

## ALABAMA DEPARTMENT OF INSURANCE Surplus Line Broker Filing Instructions

The Alabama Department of Insurance has an online application that collects data for Surplus Line Brokers to ensure the accuracy of policy and/or tax submission requirements are reported in compliance with Alabama Statutes and Regulations. To comply with state laws, Surplus Line Brokers are required to submit the following: **\*Certificate of Surplus Lines Broker (ID-12), \*\*Surplus Line Broker Annual Tax Statement (Form ID-15) and \*\*\*Broker Policy List.** The Annual Tax Form ID-15 and Broker Policy List should be submitted electronically through the (NAIC) OPTins website at <http://www.optins.org/>, along with remittance of any tax which is due, unless no business was transacted.

**Effective July 1, 2024**, please refer to **ACT 2024-71** for legislative updates to Surplus Lines at <https://arc-sos.state.al.us/ucp/L1518865.A11.pdf>. The following information provides guidance on the Certificate of Surplus Line Broker (ID-12) quarterly filing requirements as referenced above.

**NOTE: Failure to report policy information (ID-12), submit annual statement (Form ID-15) and Broker Policy List, provide records for examination, and/or remit tax required by law for applicable tax year shall result in all legal action explored, including, but not limited to, legal proceedings necessary to comply with the Code of Alabama, Section 27-10-32** <http://alisondb.legislature.state.al.us/alison/CodeOfAlabama/1975/27-10-32.htm>.

### ➤ **Create Surplus Line Broker Account:**

A Surplus Line Broker account is required to enter and/or submit data to the online application. To set up an account, go to <https://aldoi.gov/SurplusLineWeb/BrokerLogin.aspx>. When the “*Surplus Line Broker Login*” page loads, go to the link at the bottom of the page and select “*Click Here to Set Up Account*”. When the “*Register New Broker Account*” page is displayed, follow the instructions provided to complete this process.

### ➤ **Access Surplus Line Broker Account:**

To access the broker account, log-in at <https://aldoi.gov/SurplusLineWeb/BrokerLogin.aspx>. Enter the username (License Number) and password, then click **Enter**. If you are a registered user, you will be directed to the “*Surplus Line Broker Main Page*”.

**PLEASE REFER TO THE INFORMATION BELOW REGARDING EACH REQUIREMENT**

### **\*Certificate of Surplus Lines Broker (ID-12)**

#### **Filing Requirements**

In accordance with the Surplus Lines Insurance Ala. Code §27-10 1 et seq. and Regulation No. 36, the Certificate of Surplus Lines Broker (ID-12) shall be filed with the Commissioner, setting forth facts from which it can be determined the coverage has been lawfully placed as a surplus line. If required by the Commissioner, the report shall be accompanied by a written statement signed by the insured acknowledging the coverage was placed in an unauthorized insurer with the insured’s knowledge and consent.

**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 on or before May 30, a written report of the business done in this state during the current calendar year from January 1 through March 31 of the same calendar year; on or before August 30, a written report of the business done in this state during the current calendar year from April 1 through June 30 of the same calendar year; on or before November 30, a written report of the business done in this state during the current calendar year from July 1 through September 30 of the same calendar year; on or before January 30, a written report of the business done in this state during the preceding calendar year from October 1 through December 31 of the same calendar year.

- 1<sup>st</sup> Quarter ID-12 Filing (January 1- March 31): **Due May 30**
- 2<sup>nd</sup> Quarter ID-12 Filing (April 1 – June 30): **Due August 30**
- 3<sup>rd</sup> Quarter ID-12 Filing (July 1- September 30): **Due November 30**
- 4<sup>th</sup> Quarter ID-12 Filing (October 1 – December 31): **Due January 30**

The Surplus Lines Application will allow brokers to electronically submit ID-12 information into the system 24 hours a day/7 days a week, by submitting a single ID-12 or importing a file consisting of an ID-12 spreadsheet (generally reserved for high volume brokers).

### **Verify Annual ID-12 Summary Total**

The broker must login to their account and click on '202X ANNUAL TAX FILINGS'. A generated list of all the ID-12s filed for the tax year and a summary containing the calculated total of the ID-12s. If the totals shown agree with the gross premium and tax amounts reported on your annual tax form ID-15, then select **AGREE** and click **SUBMIT**. If you do not agree with the totals, then select **DISAGREE**, enter the totals from your records and click **SUBMIT**. (*only apply if business was transacted in the state during the tax year*)

**\*NOTE: If an ID-12 is not reported using the policy effective date of the insurance transaction as required, the automatically generated summary total may differ.**

### ➤ **Surplus Line Broker Main Page**

#### **Submit Initial ID-12 (New Policy, Renewal, Reinstatement)**

Click the link to submit information concerning the following transaction types: **new policy, renewal, reinstatement**. Enter policy information for all required fields, then click the **Submit Form** button located at the bottom of the screen. If an error exist, you will be notified to make the correction and resubmit information. The system will verify the information is “successfully” uploaded and provide the option to print a copy. Refer to *Surplus Line Brokers Formatting Data File Instructions* to upload ID-12 data at <https://aldoi.gov/SurplusLineWeb/PDF/SurplusLineBrokersFormattingDataFileInstructions.pdf>.

#### **Submit Amend ID-12 (Cancellations, Endorsements, Audit Premium)**

Click the link to amend an existing ID-12 concerning the following transaction types: **cancellation, endorsement, audit premium**. **NOTE: Gross premium is to be reported as of the Endorsement transaction date. Return premium is to be reported as of the effective date of the policy.**

### **View/Edit ID-12 (General Information Only)**

Click the link to view/edit ID-12 information that has been previously submitted into the system. You have the option of selecting the time period to view submitted ID-12s and downloading them into a text file.

### **Import ID-12**

Click the link to import an ID-12 spreadsheet (multiple policies). Sample spreadsheets are available at <https://aldoi.gov/SurplusLineWeb/BrokerInfo.aspx>.

To begin, you must 'agree' to the Import Certification Statement. **Instructions are located under 'Information on Importing'**. If an error exist, you will be notified to make the correction and reimport information. If an error is not corrected, the record will not import into the system. View *Surplus Line Brokers Formatting Data File Instructions*, which include a list of required fields at

<https://aldoi.gov/SurplusLineWeb/PDF/SurplusLineBrokersFormattingDataFileInstructions.pdf>.

**NOTE: See 'Submit Amend ID-12 (Cancellations, Endorsements, Audit Premium)' section for reporting premium.**

### **Assistance with ID-12**

Having trouble importing the ID-12 spreadsheet? Click the link to email this information and follow the instructions located on the page.

### **List of Surplus Lines Insurers**

Click the link to view list of Surplus Line Insurers and NAIC numbers only.

### **Change Account Password**

Go to <https://aldoi.gov/SurplusLineWeb/BrokerLogin.aspx>

### **Change Account Email Address**

Go to <https://aldoi.gov/SurplusLineWeb/BrokerLogin.aspx>

## **\*\*Annual Tax Statement (Form ID-15)**

### **Filing Requirements**

Each Surplus Lines Broker shall, on or before the first day of March of each year, file with the Commissioner an annual tax form **ID-15 and a Broker Policy List (sorted in alphanumeric order)** for all surplus lines insurance transacted with a policy effective date occurring during the preceding calendar year via NAIC OPTins at <http://www.optins.org/>. **WE ONLY REQUIRE A TAX FORM FROM THE INDIVIDUAL SURPLUS LINES BROKER, NOT THE AGENCY. 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.**

Failure to file your tax report and submit payment by March 1 of each year could result in administrative charges being brought against you, the revocation of your insurance licenses and/or interest/penalties on the late payment. **Also, please note that the annual tax form ID-15 and Broker Policy List can be submitted monthly, quarterly, or annually but they must be submitted together. You must maintain the same time period submission for the entire year (i.e. If you decide to submit the forms monthly, then you must submit the forms every month for the rest of the year).**

The Surplus Lines Broker shall remit as a tax imposed for the privilege of transacting business as a Surplus Lines Broker in this state, **a tax of six percent (6%)** on the direct premiums, **including any fees**, less return premiums and exclusive of sums collected to cover state or federal taxes, on all surplus lines insurance subject to tax transacted with a policy effective date occurring during the preceding calendar year.

### ➤ **Surplus Line Broker (ID-15) Tax Form**

**For the Period Ending** - The calendar year for which the policies included have an effective date within the calendar year of the period ending.

**National Producer Number** – A unique identification number assigned through the National Association of Insurance Commissioners (NAIC).

**Surplus Lines Broker Name** – Name of the **individual** licensed SL Broker to procure surplus lines insurance under the laws of this state. (NOT INSURANCE PRODUCER nor AGENCY)

**Surplus Lines Broker Number** – A license number issued by the state of Alabama to an **individual** to permit the transacting of business as a surplus line broker.

#### **Gross Premium + Fees**

All policies included should have a **policy effective date within the calendar year of the period ending.** Section §27-14-1(2), Code of Alabama 1975, Fees charged in consideration for an insurance contract is deemed part of the premium.

#### **Return Premium (Cancellations, Endorsements, Audit Premium)**

Return premium must be reported in the initial tax year in which the policy is effective, and tax is remitted. **For example: a policy with an effective date of 4/1/2020, should be reported and taxes remitted for the 2020 tax year. If the policy is canceled 7/1/2021, the 2020 tax return should be amended to report the return premium.** To report return premium, please refer to the following instructions to ‘*Submit Amend ID-12’ (Cancellations, Endorsements, Audit Premium) and Amend ID-15.*

#### **Monthly/Quarterly Tax Payments**

Report the total amount of **all** monthly and/or quarterly payments remitted during the current year filing period (if applicable).

#### **Prior Year Overpayment**


The Broker may apply a prior year overpayment to the current filing tax year to offset tax liability. Attach a letter or documentation to the ID-15 tax form indicating the credit applied.

#### **If Amending ID-15, Original Amount Paid**


Report the total amount of **all** initial payments remitted for the appropriate tax year.

An amended ID-15 tax form is required to report the change in gross and/or return premium totals (see examples below). The amended return should report the total amount of **all** initial payments remitted for the reporting tax year (Line Item#7). **A policy effective outside of the current filing period should be reported within the appropriate tax year, per the policy effective date.** An amended ID-15 tax form is submitted electronically through the (NAIC) OPTins website at <http://www.optins.org/>, along with remittance of any tax which is due.


**Example: Original ID-15**

ID-15	STATE OF ALABAMA	SL
	DEPARTMENT OF INSURANCE	
	Surplus Lines Brokers	
	For the Period Ending	2022 
<b>NATIONAL PRODUCER NUMBER</b>	11111111	
<b>SURPLUS LINES BROKER NAME</b>	JOHN DOE	
<b>SURPLUS LINES BROKER NUMBER</b>	1122333	
Name of Brokerage Company		
Address		
E-Mail Address		
<b>1. GROSS PREMIUM + FEES*</b>	\$953,584.00	
<b>2. RETURN PREMIUM*</b>	\$15,096.00	
<b>3. NET PREMIUM (Line 1 less 2)</b>	\$938,488.00	Total payments in the amount of \$42,911.28 for quarters 1, 2, and 3 paid during the calendar year for the period ended
<b>4. GROSS SL TAX (Multiply Line 3 by rate 6%)</b>	\$56,309.28	
<b>5. LESS: Monthly/Quarterly Tax Payments**</b>	\$42,911.28	Total premium tax due in the amount of \$13,398.00 was paid with annual ID-15 tax filing.
<b>6. LESS: Prior Year Overpayment***</b>		
<b>7. If Amended, Original Amount Paid****</b>		
<b>8. TOTAL AMOUNT OF TAX DUE (Line 4 less 5-7)</b>	\$13,398.00	

**Example: Amended ID-15 to report additional Return Premium of \$4,886.00, resulting in a credit/overpayment of -\$293.16.**

ID-15	STATE OF ALABAMA	SL
	DEPARTMENT OF INSURANCE	
	Surplus Lines Brokers	
	For the Period Ending	2022 
NATIONAL PRODUCER NUMBER	11111111	
SURPLUS LINES BROKER NAME	JOHN DOE	
SURPLUS LINES BROKER NUMBER	1122333	
Name of Brokerage Company		
Address		
E-Mail Address		
1. GROSS PREMIUM + FEES*	\$953,584.00	Additional Return Premium of \$4,886.00 added to Original Return Premium \$15,096.00 to total \$19,982.00.
2. RETURN PREMIUM*	\$19,982.00	
3. NET PREMIUM (Line 1 less 2)	\$933,602.00	Total Monthly/Quarterly Tax Payments of \$42,911.28.00 added to Total Amount of Tax Due/Paid \$13,398.00 to total payments of \$56,309.28
4. GROSS SL TAX (Multiply Line 3 by rate 6%)	\$56,016.12	
5. LESS: Monthly/Quarterly Tax Payments**		
6. LESS: Prior Year Overpayment***		Credit/Overpayment of -\$293.16
7. If Amended, Original Amount Paid****	\$56,309.28	
8. TOTAL AMOUNT OF TAX DUE (Line 4 less 5-7)	-\$293.16	

**Example: Original ID-15 with Prior Year Overpayment**

ID-15	STATE OF ALABAMA	SL
	DEPARTMENT OF INSURANCE	
	Surplus Lines Brokers	
	For the Period Ending	2023 
NATIONAL PRODUCER NUMBER	11111111	
SURPLUS LINES BROKER NAME	JOHN DOE	
SURPLUS LINES BROKER NUMBER	1122333	
Name of Brokerage Company		
Address		
E-Mail Address		
1. GROSS PREMIUM + FEES*	\$320,018.00	2022 Prior Year Credit/Overpayment in the amount of - \$293.16 was applied to offset Total Amount of Tax Due for the period ending 2023.
2. RETURN PREMIUM*	\$1,801.00	
3. NET PREMIUM (Line 1 less 2)	\$318,217.00	
4. GROSS SL TAX (Multiply Line 3 by rate 6%)	\$19,093.02	
5. LESS: Monthly/Quarterly Tax Payments**		
6. LESS: Prior Year Overpayment***	\$293.16	
7. If Amended, Original Amount Paid****		
8. TOTAL AMOUNT OF TAX DUE (Line 4 less 5-7)	\$18,799.86	

## **\*\*\*Broker Policy List**

Each Surplus Lines Broker shall, on or before the first day of March of each year, file with the Commissioner an annual tax form **ID-15 and a Broker Policy List (sorted in alphanumeric order)** for all surplus lines insurance transacted with a policy effective date occurring during the preceding calendar year, unless no business was transacted.

**Section §27-10-21, Code of Alabama 1975**, policies are to be **reported based on the policy effective date**. The **Broker Policy List** should contain a listing of the policies being paid, sorted in alphanumeric order and **must contain all of the following fields in the required format**: Broker License Number, Policy Number, NAIC #, Effective Date (*Specific date in which an insurance policy goes into effect. Applicable for transaction types: New Policy, Renewal, and Reinstatement*), Insured Name, Transaction Type, Gross Prem + Fees, Gross Tax, Return Prem, Return Tax, Transaction Date (*Date in which a transaction occurred after the policy effective date that amends or cancels a policy. Applicable for transaction types: Cancellation and Endorsement*).

**The required Broker Policy template is available in OPTins at <http://www.optins.org/> and the Surplus Line Broker Login at <https://aldoi.gov/SurplusLineWeb/BrokerInfo.aspx>.**

### **Gross Premium + Fees**

Policies included should have a **policy effective date within the calendar year of the period ending**. **Section §27-14-1(2), Code of Alabama 1975**, Fees charged in consideration for an insurance contract is deemed part of the premium.

### **Return Premium (Cancellations, Endorsements, Audit Premium)**

Return premium must be reported in the initial tax year in which the policy is effective, and tax is remitted. **For example: a policy with an effective date of 4/1/2020, should be reported and taxes remitted for the 2020 tax year. If the policy is canceled 7/1/2021, the 2020 tax return should be amended to report the return premium.** To report return premium, please refer to the following instructions to ‘*Submit Amend ID-12*’ (*Cancellations, Endorsements, Audit Premium*) and *Amend ID-15*.

## **CONTACT INFORMATION**

All questions relating to surplus lines tax should be addressed to the Alabama Department of Insurance, Surplus Lines Section at [surpluslines@insurance.alabama.gov](mailto:surpluslines@insurance.alabama.gov). For additional information, refer to ‘*Surplus Line Broker Frequently Asked Questions*’ located on the ALDOI website at <https://aldoi.gov/SurplusLineWeb/BrokerInfo.aspx>

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