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 adding Section 398 as follows:

(215 ILCS 5/398 new)

Sec. 398. Right to appraisal.

(a) Definitions. As used in this Section:

"Actual cash value" means the market value of the subject property of the personal automobile insurance policy immediately before it was damaged.

"Amount of loss" means:

(1) with regard to the repair of the vehicle, the cost to repair the damage to the subject property expressed monetarily in the context of the repair of a vehicle; and

(2) with regard to the value of the vehicle, the actual cash value of the vehicle.

"Appraiser" means an individual selected to determine the value of the disputed loss.

"Competent" means an individual with appropriate subject matter expertise, training, and experience in automobile damage valuation and claims practices.

"Disinterested" means an individual having no direct or indirect financial interest in the outcome of the appraisal.

"Umpire" means a neutral, competent, and disinterested individual with relevant experience in vehicle damage assessment.

(b) Right to appraisal for first-party claims.

(1) Every policy of automobile insurance, as defined in subsection (a) of Section 143.13, issued, renewed, or delivered on or after July 1, 2027 in Illinois that includes first-party coverage for physical damage shall contain a provision granting the insured, in the insured's sole discretion, without the company's consent or agreement required, and the insurer the right to invoke appraisal if there is a dispute over the amount of a loss.

(2) If a dispute arises regarding the amount of a loss, either party may submit a written demand for appraisal. Within 7 business days after receiving the demand, each party shall:

(A) select a competent and disinterested appraiser; and

(B) notify the opposing party in writing of the selection.

(3) The 2 appraisers shall independently determine the amount of loss. If the appraisers fail to agree on the amount of a loss within 5 business days after the date of their appointment, they shall jointly select an umpire. If the appraisers fail to agree on an umpire within 15

business days after they failed to agree on the amount of the loss, either party may petition a court to appoint a suitable umpire.

(4) The 2 appraisers or, if there is a disagreement under paragraph (3), one appraiser and the umpire shall issue an award determining the amount of the loss. A final award shall be determined within 5 business days after the umpire was selected.

(5) An agreement by any 2 of the 3, either both appraisers or one appraiser and the umpire, shall be binding upon all parties.

(c) Cost allocation.

(1) Each party shall bear the cost of its own appraiser.

(2) The cost of the umpire shall be shared equally between the parties.

Section 99. Effective date. This Act takes effect July 1, 2027.