

1 AN ACT concerning regulation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Insurance Code is amended by
5 changing Section 121-2.08 as follows:

6 (215 ILCS 5/121-2.08) (from Ch. 73, par. 733-2.08)

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

10 (a) As used in this Section:

11 "Exempt commercial purchaser" means exempt commercial
12 purchaser as the term is defined in subsection (1) of Section
13 445 of this Code.

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

16 "Industrial insured" means an insured:

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

23 (ii) that procures the insurance directly from an

1 unauthorized insurer without the services of an
2 intermediary insurance producer; and

3 (iii) that is an exempt commercial purchaser whose home
4 state is Illinois.

5 "Insurance producer" means insurance producer as the term
6 is defined in Section 500-10 of this Code.

7 "Qualified risk manager" means qualified risk manager as
8 the term is defined in subsection (1) of Section 445 of this
9 Code.

10 "Safety-Net Hospital" means an Illinois hospital that
11 qualifies as a Safety-Net Hospital under Section 5-5e.1 of the
12 Illinois Public Aid Code.

13 "Unauthorized insurer" means unauthorized insurer as the
14 term is defined in subsection (1) of Section 445 of this Code.

15 (b) For contracts of insurance effective January 1, 2015 or
16 later, within 90 days after the effective date of each contract
17 of insurance issued under this Section, the insured shall file
18 a report with the Director by submitting the report to the
19 Surplus Line Association of Illinois in writing or in a
20 computer readable format and provide information as designated
21 by the Surplus Line Association of Illinois. The information in
22 the report shall be substantially similar to that required for
23 surplus line submissions as described in subsection (5) of
24 Section 445 of this Code. Where applicable, the report shall
25 satisfy, with respect to the subject insurance, the reporting
26 requirement of Section 12 of the Fire Investigation Act.

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

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

23 (e) Contracts of insurance with an industrial insured that
24 qualifies as a Safety-Net Hospital are not subject to
25 subsections (b) through (d) of this Section.

26 (Source: P.A. 98-978, eff. 1-1-15.)

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