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General Bulletin #37
NRRA Information

To: All Illinois Surplus Line Producers & Interested Parties

From: David L. Ocasek

Although Illinois has not changed its statutory language to harmonize it with the NRRA, the NRRA is now the law of the land. The Department of Insurance has issued implementation guidance (Bulletin #2011-09) which we have previously sent out to members. As you move forward in the new NRRA era, here are some things to remember:

- Your first step is always to ***determine the Home State*** of the insured for the transaction. Once you have, you follow that state's laws, regulations and published guidance. From now on, for each transaction, there is only ***one set of rules*** to follow!
- It is recommended that you ***document your file*** to show how the Home State determination was made. Sooner or later, some state is going to ask you how you came up with your Home State determination on a particular policy – you'd better be prepared to answer!
- When Illinois is the Home State and the policy was effective prior to July 21, 2011, the old rules apply for that policy and any endorsements to that policy. For all policies effective July 21, 2011 or later, the new rules apply.
- Illinois is not currently participating in any tax sharing agreement or compact. If Illinois is the Home State as defined by the NRRA, the ***entire premium*** for the policy is used when applying Illinois surplus line tax, fire marshal tax and stamping fee. Remember, fire marshal tax can apply to varying percentages of the taxable premium. Check the table in our Procedures Manual which is available on our website (www.slai.org).
- As of this date, nineteen states have adopted one of the two interstate compacts (SLIMPACT and NIMA), however, neither compact has a clearinghouse up and running. If you determine the Home State to be one of these nineteen states, be sure to pay close attention to guidance coming from these states about how to handle transactions before, and after, any clearinghouse is established. Remember, it doesn't matter on a multistate transaction if some of the states are SLIMPACT, some are NIMA and some are neither. Follow the rules of the Home State, as defined. If the Home State is SLIMPACT, it's a SLIMPACT policy – period. If the Home State is NIMA, it's NIMA. If the Home State is neither, you file solely with the Home State. You no longer need to apply multiple sets of rules to a multistate policy.

NAPSLO's NRRA Tracking Page   AAMGA's Compliance Guide

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