



Sen. William R. Haine

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09900SB1573sam001

LRB099 05215 MLM 32276 a

1 AMENDMENT TO SENATE BILL 1573

2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 1573 by replacing  
3 everything after the enacting clause with the following:

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 "Captive insurance company" means any affiliated insurance  
12 company (including, but not limited to, any pure captive  
13 insurance company, association captive insurance company,  
14 sponsored captive insurance company, cell captive insurance  
15 company, industrial insured captive insurance company, risk  
16 retention group, or company approved and regulated as a captive

1 financial company by this State, any other state, or any other  
2 jurisdiction) or special purpose financial captive insurance  
3 company formed to insure the operational risks of the company's  
4 parent or affiliates, risks of a controlled unaffiliated  
5 business, or other risks approved by the captive insurance  
6 company's board or other regulatory body.

7 "Exempt commercial purchaser" means exempt commercial  
8 purchaser as the term is defined in subsection (1) of Section  
9 445 of this Code.

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

12 "Industrial insured" means an insured:

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

19 (ii) that procures the insurance directly from an  
20 unauthorized insurer without the services of an  
21 intermediary insurance producer; and

22 (iii) that is an exempt commercial purchaser whose home  
23 state is Illinois.

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

26 "Qualified risk manager" means qualified risk manager as

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

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

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

17 (c) For contracts of insurance effective January 1, 2015 or  
18 later, within 30 days after filing the report, the insured  
19 shall pay to the Director for the use and benefit of the State  
20 a sum equal to the gross premium of the contract of insurance  
21 multiplied by the surplus line tax rate, as described in  
22 paragraph (3) of subsection (a) of Section 445 of this Code,  
23 and shall pay the fire marshal tax that would otherwise be due  
24 annually in March for insurance subject to tax under Section 12  
25 of the Fire Investigation Act. For contracts of insurance  
26 effective January 1, 2015 or later, within 30 days after filing

1 the report, the insured shall pay to the Surplus Line  
2 Association of Illinois a countersigning fee that shall be  
3 assessed at the same rate charged to members pursuant to  
4 subsection (4) of Section 445.1 of this Code.

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

13 (e) Contracts of insurance with a captive insurance company  
14 shall not be subject to subsections (b) through (d) of this  
15 Section.

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

17 Section 99. Effective date. This Act takes effect January  
18 1, 2016."