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 changing Section 121-2.08 as follows:

(215 ILCS 5/121-2.08) (from Ch. 73, par. 733-2.08)

Sec. 121-2.08. Transactions in this State involving contracts of insurance independently procured directly from an unauthorized insurer by industrial insureds.

(a) As used in this Section:

"Exempt commercial purchaser" means exempt commercial purchaser as the term is defined in subsection (1) of Section 445 of this Code.

"Home state" means home state as the term is defined in subsection (1) of Section 445 of this Code.

"Industrial insured" means an insured:

    (i) that procures the insurance of any risk or risks of the kinds specified in Classes 2 and 3 of Section 4 of this Code by use of the services of a full-time employee who is a qualified risk manager or the services of a regularly and continuously retained consultant who is a qualified risk manager;

    (ii) that procures the insurance directly from an

unauthorized    insurer    without    the    services    of    an

intermediary insurance producer; and

(iii) that is an exempt commercial purchaser whose home

state is Illinois.

"Insurance producer" means insurance producer as the term

is defined in Section 500-10 of this Code.

"Qualified risk manager" means qualified risk manager as

the term is defined in subsection (1) of Section 445 of this

Code.

"Safety-Net Hospital" means an Illinois hospital that

qualifies as a Safety-Net Hospital under Section 5-5e.1 of the

Illinois Public Aid Code.

"Unauthorized insurer" means unauthorized insurer as the

term is defined in subsection (1) of Section 445 of this Code.

(b) For contracts of insurance effective January 1, 2015 or

later, within 90 days after the effective date of each contract

of insurance issued under this Section, the insured shall file

a report with the Director by submitting the report to the

Surplus Line Association of Illinois in writing or in a

computer readable format and provide information as designated

by the Surplus Line Association of Illinois. The information in

the report shall be substantially similar to that required for

surplus line submissions as described in subsection (5) of

Section 445 of this Code. Where applicable, the report shall

satisfy, with respect to the subject insurance, the reporting

requirement of Section 12 of the Fire Investigation Act.

(c) For contracts of insurance effective January 1, 2015 or later, within 30 days after filing the report, the insured shall pay to the Director for the use and benefit of the State a sum equal to the gross premium of the contract of insurance multiplied by the surplus line tax rate, as described in paragraph (3) of subsection (a) of Section 445 of this Code, and shall pay the fire marshal tax that would otherwise be due annually in March for insurance subject to tax under Section 12 of the Fire Investigation Act. For contracts of insurance effective January 1, 2015 or later, within 30 days after filing the report, the insured shall pay to the Surplus Line Association of Illinois a countersigning fee that shall be assessed at the same rate charged to members pursuant to subsection (4) of Section 445.1 of this Code.

(d) For contracts of insurance effective January 1, 2015 or later, the insured shall withhold the amount of the taxes and countersignature fee from the amount of premium charged by and otherwise payable to the insurer for the insurance. If the insured fails to withhold the tax and countersignature fee from the premium, then the insured shall be liable for the amounts thereof and shall pay the amounts as prescribed in subsection (c) of this Section.

(e) Contracts of insurance with an industrial insured that qualifies as a Safety-Net Hospital are not subject to subsections (b) through (d) of this Section.
(Source: P.A. 98-978, eff. 1-1-15.)

Section 99. Effective date. This Act takes effect upon becoming law.