



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

TO: ALL INSURANCE COMPANIES LICENSED TO PROVIDE PROPERTY
COVERAGE IN THIS STATE. ALL LICENSED PRODUCERS/AGENCIES/PUBLIC
ADJUSTERS IN THIS STATE & ILLINOIS INSURANCE CONSUMERS

FROM: ANDREW BORON *AEB*
DIRECTOR OF INSURANCE

DATE: NOVEMBER 20, 2013

RE: COMPANY BULLETIN 2013-16
STANDARDS FOR PROMPT, FAIR AND EQUITABLE SETTLEMENTS
APPLICABLE TO PROPERTY INSURANCE FOLLOWING A DISASTER

Governor Pat Quinn has declared as of November 19, 2013, thirteen Illinois counties as disaster areas due to significant storm damage. These severe storms were responsible for widespread property damage across several Illinois counties. The purpose of this bulletin is to remind insurers of the claims practice standards that coincide with all disaster related occurrences. The Department of Insurance expects insurers to maintain prompt, fair and equitable claims-related practices during this difficult time for policyholders who have lost their homes and other property to the storms.

The Department requests that insurers adjusting policyholder claims make certain company staff are adhering to and maintaining compliance with the provisions contained in each individual's policy, as well as those standards found in 215 ILCS 5/154.6-*Acts constituting improper claims practices* and Part 919 *Improper Claims Practice*.

The Department will closely monitor consumer complaints to ensure compliance with all other applicable provisions of the Illinois Insurance Code.

The Department also wishes to make interested parties aware of the fact that policies covering personal and commercial structures and contents can provide insurance coverage on an actual cash value (ACV) or replacement cost value (RCV) basis. Typically, ACV is paid upon proof of loss, with the difference between ACV and RCV being paid upon actual repair or replacement of the damaged property. Policies providing RCV coverage include language that requires the insured to repair or replace the property within a specified period of time. The Department is aware that some policies contain RCV time limitations that may be as short as six months following the loss, while other policies contain RCV limitations as long as 24 months.

These time limitations are intended to encourage the prompt evaluation and settlement of claims, get insureds back onto their properties, and allow the insurance company to resolve outstanding liability and mitigate damages for both parties. However, these time limitations may also operate to deny insurance benefits, so insureds should be mindful of such limitations and check their policies or check with their insurance companies if their policies have been lost or destroyed.

Due to the severity of the storm damage, the Department requests that insurers consider the granting of extensions to the replacement cost provisions for those insureds who are unable to comply with the time limitations due to the extenuating circumstances beyond the insured's control. The Department will provide further information regarding this request in a subsequent bulletin.

Any producers or their respective agencies, as well as adjusters, should feel free to contact the Department with any issues that may arise throughout the claims process. The Department will assist in any way possible.

If you have any questions or concerns regarding this bulletin, you may contact Robert Rapp, Assistant Deputy Director, P&C Consumer Assistance Unit, at (217) 785-1680.