



Sen. William R. Haine

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LRB097 09798 RPM 59455 a

1 AMENDMENT TO HOUSE BILL 1577

2 AMENDMENT NO. _____. Amend House Bill 1577, AS AMENDED, by
3 replacing everything after the enacting clause with the
4 following:

5 "Section 5. The Illinois Insurance Code is amended by
6 changing Sections 35A-15, 445, and 445a as follows:

7 (215 ILCS 5/35A-15)

8 Sec. 35A-15. Company action level event.

9 (a) A company action level event means any of the following
10 events:

11 (1) The filing of an RBC Report by an insurer that
12 indicates that:

13 (A) the insurer's total adjusted capital is
14 greater than or equal to its regulatory action level
15 RBC, but less than its company action level RBC; ~~or~~

16 (B) the ~~The~~ insurer, if a life, health, or life and

1 health insurer, has total adjusted capital that is
2 greater than or equal to its company action level RBC,
3 but less than the product of its authorized control
4 level RBC and 2.5 and has a negative trend; or -

5 (C) the insurer, if a property and casualty
6 insurer, has total adjusted capital that is greater
7 than or equal to its company action level RBC, but less
8 than the product of its authorized control level RBC
9 and 3.0 and triggers the trend test determined in
10 accordance with the trend test calculation included in
11 the property and casualty RBC Instructions.

12 (2) The notification by the Director to the insurer of
13 an Adjusted RBC Report that indicates an event described in
14 paragraph (1), provided the insurer does not challenge the
15 Adjusted RBC Report under Section 35A-35.

16 (3) The notification by the Director to the insurer
17 that the Director has, after a hearing, rejected the
18 insurer's challenge under Section 35A-35 to an Adjusted RBC
19 Report that indicates the event described in paragraph (1).

20 (b) In the event of a company action level event, the
21 insurer shall prepare and submit to the Director an RBC Plan
22 that does all of the following:

23 (1) Identifies the conditions that contribute to the
24 company action level event.

25 (2) Contains proposed corrective actions that the
26 insurer intends to take and that are expected to result in

1 the elimination of the company action level event. A health
2 organization is not prohibited from proposing recognition
3 of a parental guarantee or a letter of credit to eliminate
4 the company action level event; however the Director shall,
5 at his discretion, determine whether or the extent to which
6 the proposed parental guarantee or letter of credit is an
7 acceptable part of a satisfactory RBC Plan or Revised RBC
8 Plan.

9 (3) Provides projections of the insurer's financial
10 results in the current year and at least the 4 succeeding
11 years, both in the absence of proposed corrective actions
12 and giving effect to the proposed corrective actions,
13 including projections of statutory operating income, net
14 income, capital, and surplus. The projections for both new
15 and renewal business may include separate projections for
16 each major line of business and separately identify each
17 significant income, expense, and benefit component.

18 (4) Identifies the key assumptions affecting the
19 insurer's projections and the sensitivity of the
20 projections to the assumptions.

21 (5) Identifies the quality of, and problems associated
22 with, the insurer's business including, but not limited to,
23 its assets, anticipated business growth and associated
24 surplus strain, extraordinary exposure to risk, mix of
25 business, and use of reinsurance, if any, in each case.

26 (c) The insurer shall submit the RBC Plan to the Director

1 within 45 days after the company action level event occurs or
2 within 45 days after the Director notifies the insurer that the
3 Director has, after a hearing, rejected its challenge under
4 Section 35A-35 to an Adjusted RBC Report.

5 (d) Within 60 days after an insurer submits an RBC Plan to
6 the Director, the Director shall notify the insurer whether the
7 RBC Plan shall be implemented or is, in the judgment of the
8 Director, unsatisfactory. If the Director determines the RBC
9 Plan is unsatisfactory, the notification to the insurer shall
10 set forth the reasons for the determination and may set forth
11 proposed revisions that will render the RBC Plan satisfactory
12 in the judgment of the Director. Upon notification from the
13 Director, the insurer shall prepare a Revised RBC Plan, which
14 may incorporate by reference any revisions proposed by the
15 Director. The insurer shall submit the Revised RBC Plan to the
16 Director within 45 days after the Director notifies the insurer
17 that the RBC Plan is unsatisfactory or within 45 days after the
18 Director notifies the insurer that the Director has, after a
19 hearing, rejected its challenge under Section 35A-35 to the
20 determination that the RBC Plan is unsatisfactory.

21 (e) In the event the Director notifies an insurer that its
22 RBC Plan or Revised RBC Plan is unsatisfactory, the Director
23 may, at the Director's discretion and subject to the insurer's
24 right to a hearing under Section 35A-35, specify in the
25 notification that the notification constitutes a regulatory
26 action level event.

1 (f) Every domestic insurer that files an RBC Plan or
2 Revised RBC Plan with the Director shall file a copy of the RBC
3 Plan or Revised RBC Plan with the chief insurance regulatory
4 official in any state in which the insurer is authorized to do
5 business if that state has a law substantially similar to the
6 confidentiality provisions in subsection (a) of Section 35A-50
7 and if that official requests in writing a copy of the plan.
8 The insurer shall file a copy of the RBC Plan or Revised RBC
9 Plan in that state no later than the later of 15 days after
10 receiving the written request for the copy or the date on which
11 the RBC Plan or Revised RBC Plan is filed under subsection (c)
12 or (d) of this Section.

13 (Source: P.A. 91-549, eff. 8-14-99.)

14 (215 ILCS 5/445) (from Ch. 73, par. 1057)

15 Sec. 445. Surplus line.

16 (1) Definitions. For the purposes of this Section: ~~Surplus~~
17 ~~line defined; surplus line insurer requirements. "Surplus line~~
18 ~~insurance" means insurance on an Illinois risk of the kinds~~
19 ~~specified in Classes 2 and 3 of Section 4 of this Code procured~~
20 ~~from an unauthorized insurer after the insurance producer~~
21 ~~representing the insured or the surplus line producer is~~
22 ~~unable, after diligent effort, to procure said insurance from~~
23 ~~authorized insurers.~~

24 "Affiliate" means, with respect to an insured, any entity
25 that controls, is controlled by, or is under common control

1 with the insured. For the purpose of this definition, an entity
2 has control over another entity if:

3 (A) the entity directly or indirectly or acting through
4 one or more other persons owns, controls, or has the power
5 to vote 25% or more of any class of voting securities of
6 the other entity; or

7 (B) the entity controls in any manner the election of a
8 majority of the directors or trustees of the other entity.

9 "Affiliated group" means any group of entities that are all
10 affiliated.

11 "Authorized insurer" means an insurer that holds a
12 certificate of authority issued by the Director but, for the
13 purposes of this Section, does not include a domestic surplus
14 line insurer as defined in Section 445a or any residual market
15 mechanism.

16 "Exempt commercial purchaser" means any person purchasing
17 commercial insurance that, at the time of placement, meets the
18 following requirements:

19 (A) The person employs or retains a qualified risk
20 manager to negotiate insurance coverage.

21 (B) The person has paid aggregate nationwide
22 commercial property and casualty insurance premiums in
23 excess of \$100,000 in the immediately preceding 12 months.

24 (C) The person meets at least one of the following
25 criteria:

26 (I) The person possesses a net worth in excess of

1 \$20,000,000, as such amount is adjusted pursuant to the
2 provision in this definition concerning percentage
3 change.

4 (II) The person generates annual revenues in
5 excess of \$50,000,000, as such amount is adjusted
6 pursuant to the provision in this definition
7 concerning percentage change.

8 (III) The person employs more than 500 full-time or
9 full-time equivalent employees per individual insured
10 or is a member of an affiliated group employing more
11 than 1,000 employees in the aggregate.

12 (IV) The person is a not-for-profit organization
13 or public entity generating annual budgeted
14 expenditures of at least \$30,000,000, as such amount is
15 adjusted pursuant to the provision in this definition
16 concerning percentage change.

17 (V) The person is a municipality with a population
18 in excess of 50,000 persons.

19 Effective on January 1, 2015 and each fifth January 1
20 occurring thereafter, the amounts in subitems (I), (II), and
21 (IV) of item (C) of this definition shall be adjusted to
22 reflect the percentage change for such 5-year period in the
23 Consumer Price Index for All Urban Consumers published by the
24 Bureau of Labor Statistics of the Department of Labor.

25 "Home state" means the following:

26 (A) With respect to an insured, except as provided in

1 item (B) of this definition:

2 (I) the State in which an insured maintains its
3 principal place of business or, in the case of an
4 individual, the individual's principal residence; or

5 (II) if 100% of the insured risk is located out of
6 the State referred to in subitem (I), the State to
7 which the greatest percentage of the insured's taxable
8 premium for that insurance contract is allocated.

9 (B) If more than one insured from an affiliated group
10 are named insureds on a single surplus line insurance
11 contract, then "home State" means the home State, as
12 determined pursuant to item (A) of this definition, of the
13 member of the affiliated group that has the largest
14 percentage of premium attributed to it under such insurance
15 contract.

16 "Multi-State risk" means a risk with insured exposures in
17 more than one State.

18 "NAIC" means the National Association of Insurance
19 Commissioners or any successor entity.

20 "Qualified risk manager" means, with respect to a
21 policyholder of commercial insurance, a person who meets all of
22 the following requirements:

23 (A) The person is an employee of, or third-party
24 consultant retained by, the commercial policyholder.

25 (B) The person provides skilled services in loss
26 prevention, loss reduction, or risk and insurance coverage

1 analysis, and purchase of insurance.

2 (C) With regard to the person:

3 (I) the person has:

4 (a) a bachelor's degree or higher from an
5 accredited college or university in risk
6 management, business administration, finance,
7 economics, or any other field determined by the
8 Director or his designee to demonstrate minimum
9 competence in risk management; and

10 (b) the following:

11 (i) three years of experience in risk
12 financing, claims administration, loss
13 prevention, risk and insurance analysis, or
14 purchasing commercial lines of insurance; or

15 (ii) alternatively has:

16 (AA) a designation as a Chartered
17 Property and Casualty Underwriter (in this
18 subparagraph (ii) referred to as "CPCU")
19 issued by the American Institute for
20 CPCU/Insurance Institute of America;

21 (BB) a designation as an Associate in
22 Risk Management (ARM) issued by the
23 American Institute for CPCU/Insurance
24 Institute of America;

25 (CC) a designation as Certified Risk
26 Manager (CRM) issued by the National

1 Alliance for Insurance Education &
2 Research;

3 (DD) a designation as a RIMS Fellow
4 (RF) issued by the Global Risk Management
5 Institute; or

6 (EE) any other designation,
7 certification, or license determined by
8 the Director or his designee to
9 demonstrate minimum competency in risk
10 management;

11 (II) the person has:

12 (a) at least 7 years of experience in risk
13 financing, claims administration, loss prevention,
14 risk and insurance coverage analysis, or
15 purchasing commercial lines of insurance; and

16 (b) has any one of the designations specified
17 in subparagraph (ii) of paragraph (b);

18 (III) the person has at least 10 years of
19 experience in risk financing, claims administration,
20 loss prevention, risk and insurance coverage analysis,
21 or purchasing commercial lines of insurance; or

22 (IV) the person has a graduate degree from an
23 accredited college or university in risk management,
24 business administration, finance, economics, or any
25 other field determined by the Director or his or her
26 designee to demonstrate minimum competence in risk

1 management.

2 "Residual market mechanism" means an association,
3 organization, or other entity described in Article XXXIII of
4 this Code or Section 7-501 of the Illinois Vehicle Code or any
5 similar association, organization, or other entity.

6 "State" means any State of the United States, the District
7 of Columbia, the Commonwealth of Puerto Rico, Guam, the
8 Northern Mariana Islands, the Virgin Islands, and American
9 Samoa.

10 "Surplus line insurance" means insurance on a risk:

11 (A) of the kinds specified in Classes 2 and 3 of
12 Section 4 of this Code; and

13 (B) that is procured from an unauthorized insurer after
14 the insurance producer representing the insured or the
15 surplus line producer is unable, after diligent effort, to
16 procure the insurance from authorized insurers; and

17 (C) where Illinois is the home state of the insured,
18 for policies effective, renewed or extended on July 21,
19 2011 or later and for multiyear policies upon the policy
20 anniversary that falls on or after July 21, 2011; and

21 (D) that is located in Illinois, for policies effective
22 prior to July 21, 2011.

23 "Unauthorized insurer" means an insurer that does not hold
24 a valid certificate of authority issued by the Director but,
25 for the purposes of this Section, shall also include a domestic
26 surplus line insurer as defined in Section 445a.

1 (1.5) Procuring surplus line insurance; surplus line
2 insurer requirements.

3 (a) Insurance producers may procure surplus line insurance
4 only if licensed as a surplus line producer under this Section.

5 (b) Licensed surplus line producers ~~and~~ may procure surplus
6 line ~~that~~ insurance ~~only~~ from an unauthorized insurer domiciled
7 in the United States only if the insurer:

8 (i) is permitted in its domiciliary jurisdiction to
9 write the type of insurance involved; and

10 (ii) has, ~~(a) that~~ based upon information available to
11 the surplus line producer, ~~has~~ a policyholders surplus of
12 not less than \$15,000,000 determined in accordance with the
13 laws of its domiciliary jurisdiction ~~accounting rules that~~
14 ~~are applicable to authorized insurers; and~~

15 (iii) ~~(b) that~~ has standards of solvency and management
16 that are adequate for the protection of policyholders. ~~and~~

17 Where ~~(c) where~~ an unauthorized insurer does not meet the
18 standards set forth in (ii) ~~(a)~~ and (iii) ~~(b)~~ above, a surplus
19 line producer may, if necessary, procure insurance from that
20 insurer only if prior written warning of such fact or condition
21 is given to the insured by the insurance producer or surplus
22 line producer.

23 (c) Licensed surplus line producers may procure surplus
24 line insurance from an unauthorized insurer domiciled outside
25 of the United States only if the insurer is listed on the
26 Quarterly Listing of Alien Insurers maintained by the

1 International Insurers Department of the NAIC. The Director
2 shall make the Quarterly Listing of Alien Insurers available to
3 surplus line producers without charge.

4 (d) Insurance producers shall not procure from an
5 unauthorized insurer an insurance policy:

6 (i) that is designed to satisfy the proof of financial
7 responsibility and insurance requirements in any Illinois
8 law where the law requires that the proof of insurance is
9 issued by an authorized insurer or residual market
10 mechanism;

11 (ii) that covers the risk of accidental injury to
12 employees arising out of and in the course of employment
13 according to the provisions of the Workers' Compensation
14 Act; or

15 (iii) that insures any Illinois personal lines risk, as
16 defined in subsection (a), (b), or (c) of Section 143.13 of
17 this Code, that is eligible for residual market mechanism
18 coverage, unless the insured or prospective insured
19 requests limits of liability greater than the limits
20 provided by the residual market mechanism. In the course of
21 making a diligent effort to procure insurance from
22 authorized insurers, an insurance producer shall not be
23 required to submit a risk to a residual market mechanism
24 when the risk is not eligible for coverage or exceeds the
25 limits available in the residual market mechanism.

26 Where there is an insurance policy issued by an authorized

1 insurer or residual market mechanism insuring a risk described
2 in item (i), (ii), or (iii) above, nothing in this paragraph
3 shall be construed to prohibit a surplus line producer from
4 procuring from an unauthorized insurer a policy insuring the
5 risk on an excess or umbrella basis where the excess or
6 umbrella policy is written over one or more underlying
7 policies.

8 (e) Licensed surplus line producers may procure surplus
9 line insurance from an unauthorized insurer for an exempt
10 commercial purchaser without making the required diligent
11 effort to procure the insurance from authorized insurers if:

12 (i) the producer has disclosed to the exempt commercial
13 purchaser that such insurance may or may not be available
14 from authorized insurers that may provide greater
15 protection with more regulatory oversight; and

16 (ii) the exempt commercial purchaser has subsequently
17 in writing requested the producer to procure such insurance
18 from an unauthorized insurer.

19 (2) Surplus line producer; license. Any licensed producer
20 who is a resident of this State, or any nonresident who
21 qualifies under Section 500-40, may be licensed as a surplus
22 line producer upon: ~~(a) completing a prelicensing course of~~
23 ~~study. The course provided for by this Section shall be~~
24 ~~conducted under rules and regulations prescribed by the~~
25 ~~Director. The Director may administer the course or may make~~
26 ~~arrangements, including contracting with an outside~~

1 ~~educational service, for administering the course and~~
2 ~~collecting the non-refundable application fee provided for in~~
3 ~~this subsection. Any charges assessed by the Director or the~~
4 ~~educational service for administering the course shall be paid~~
5 ~~directly by the individual applicants. Each applicant required~~
6 ~~to take the course shall enclose with the application a~~
7 ~~non-refundable \$20 application fee payable to the Director plus~~
8 ~~a separate course administration fee. An applicant who fails to~~
9 ~~appear for the course as scheduled, or appears but fails to~~
10 ~~complete the course, shall not be entitled to any refund, and~~
11 ~~shall be required to submit a new request to attend the course~~
12 ~~together with all the requisite fees before being rescheduled~~
13 ~~for another course at a later date; and (b) payment of an~~
14 ~~annual license fee of \$400; and (c) procurement of the surety~~
15 ~~bond required in subsection (4) of this Section.~~

16 A surplus line producer so licensed shall keep a separate
17 account of the business transacted thereunder which shall be
18 open at all times to the inspection of the Director or his
19 representative.

20 No later than July 21, 2012, the State of Illinois shall
21 participate in the national insurance producer database of the
22 NAIC, or any other equivalent uniform national database, for
23 the licensure of surplus line producers and the renewal of such
24 licenses.

25 ~~The prelicensing course of study requirement in (a) above~~
26 ~~shall not apply to insurance producers who were licensed under~~

1 ~~the Illinois surplus line law on or before January 1, 2002.~~

2 (3) Taxes and reports.

3 (a) Surplus line tax and penalty for late payment.

4 The surplus line tax rate for a surplus line insurance
5 policy or contract is determined as follows:

6 (i) 3% for policies or contracts with an effective
7 date prior to July 1, 2003;

8 (ii) 3.5% for policies or contracts with an
9 effective date of July 1, 2003 or later.

10 A surplus line producer shall file with the Director on
11 or before February 1 and August 1 of each year a report in
12 the form prescribed by the Director on all surplus line
13 insurance procured from unauthorized insurers during the
14 preceding 6 month period ending December 31 or June 30
15 respectively, and on the filing of such report shall pay to
16 the Director for the use and benefit of the State a sum
17 equal to the surplus line tax rate multiplied by 3.5% of
18 the gross premiums less returned premiums upon all surplus
19 line insurance submitted to the Surplus Line Association of
20 Illinois ~~procured or cancelled~~ during the preceding 6
21 months.

22 Any surplus line producer who fails to pay the full
23 amount due under this subsection is liable, in addition to
24 the amount due, for such penalty and interest charges as
25 are provided for under Section 412 of this Code. The
26 Director, through the Attorney General, may institute an

1 action in the name of the People of the State of Illinois,
2 in any court of competent jurisdiction, for the recovery of
3 the amount of such taxes and penalties due, and prosecute
4 the same to final judgment, and take such steps as are
5 necessary to collect the same.

6 (b) Fire Marshal Tax.

7 Each surplus line producer shall file with the Director
8 on or before March 31 of each year a report in the form
9 prescribed by the Director on all fire insurance procured
10 from unauthorized insurers and submitted to the Surplus
11 Line Association of Illinois subject to tax under Section
12 of the Fire Investigation Act and shall pay to the
13 Director the fire marshal tax required thereunder.

14 (c) Taxes and fees charged to insured. The taxes
15 imposed under this subsection and the countersigning fees
16 charged by the Surplus Line Association of Illinois may be
17 charged to and collected from surplus line insureds.

18 (4) (Blank). ~~Bond. Each surplus line producer, as a~~
19 ~~condition to receiving a surplus line producer's license, shall~~
20 ~~execute and deliver to the Director a surety bond to the People~~
21 ~~of the State in the penal sum of \$20,000, with a surety which~~
22 ~~is authorized to transact business in this State, conditioned~~
23 ~~that the surplus line producer will pay to the Director the~~
24 ~~tax, interest and penalties levied under subsection (3) of this~~
25 ~~Section.~~

26 (5) Submission of documents to Surplus Line Association of

1 Illinois. A surplus line producer shall submit every insurance
2 contract issued under his or her license to the Surplus Line
3 Association of Illinois for recording and countersignature.
4 The submission and countersignature may be effected through
5 electronic means. The submission shall set forth:

6 (a) the name of the insured;

7 (b) the description and location of the insured
8 property or risk;

9 (c) the amount insured;

10 (d) the gross premiums charged or returned;

11 (e) the name of the unauthorized insurer from whom
12 coverage has been procured;

13 (f) the kind or kinds of insurance procured; and

14 (g) amount of premium subject to tax required by
15 Section 12 of the Fire Investigation Act.

16 Proposals, endorsements, and other documents which are
17 incidental to the insurance but which do not affect the premium
18 charged are exempted from filing and countersignature.

19 The submission of insuring contracts to the Surplus Line
20 Association of Illinois constitutes a certification by the
21 surplus line producer or by the insurance producer who
22 presented the risk to the surplus line producer for placement
23 as a surplus line risk that after diligent effort the required
24 insurance could not be procured from authorized insurers and
25 that such procurement was otherwise in accordance with the
26 surplus line law.

1 (6) Countersignature required. It shall be unlawful for an
2 insurance producer to deliver any unauthorized insurer
3 contract unless such insurance contract is countersigned by the
4 Surplus Line Association of Illinois.

5 (7) Inspection of records. A surplus line producer shall
6 maintain separate records of the business transacted under his
7 or her license, including complete copies of surplus line
8 insurance contracts maintained on paper or by electronic means,
9 which records shall be open at all times for inspection by the
10 Director and by the Surplus Line Association of Illinois.

11 (8) Violations and penalties. The Director may suspend or
12 revoke or refuse to renew a surplus line producer license for
13 any violation of this Code. In addition to or in lieu of
14 suspension or revocation, the Director may subject a surplus
15 line producer to a civil penalty of up to \$2,000 for each cause
16 for suspension or revocation. Such penalty is enforceable under
17 subsection (5) of Section 403A of this Code.

18 (9) Director may declare insurer ineligible. If the
19 Director determines that the further assumption of risks might
20 be hazardous to the policyholders of an unauthorized insurer,
21 the Director may order the Surplus Line Association of Illinois
22 not to countersign insurance contracts evidencing insurance in
23 such insurer and order surplus line producers to cease
24 procuring insurance from such insurer.

25 (10) Service of process upon Director. Insurance contracts
26 delivered under this Section from unauthorized insurers, other

1 than domestic surplus line insurers as defined in Section 445a,
2 shall contain a provision designating the Director and his
3 successors in office the true and lawful attorney of the
4 insurer upon whom may be served all lawful process in any
5 action, suit or proceeding arising out of such insurance.
6 Service of process made upon the Director to be valid hereunder
7 must state the name of the insured, the name of the
8 unauthorized insurer and identify the contract of insurance.
9 The Director at his option is authorized to forward a copy of
10 the process to the Surplus Line Association of Illinois for
11 delivery to the unauthorized insurer or the Director may
12 deliver the process to the unauthorized insurer by other means
13 which he considers to be reasonably prompt and certain.

14 (10.5) Insurance contracts delivered under this Section
15 from unauthorized insurers, other than domestic surplus line
16 insurers as defined in Section 445a, shall have stamped or
17 imprinted on the first page thereof in not less than 12-pt.
18 bold face type the following legend: "Notice to Policyholder:
19 This contract is issued, pursuant to Section 445 of the
20 Illinois Insurance Code, by a company not authorized and
21 licensed to transact business in Illinois and as such is not
22 covered by the Illinois Insurance Guaranty Fund." Insurance
23 contracts delivered under this Section from domestic surplus
24 line insurers as defined in Section 445a shall have stamped or
25 imprinted on the first page thereof in not less than 12-pt.
26 bold face type the following legend: "Notice to Policyholder:

1 This contract is issued by a domestic surplus line insurer, as
2 defined in Section 445a of the Illinois Insurance Code,
3 pursuant to Section 445, and as such is not covered by the
4 Illinois Insurance Guaranty Fund."

5 (11) The Illinois Surplus Line law does not apply to
6 insurance of property and operations of railroads or aircraft
7 engaged in interstate or foreign commerce, insurance of
8 vessels, crafts or hulls, cargoes, marine builder's risks,
9 marine protection and indemnity, or other risks including
10 strikes and war risks insured under ocean or wet marine forms
11 of policies.

12 (12) Surplus line insurance procured under this Section,
13 including insurance procured from a domestic surplus line
14 insurer, is not subject to the provisions of the Illinois
15 Insurance Code other than Sections 123, 123.1, 401, 401.1, 402,
16 403, 403A, 408, 412, 445, 445.1, 445.2, 445.3, 445.4, and all
17 of the provisions of Article XXXI to the extent that the
18 provisions of Article XXXI are not inconsistent with the terms
19 of this Act.

20 (Source: P.A. 92-386, eff. 1-1-02; 93-29, eff. 6-20-03; 93-32,
21 eff. 7-1-03; 93-876, eff. 8-6-04.)

22 (215 ILCS 5/445a)

23 Sec. 445a. Domestic surplus line insurer.

24 (a) A domestic insurer possessing policyholder surplus of
25 at least \$15,000,000 may pursuant to a resolution by its board

1 of directors, and with the written approval of the Director, be
2 designated as a "domestic surplus line insurer".

3 (b) A domestic surplus line insurer may ~~only~~ insure in this
4 State an Illinois risk only if procured from a surplus line
5 producer pursuant to Section 445 of this Code.

6 (c) A domestic surplus line insurer must agree not to issue
7 a policy designed to satisfy the financial responsibility
8 requirements of the Illinois Vehicle Code, the Workers'
9 Compensation Act, or the Workers' Occupational Diseases Act. A
10 domestic surplus line insurer is not subject to the provisions
11 of Articles XXXIII, XXXIII 1/2, XXXIV, XXXVIII A, Section 468,
12 or Section 478.1 of this Code.

13 (d) For the purposes of the federal Nonadmitted and
14 Reinsurance Reform Act of 2010 (15 USC 8201 et seq.), a
15 domestic surplus line insurer shall be considered a nonadmitted
16 insurer, as the term is defined in the Act, with respect to
17 risks insured in this State.

18 (Source: P.A. 90-794, eff. 8-14-98.)

19 Section 97. Severability. The provisions of this Act are
20 severable under Section 1.31 of the Statute on Statutes.

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