APPELLATE COURT OF ILLINOIS, FIRST DISTRICT, SIXTH DIVISION

American Alliance Casualty Co. v. Aguirre

2026 IL App (1st) 242194 · No. 1-24-2194 · Decided May 29, 2026

SUMMARY

The Illinois Appellate Court affirmed summary judgment denying insurance coverage after the insured failed to provide notice of an automobile accident within the policy's 30-day requirement. The court held that a fixed notice period in a personal automobile policy incorporates a reasonableness standard and applied the Livorsi factors. It concluded that the insured's two-year delay was unreasonable as a matter of law, making a showing of insurer prejudice unnecessary.

CASE DETAILS

COURT	Appellate Court of Illinois, First District, Sixth Division
WRITING FOR THE COURT	Justice Gamrath; Justice Hyman; Justice Pucinski
JURISDICTION	Illinois Appellate Court, First District, Sixth Division
DECIDED	May 29, 2026
DOCKET	1-24-2194
DISPOSITION	affirmed
PROCEDURAL POSTURE	Mercado appealed from the Cook County circuit court's grant of summary judgment to American Alliance in its declaratory judgment action concerning insurance coverage.
STANDARD OF REVIEW	De novo review applies to summary judgment and to construction of insurance policies and contracts.
PRECEDENTIAL VALUE	Published Illinois Appellate Court opinion
PARTIES	Luis Mercado v. American Alliance Casualty Company

TOPICS

insurance coverage · contract interpretation · conditions precedent · appellate procedure · standard of review

PRACTICE AREAS

insurance coverage · insurance · contracts · appellate procedure

QUESTIONS PRESENTED

1. Whether a 30-day notice provision in a personal automobile insurance policy incorporates a standard of reasonableness and requires application of the Livorsi factors.
2. Whether Aguirre's nearly two-year delay in notifying American Alliance was unreasonable as a matter of law.
3. Whether an insurer must show prejudice before denying coverage when the insured's notice was unreasonable.

HOLDINGS

1. A notice provision in a personal automobile insurance policy that specifies a set period, such as 30 days, includes an inherent standard of reasonableness, and the Livorsi factors apply in determining whether notice was reasonable.
2. Aguirre's failure to notify American Alliance for more than two years after the accident was unreasonable as a matter of law.
3. When an insured's notice is unreasonable, the insurer need not demonstrate prejudice to deny coverage.

KEY QUOTATIONS

> *"We hold that when a notice provision in a personal automobile policy specifies a set time, such as 30 days, a standard of reasonableness is embedded into that provision, and the Livorsi factors apply."* (¶ 27)

> *"Further, once it is determined that the insurer did not receive reasonable notice, the policyholder may not recover under the policy, regardless of whether the lack of reasonable notice prejudiced the insurer."* (¶ 27)

> *"Because Aguirre's notice was unreasonable as a matter of law, the policy affords no coverage, regardless of any lack of prejudice to American Alliance."* (¶ 28)

FACTUAL BACKGROUND

On October 11, 2019, Luis Mercado was injured while riding as a passenger in a vehicle owned and operated by Jose Aguirre. Aguirre's policy with American Alliance required written notice of any accident within 30 days, regardless of fault, but Aguirre notified only his insurance broker three days after the accident and did not notify American Alliance until nearly two years later, after Mercado filed a negligence lawsuit. Aguirre had prior experience reporting an accident directly to American Alliance and possessed policy documents identifying American Alliance as his insurer.

PROCEDURAL HISTORY

After Mercado sued Aguirre and Quinones for injuries arising from the 2019 collision, Aguirre notified American Alliance nearly two years after the accident. American Alliance filed a declaratory judgment action seeking a determination that it owed no coverage because Aguirre failed to comply with the policy's 30-day notice provision. The circuit court granted American Alliance summary judgment, concluding that the notice condition precedent applied and that prejudice was irrelevant. The appellate court affirmed.

DISPOSITION

affirmed

CASES CITED

- Lewis v. Lead Industries Ass’n, 2020 IL 124107, ¶ 15
- West Bend Mutual Insurance Co. v. Krishna Schaumburg Tan, Inc., 2021 IL 125978, ¶ 30
- Direct Auto Insurance Co. v. O’Neal, 2022 IL App (1st) 211568, ¶¶ 9, 15, 25
- InsureOne Independent Insurance Agency, LLC v. Hallberg, 2012 IL App (1st) 092385, ¶ 33
- Israel v. National Canada Corp., 276 Ill. App. 3d 454, 461 (1995)
- Founders Insurance Co. v. Munoz, 237 Ill. 2d 424, 433 (2010)
- Country Mutual Insurance Co. v. Livorsi Marine, Inc., 222 Ill. 2d 303, 311-17 (2006)
- Barrington Consolidated High School v. American Insurance Co., 58 Ill. 2d 278, 281-82 (1974)
- Stonegate Insurance Co. v. All City Towing, Inc., 2024 IL App (1st) 221769, ¶¶ 57-58
- Farmers Automobile Insurance Ass’n v. Burton, 2012 IL App (4th) 110289, ¶ 16
- Illinois Insurance Guaranty Fund v. Lockhart, 152 Ill. App. 3d 603, 608 (1987)
- Simmon v. Iowa Mutual Casualty Co., 3 Ill. 2d 318, 321-23 (1954)
- Olivieri v. Coronet Insurance Co., 173 Ill. App. 3d 867, 871 (1988)
- INA Insurance Co. v. City of Chicago, 62 Ill. App. 3d 80, 83 (1978)
- Kerr v. Illinois Central R.R. Co., 283 Ill. App. 3d 574, 585-86 (1996)
- AMCO Insurance Co. v. Erie Insurance Exchange, 2016 IL App (1st) 142660, ¶ 29