



## General Bulletin #24

### Surplus Line Tax Rate Increase

To: Surplus Line Producers

From: David Ocasek

The governor has now signed the bill(s) increasing the Illinois surplus line tax rate. **The surplus line tax rate is now 3.5%**. The Fire Marshal tax and stamping fee rate have not changed, and all taxes and fees are still rounded to the nearest dollar. Unfortunately, the Department of Insurance has departed from the initial guidance they gave regarding the applicability of the tax. The new rate is **effective immediately and retroactively for all business going back to the beginning of the current tax period (January 1, 2003)**.

This means that the tax forms that will be going out in the next few days will reflect a tax liability for business processed through the Association from January to June of 3.5%, even though you have only collected 3% from your insured. The law allows you to pass taxes and fees on to your insureds so you are allowed to go back and bill them for the additional half percent.

I understand that this is upsetting news and we feel blind-sided as I'm sure you do. If you want to argue with the Department's direction, you are welcome to contact them although I'm not sure you will sway them. You may also wish to have your attorney review the applicability of the law to your particular situation. If you have any questions regarding this bulletin, please do not hesitate to contact the Association office.

This bulletin was prepared by the Surplus Line Association of Illinois. It only represents a synopsis of laws and regulations and does not constitute legal advice. It is recommended that you consult your legal advisors regarding application of Illinois laws and regulations to any particular situation.

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