



General Bulletin #49 Changes to the Illinois Surplus Line Law Effective January 1, 2022

To: All Illinois Surplus Line Producers & Interested Parties
From: David L. Ocasek

Public Act 102-0224 was signed by the Governor on 7/30/2021 and goes into effect on 1/1/2022. The Act makes a number of changes to the Illinois surplus line law, including those described below.

Diligent Effort Reform

- **Commercial Wholesale Transactions.** When a commercial risk is referred to an Illinois wholesale surplus line producer by an unaffiliated Illinois-licensed producer, the wholesale surplus line producer does not need to make a diligent effort to procure the insurance from authorized insurers.
- **Master Policies.** For master policies, only an annual diligent effort is required, rather than a diligent effort for each insured added during the policy period. The diligent effort must be performed annually, even if the policy period is greater than 12 months. The diligent effort must include all variable provisions of the master policy.
- **Program Business.** For program business, only an annual diligent effort is required for the program, rather than a diligent effort for each contract written under the program. The diligent effort must be performed annually, and must include all variable provisions of the program.

Fire Marshal Tax Statement & Payment Due Date

The annual Fire Marshal Tax Statement, and any associated payment, is now due on February 1st each year, instead of March 31st. This aligns the due date with the surplus line tax statement due date.

Elimination of Reporting of Limits

The reporting of policy limits is no longer required under the law.

- **Filing using the Enter a Filing screen.** The "Amount of Coverage" field for reporting the limits will no longer appear after January 1, 2022.
- **Batch Upload Filers.** The file format *will not change*. There will still be a placeholder for the limits field, but zero will always be acceptable in that field. This is being done so that, if you don't want to change the process by which information is extracted from your system and the upload files are created, you don't have to. If you no longer want to report limits, simply put a zero in this field for each record. If you continue to report limits, that's fine, too.
- **API Filers.** The file format *will not change*. There will still be a placeholder for the limits field, but zero will always be acceptable in that field. This is being done so that, if you don't want to change the process by which information is extracted from your system and the API submission files are created, you don't have to. If you no longer want to report limits, simply put a zero in this field for each submission. If you continue to report limits, that's fine, too.

Codification of Current Practices: Taxability of fees & Non-U.S. Premium

The law has been updated to reflect current practices in these areas. Broker fees, policy fees, inspection fees, etc., are not subject to surplus line tax. Non-U.S. premium is not subject to surplus line tax.

Other Changes

The law also makes other technical changes. You can read the entire Public Act 102-0224 on the Illinois General Assembly website at:

<https://ilga.gov/legislation/publicacts/fulltext.asp?Name=102-0224>

Please feel free to contact our office with any questions regarding this bulletin.

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