

# FOREIGN FIRE INSURANCE FEE COLLECTION



Since 1937, the Illinois Municipal League (IML) has collected foreign fire insurance fees on behalf of Illinois fire departments and fire protection districts.

Changes to [65 ILCS 5/11-10 \(available via this link\)](#), which took effect January 1, 2023, have altered the process by which these fees are assessed, collected and remitted. This fact sheet provides an overview of the fee, and how it may be used for the benefit of fire departments and fire protection districts.

## WHAT IS THE FOREIGN FIRE INSURANCE FEE?

65 ILCS 5/11-10 requires all insurance companies not incorporated under the laws of the State of Illinois, and that provide fire insurance for property situated within an Illinois municipality or fire protection district that maintains a fire department, to remit a foreign fire insurance license fee to the foreign fire insurance board within a municipality, or to the secretary of a fire protection district. Previously, the corporate authorities of a municipality or fire protection district were required to adopt an ordinance to levy the fee.

This fee, previously referred to as a foreign fire insurance tax, equals 2% of the fire portion of the insurance policy premium received from fire insurance upon property situated within an Illinois municipality or fire protection district. The fee must be used for the "maintenance, use and benefit of the fire department."

## HOW IS THIS FEE COLLECTED?

Under 65 ILCS 5/11-10, the foreign fire insurance board or fire protection district has the sole and exclusive authority to designate an authorized representative or agent to collect the fee on its behalf. IML serves as the default collector of the fee if the board or district does not collect the fee on its own accord or authorize another entity to do so.

We have more than 85 years of experience performing these services, we continue to improve our collection efforts by working directly with insurance carriers to obtain more detailed coverage areas to ensure the maximum amount is returned to each community. We assess a service charge for these services which is paid from overall receipts remitted to each board and fire protection district.

State law provides for collection of the fee based on the year ending each July 1. The collection process normally is completed, and proceeds are distributed, in late September of each year.

## WHAT MUST YOU DO?

In order to officially authorize IML to collect and remit this fee, the board of trustees of a foreign fire insurance board or of a fire protection district are encouraged to adopt a resolution naming IML as the authorized agent, and complete and submit a contact information form. Both documents and additional resources are available at [firefee.iml.org](http://firefee.iml.org).

All items should be sent by mail to IML at PO Box 5180, Springfield, Illinois, 62705-5180. Individuals with questions or concerns may contact IML by phone at (217) 525-1220, or by email at [firefee@iml.org](mailto:firefee@iml.org).

