



General Bulletin #39
Changes to the Illinois Surplus Line Law
**NRRA Conforming Language, Repeal of Surplus Line
Producer License Bond & Other Changes**

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

On August 14, 2012, Governor Quinn signed House Bill 1577 into law (Public Act 97-0955). The bill made changes to the Illinois surplus line law to bring it into conformity with the federal Nonadmitted and Reinsurance Reform Act (NRRA) and made several other changes. Below is a summary of the changes to the law:

- The law makes various changes to the statute, bringing it into conformity with the NRRA. At this point, the effect of these changes on Illinois surplus line producers is minimal since, under Illinois Department of Insurance Bulletin #2011-09, Illinois was already operating under these NRRA-compliant rules and has been since July 21, 2011.
- It eliminates the requirement for a surplus line producer license bond. The Illinois Department of Insurance has informed us that bonds currently in force may be canceled effective 8/14/12.
- It eliminates the surplus line producer precicensing course requirement.
- It makes a technical change to the tax wording bringing the statute into alignment with a court decision.
- It eliminates a conflict between the statute and Illinois regulations, codifying the long standing practice that surplus line taxes are due and payable based on filings with the Surplus Line Association of Illinois.
- It clarifies how Illinois domestic surplus line insurers should be categorized with regard to the federal NRRA.

Feel free to contact us with any questions about this change.

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