insured for service provided by the Public Adjuster on behalf of the Insured, based on the time spent on a claim and expenses incurred by the Public Adjuster, until the claim is paid or the Insured receives a written commitment to pay from the insurer.
- b. Public Adjuster agrees and understands that he or she must be in compliance with all Federal and State Statutes and Rules.
- c. Public adjuster acknowledges that he or she is fully bonded pursuant to State Law.
- d. This written contract shall constitute the entire agreement between the Public Adjuster and the Insured.
- e. Public Adjuster and Insurer agree and acknowledge that Public Adjuster provided Insurer with written disclosure in accordance with 215 ILCS 5/1575(d).

By executing below, Insured and Public Adjuster specifically agree to be bound by this Agreement. Insured hereby acknowledges receipt of a copy of this Agreement and that the Public Adjuster that solicited this Agreement has signed below.

Insured Signature

Date/Time

Print Name

Public Adjuster Signature

Date/Time

Print Name

License #

Public Adjuster Disclosure

DISCLOSURE TO THE INSURED

Property insurance policies obligate the insured to present a claim to his or her insurance company for consideration. There are 3 types of adjusters that could be involved in that process. The definitions of the 3 types are as follows:

- (A) "Company adjuster" means the insurance adjusters who are employees of an insurance company. They represent the interest of the insurance company and are paid by the insurance company. They will not charge you a fee.
- (B) "Independent adjuster" means the insurance adjusters who are hired on a contract basis by an insurance company to represent the insurance companies interest in the settlement of the claim. They are paid by your insurance company. They will not charge you a fee.
- (C) "Public adjuster" means the insurance adjusters do not work for any insurance company. They work for the insured to assist in the preparation, presentation and settlement of the claim. The insured hires them by signing a contract agreeing to pay them a fee or commission based on a percentage of the settlement, or other method of compensation.

FIRE DAMAGE REPRESENTATION ACT DISCLOSURE

Business Transactions (815 ILCS 625/) Fire Damage Representation Agreement Act.

(815 ILCS 625/0.01) (from Ch. 29, par. 80) Sec. 0.01 Short title. This act may be cited as the Fire Damage Representation Agreement Act. (Source: P.A. 86-1234.)

(815 ILCS 625/1) (from Ch. 29, par. 81) Sec. 1. Any person who, within 5 days after a fire, makes an agreement with any other person to represent him in his claim for damages caused by that fire may, within a 10-day period after the execution of such agreement, elect to avoid the agreement by notifying the other person in writing of the election by registered or certified mail, return receipt requested.

The person undertaking the representation of the claimant by such an agreement must, at the time of the agreement, furnish the party with whom the agreement is made a copy of the agreement and the address to which the notice may be sent and a copy of this Act, and obtain written acknowledgement of receipt of such from the party represented. If he fails to do so, the 10-day period provided for in this Act does not commence to run until the agreement, address and a copy of this Act are furnished. (Source: P.A. 83-290; 83-577.)

WRITTEN NOTICE OF CONSUMER RIGHTS

In addition to any protections granted to you the insured under the Public Adjusters Law, as a consumer of services under Illinois law you are entitled to the full protections granted by the consumer Fraud and Deceptive Business Practices Act, 815 ILCS 505 et seq., including the right to bring an action for actual damages as a result of a violation of such act.

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

Signature of Insured: _____ Date _____