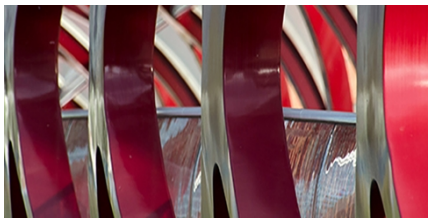
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News & Types: Litigation Update

Registered to Do Business in Illinois? Your Company May Be Exposed to Toxic Tort Claims

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Practices: Litigation

Companies doing business in Illinois should evaluate whether the benefits of maintaining an Illinois registration outweigh the potential risks of litigation. Corporations registered to do business in Illinois may now be subject to certain toxic tort lawsuits in Illinois, even when the alleged conduct or exposure occurred outside the state.

For years, foreign corporations could register with the Illinois Secretary of State without automatically consenting to general personal jurisdiction in Illinois courts. That changed in August 2025, when Illinois enacted Public Act 104-0352 (the Act). The Act amended the Illinois Business Corporation Act and Illinois' long-arm statute. Under the amended Business Corporation Act, a foreign corporation authorized to transact business in Illinois is deemed to have consented to general jurisdiction for purposes of certain toxic tort claims. 805 ILCS 5/13.20(b).

For corporations registered to do business in Illinois before August 15, 2025, consent generally begins on the corporation's next annual report due date. For corporations registering after August 15, 2025, consent begins upon registration and continues until the corporation formally withdraws its authority to transact business in Illinois.

WHAT DOES THIS MEAN FOR BUSINESSES?

Maintaining an Illinois registration may now create additional litigation exposure for companies involved in industries that face toxic tort claims, including manufacturers, distributors and product suppliers. In certain circumstances, a registered company may be sued in Illinois even if the events giving rise to the lawsuit occurred elsewhere.

HOW BROAD IS THE LAW?

The Act does not apply to every lawsuit. Rather, it applies when:

- The plaintiff alleges an injury caused by exposure to a toxic substance; and
- Illinois has jurisdiction over at least one co-defendant in the case.

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Importantly, the Plaintiff's alleged exposure to a toxic substance does not need to have occurred in Illinois. Since toxic tort cases often involve multiple defendants, these jurisdictional requirements may frequently be met.

SHOULD COMPANIES REEVALUATE THEIR ILLINOIS REGISTRATION?

Yes, companies should consider whether their current Illinois operations actually require them to remain registered. Illinois law requires foreign corporations to register before transacting business in the state, but many activities do not constitute "transacting business." For example, a company does not "transact business" in Illinois by:

- Selling through independent contractors
- Soliciting orders accepted outside Illinois
- Maintaining Illinois bank accounts
- Owning property in Illinois without additional business activity
- Engaging in certain isolated transactions

As a result, companies should not assume they must remain registered simply because they have Illinois customers. Whether registration is required depends on the nature and extent of the company's activities in the state.

DOES WITHDRAWAL SOLVE THE PROBLEM?

Not necessarily. A company that withdraws its registration but continues activities that require registration may still be deemed to have consented to jurisdiction under Illinois law. For that reason, withdrawal should not be viewed as a one-size-fits-all solution.

WHAT SHOULD COMPANIES DO NOW?

Companies doing business in Illinois should review their operations, determine whether registration is required and assess whether the benefits of remaining registered outweigh the potential litigation risks created by the Act. For businesses with potential toxic tort exposure, Illinois registration should no longer be treated as a routine administrative formality.

If you have questions about how Public Act 104-0352 may affect your business, Illinois registration requirements or potential toxic tort exposure, please contact Christen McGlynn or a member of Masuda Funai's Litigation Practice.

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