**Section 5601.20 Applications for Approval**

a) Any person filing a trust instrument for approval of the Director of Insurance pursuant to the Act shall file duplicate originals containing the following:

1) the trust instrument together with all necessary exhibits.

2) a proposed benefit schedule, including the rating contribution formula and the obligations of each beneficiary.

3) detailed biographies of all initial trustees including educational experience, professional designations and criminal convictions; similar biographies shall be filed with the Director within 14 days of appointment for any trustees appointed after the filing of the trust instrument.

4) identification of independent CPA for auditing purposes and a copy of the letter of engagement.

5) a letter of transmittal which identifies an individual to whom all official notices, correspondence and complaints may be sent.

6) copies of the certificates of authorities of each of the proposed beneficiaries.

7) all solicitation and/or advertising materials.

b) The trust instrument shall be in writing and shall be executed and in addition to the requirements contained in the Act shall contain provisions addressing the following:

1) a requirement that the trust itself may not be effective until written approval is granted by the Director of Insurance.

2) a requirement that the administrators, principal office and all funds of the trust be located within Illinois, including a requirement that the funds of the trust shall be deposited only in a national or state bank with appropriate trust powers located in Illinois.

3) a requirement that all beneficiaries be residents of the State of Illinois or if domiciled in a state other than Illinois, be affiliated with an Illinois domiciled beneficiary by common ownership, religious affiliation, association membership or similar association if not created for the purpose of risk pooling or sharing.

4) a requirement that each beneficiary supply appropriate documentation evidencing exempt status in accordance with Section 501c(3) of the Internal Revenue Code of 1954 (26 U.S.C. 1-9042) as amended to be included in the permanent records of the trust.

5) a requirement that the trust be audited yearly by an independent certified public accountant.

6) a requirement that all insurance policies or programs purchased by the trust be purchased only from insurance companies authorized to do business within the State of Illinois or from qualified surplus lines brokers.

7) a requirement that should liquidation of the trust be necessary, liquidation will be carried out in accordance with the provisions of the trust.