



**General Bulletin #22**  
**Terrorism Coverage, Fire Marshal Tax & Surplus Line Policies**

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

A number of producers have contacted us recently with questions about the applicability of the 1% Fire Marshal tax to terrorism coverage provided under the Terrorism Risk Insurance Act of 2002 (“TRIA”). The Illinois Division of Insurance has today issued guidance regarding the applicability of Fire Marshal tax to surplus line TRIA coverage as follows:

1. For a stand-alone terrorism policy, the 1% Fire Marshal tax is charged against the full premium.
2. For terrorism coverage attaching to a policy covering other lines, one should consider how Fire Marshal tax would be charged if the policy did not include the TRIA coverage and apply the same rule to the terrorism premium.

For instance, if terrorism coverage is added to a general liability policy, Fire Marshal tax should not be charged since general liability coverage is not subject to the tax. If terrorism coverage is added to an all-risk, real property policy, the terrorism premium would be subject to the Fire Marshal tax at the same rate as the rest of the premium for the policy (i.e. 50% of the premium is subject to the 1% Fire Marshal tax).

Obviously, surplus line tax and stamping fee apply to TRIA premium just as they do to any other surplus line premium.

Please feel free to contact the Association if you have any questions regarding this bulletin.

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