**Section 2701.50 Procurement of Policies or Contracts**

a) The surplus line producer must exert diligent effort to procure the policies or contracts required by the insureds from insurers that are authorized to transact business in Illinois (Section 445 of the Code). Diligent effort by the surplus line producer shall be deemed to have been exercised if the surplus line producer or the referring insurance producer submits a risk to three or more authorized insurers that are engaged in writing in Illinois the type of coverage sought, or if there are no insurers actually engaged in writing that coverage, the risk shall be submitted to insurers that, in the surplus line producer's or the insurance producer's professional judgment, are the most likely to accept the risk.

b) Submission of insuring contracts to the Surplus Line Association of Illinois constitutes a certification by the surplus line producer or by the insurance producer who presented the risk to the surplus line producer for placement as a surplus line risk that after diligent effort the required insurance could not be procured from insurers that are authorized to transact business in this State and that the procurement was otherwise in accordance with the surplus line law.

c) *Licensed surplus line producers may procure surplus line insurance from an unauthorized insurer for an exempt commercial purchaser, as that term is defined in Section 445, without making the required diligent effort to procure the insurance from authorized insurers if:*

1) *the producer has disclosed to the exempt commercial purchaser that the insurance may or may not be available from authorized insurers that may provide greater protection with more regulatory oversight; and*

2) *the exempt commercial purchaser has subsequently, in writing, requested the producer to procure that insurance from an unauthorized insurer.* (Section 445(1.5)(e) of the Code)

(Source: Amended at 40 Ill. Reg. 216, effective December 21, 2015)