

Review Requirements Checklist

Public Adjuster Contracts – Effective 1/1/2024

Links:

[Public Adjusters, Article XLV of the Illinois Insurance Code](#)
[Licensing of Public Adjusters, 50 Ill. Admin. Code 3118](#)

Pursuant to 215 ILCS 5/1575(j) and 50 Ill. Admin. Code 3118.80(a) a public adjuster shall not provide public adjuster services until their contract form has been filed with and approved by the Director.

All Public Adjuster contract filings are public record in accordance with 215 ILCS 5/404.

The Department's checklists include summaries that do not provide detailed information about all laws, regulations and bulletins. Therefore, public adjusters should review the actual laws and regulations cited to ensure contract forms are fully compliant before filing with the Department.

Each contract form filing submitted for approval must include the following:

- The names and license numbers of the public adjusters making the filing. 50 Ill. Admin. Code 3118.80(b)(1).
- Notification as to whether the filing is new or supersedes a current filing. 50 Ill. Admin. Code 3118.80(b)(2).
- Identification of all changes in all superseding filings, as well as identification of all superseded forms, is required. 50 Ill. Admin. Code 3118.80(b)(2).
- The intended effective date of use. 50 Ill. Admin. Code 3118.80(b)(3).
- Be formatted in no less than 10-point font. 50 Ill. Admin. Code 3118.80(c).

Contract Form Must Contain:

- The legible full name of the adjuster signing the contract. 215 ILCS 5/1575(a)(1) and 50 Ill. Admin. Code 3118.80(c)(1).
- Form number and edition of the form must appear in the lower left-hand corner of the contract form. 50 Ill. Admin. Code 3118.80(c)(2).
- The intended effective date of use in the lower left corner of all pages of the contract form. 50 Ill. Admin. Code 3118.80(b)(3) and (c)(3)
NOTE: The effective date will be adjusted by Department staff to indicate the actual date of Department approval.
- The permanent home state business address, email address, and phone number. 215 ILCS 5/1575(a)(2) and 50 Ill. Admin. Code 3118.80(c)(4).

- Public adjuster individual and business entity license numbers, as applicable. If more than one individual public adjuster will be using the business entity contract form, a space dedicated to individual license number. 215 ILCS 5/1575(a)(3) and 50 Ill. Admin. Code 3118.80(c)(5).
- A title that reads “Public Adjuster Contract” printed at the head of the contract form with the name of the public adjuster or the public adjuster business entity and the location and telephone number of the public adjuster's principal place of business. Unless located in a rural area that does not use a street address, P.O. Box addresses are not permitted unless the street address is also included. 215 ILCS 5/1575(a)(4) and 50 Ill. Admin. Code 3118.80(c)(6).
- Space dedicated for the insured's full name, street address, insurance company name, and policy number. 215 ILCS 5/1575(a)(5) and 50 Ill. Admin. Code 3118.80(c)(7).
- Space dedicated for a description of the loss and its location. 215 ILCS 5/1575(a)(6) and 50 Ill. Admin. Code 3118.80(c)(8).
- Space dedicated for description of services to be provided to the insured. 215 ILCS 5/1575(a)(7) and 50 Ill. Admin. Code 3118.80(c)(9).
- Signature lines for the public adjuster and the insured. 215 ILCS 5/1575(a)(8) and 50 Ill. Admin. Code 3118.80(c)(10).
- Space dedicated for the date and time the contract was signed by the public adjuster and date and time the contract was signed by the insured. 215 ILCS 5/1575(a)(9) and 50 Ill. Admin. Code 3118.80(c)(11).
- Attestation language stating that the public adjuster is fully bonded pursuant to State law. 215 ILCS 5/1575(a)(10) and 50 Ill. Admin. Code 3118.80(c)(12).
- The full salary, fee, commission, compensation, or other considerations the public adjuster is to receive for services, including any applicable cap under 215 ILCS 5/1570. 215 ILCS 5/1575(a)(11) and 50 Ill. Admin. Code 3118.80(c)(13).
 - NOTE: There is a 10% cap on public adjuster compensation for claims where the property is a personal residence. There 10% cap on public adjuster compensation when the damage was the result of a catastrophic event. *See* 215 ILCS 1570(d) and (e).
- Notice that, at the option of the insured, any contract shall be voidable for 5 business days after the contract is received by the insurance company. 215 ILCS 5/1575(j).
- Notice that the insured may void the contract by notifying the public insurance adjuster in writing by: (a) registered or certified mail, return receipt requested, to the address shown on the contract; (b) personally serving the notice on the public insurance adjuster; or (c) sending an email to the email address shown on the contract. 215 ILCS 5/1575(a)(11) and 50 Ill. Admin. Code 3118.80(c)(15).
- Notice that, if not later than 5 business days after the date of the loss is reported to the insurer, the insurer either pays or commits in writing to pay the policy limit, the public adjuster shall not receive a commission but only reasonable compensation for services provided. 215 ILCS 5/1575(c) and 50 Ill. Admin. Code 3118.80(c)(17).

Contract Form Can Not Contain:

- A term that allows the public adjuster's percentage fee to be collected when money is due from an insurance company, but not paid. 215 ILCS 5/1575(e)(1).
- A term that allows a public adjuster to collect the entire fee from the first check issued by an insurance company, rather than as a percentage of each check issued by an insurance company. 215 ILCS 5/1575(e)(1).
- A term that requires the insured to authorize an insurance company to issue a check only in the name of the public adjuster. 215 ILCS 5/1575(e)(2).
- A term that precludes a public adjuster or an insured from pursuing civil remedies. 215 ILCS 5/1575(e)(3).
- A term that includes any hold harmless agreement that provides indemnification to the public adjuster by the insured for liability resulting from the public adjuster's negligence. 215 ILCS 5/1575(e)(4).
- A term that provides power of attorney by which the public adjuster can act in the place and instead of the insured. 215 ILCS 5/1575(e)(5).
- A term that requires higher fees to be paid if does not elect to work with the contractor or vendor preferred or primarily recommended by the public adjuster. 50 Ill. Admin. Code 3118.90(a).
NOTE: If public adjuster is referring or recommending certain contractors or vendors, they should be familiar with all requirements of 50 Ill. Admin. Code 3118.90.
- A term that mandates an insured to use contractor or vendor preferred or primarily recommended by the public adjuster. 50 Ill. Admin. Code 3118.90(b).
NOTE: If public adjuster is referring or recommending certain contractors or vendors, they should be familiar with all requirements of 50 Ill. Admin. Code 3118.90.
- A term that sets a charge or fee that includes the deductible amount. Charges and fees may only be based on net claim payment made by the insurer. 50 Ill. Admin. Code 3118.90(c).
- A term that requires the insurer deliver payment to the public adjuster in any case where the loss giving rise to the claim arose from damage to a personal residence. In such cases, where proceeds are paid jointly the insured shall release agreed payment to public adjuster pursuant to 215 ILCS 5/1590(i).

If the Contract specifies that the public adjuster is to be named as a co-payee on an insurer's payment of a claim, the following must also be including in the contract form:

- If the compensation is based on a share of the insurance settlement, the exact percentage shall be specified. 215 ILCS 5/1575(b)(1).
- If initial expenses to be reimbursed to the public adjuster from the proceeds of the claim payment, they shall be specified by type, with dollar estimates set forth in the contract and with clear statement that any additional expenses must first be approved by the insured. 215 ILCS 5/1575(b)(2).