

ALABAMA DEPARTMENT OF INSURANCE
Surplus Line Broker
FAQs

➤ **Is a Surplus Line Broker Agency required to file the annual ID-15 tax form?**

No, a surplus line broker agency is not required to complete the annual ID-15 tax form. Filings are only required for the individual surplus line broker.

➤ **I can no longer find the annual ID-15 tax form to print or download from ALDOI website.**

Effective October 1, 2018, ALDOI mandated the use of OPTins (Online Premium Tax for Insurance) for insurance companies & brokers filing and paying Premium Tax or Surplus Lines. OPTins, a product of the National Association of Insurance Commissioners (NAIC), has been developed to facilitate state specific forms and payments. The broker is required to complete the annual ID-15 tax form and submit payments electronically through OPTins <https://www.optins.org/>. Paper forms are no longer available through the ALDOI website.

➤ **Do I have to file monthly, quarterly and/or annually ID-15 tax form?**

Each individual surplus line broker is required to file on or before March 1st an annual ID-15 tax form with a policy report of all surplus lines insurance transacted during the preceding calendar year through OPTins at <https://www.optins.org/>. The ID-15 tax form with a policy report and payment of taxes due can be submitted monthly, quarterly, and/or annually.

➤ **Are Surplus Lines Brokers required to file an ID-15 tax form for zero business transacted?**

Beginning January 1, 2025, if no business was transacted during the preceding calendar year, a 'zero' filing of the Annual Tax Statement (Form ID-15) is not required. For more information, please review the Surplus Line Broker Filing Instructions <https://aldoi.gov/SurplusLineWeb/PDF/SLProcessInstructions.pdf>.

➤ **How do I report Return Premium?**

Return premium must be reported in the initial tax year in which the policy is effective, and tax is remitted. The Return Premium is to provide a credit against the premium taxes submitted for the initial tax year, therefore the broker is required to amend the initial tax year's ID-15 tax form to report the credit. To report return premium, please refer to the following instructions to '**Submit Amend ID-12' (Cancellations, Endorsements, Audit Premium) and Amend ID-15** at <https://aldoi.gov/SurplusLineWeb/PDF/SLProcessInstructions.pdf>.

➤ **What are the requirements for filing quarterly ID-12 reports?**

Beginning January 1, 2025, and all years thereafter, each broker shall file a quarterly report (ID-12) after the effective date of any such insurance transacted through the Surplus Lines Broker Login at <https://aldoi.gov/SurplusLineWeb/BrokerLogin.aspx>. For more information regarding ID-12 submissions via ALDOI website, please view Surplus Line Broker Filing Instructions at <https://aldoi.gov/SurplusLineWeb/PDF/SLProcessInstructions.pdf>.

1st Quarter ID-12 Filing (January 1- March 31): **Due May 30**

2nd Quarter ID-12 Filing (April 1 – June 30): **Due August 30**

3rd Quarter ID-12 Filing (July 1- September 30): **Due November 30**

4th Quarter ID-12 Filing (October 1 – December 31): **Due January 30**

➤ **Is there a way to access a report of ID-12s submitted monthly, etc.?**

There is a feature to “view/edit” ID-12s, which the applicable period should be selected, then export data to a text file to view the information.

➤ **Can broker fees be charged on non-admitted policies in the State of Alabama?**

Yes, a reasonable fee for each policy may be charged. However, the per-policy fee is to be itemized separately and is subject to surplus lines broker tax under Section 27-10-31.

➤ **Are there any exceptions to the diligent efforts requirements?**

Section 27-10-20 1(b) <http://alisondb.legislature.state.al.us/alison/codeofalabama/1975/27-10-20.htm> addresses the diligent efforts requirements. Three declinations satisfy the diligent efforts requirement for placing business in the non-admitted market. These efforts must be indicated in the required field when submitting the ID-12 and are required each time a policy is written.

The Alabama Department of Insurance **Bulletin 2010-01** addresses Surplus Lines “diligent effort” requirements on wind and hail coverage in portions of Baldwin and Mobile counties <http://www.aldoi.gov/PDF/Legal/2010-01%20-%20Surplus%20Lines.pdf->.

Effective July 1, 2024, **ACT 2024-71** states that a surplus line transaction conducted in accordance with 15 U.S.C. 8205 may be exempt from the diligent effort requirement <https://arc-sos.state.al.us/ucp/L1518865.AI1.pdf>

➤ **Are there any exemptions to the surplus line insurance tax law?**

Except for those outlined in Section 27-10-34, <http://alisondb.legislature.state.al.us/alison/codeofalabama/1975/27-10-34.htm> there are no exceptions to the surplus line insurance tax law. The tax is imposed against the broker for the privilege of transacting business.

➤ **What are the filing requirements for Risk Purchasing Groups?**

Risk Purchasing Groups are required to file the ID-14 tax form and payment electronically through the NIC ALABAMA INTERACTIVE website. Filing instructions for Risk Purchasing Groups can be viewed at <https://aldoi.gov/Companies/PurchasingTaxReturn.aspx>.

If the filing is not submitted by the RPG, but by the surplus lines broker, the individual surplus lines broker is required to follow the filing requirements and instructions for the Alabama licensed surplus line broker. **NOTE: The four percent premium tax rate for RPGs will change to the six percent premium tax rate for surplus lines brokers. In addition, individual surplus lines brokers are required to report policies within 30 days in which the business was transacted.** Filing instructions for Surplus Lines Broker can be viewed at <https://aldoi.gov/SurplusLineWeb/BrokerInfo.aspx>.