Surplus Line Process Instructions

The Alabama Department of Insurance has developed an electronic application that will track surplus line information. This program uses the information ALDOI gathers from surplus line brokers and unauthorized insurers for tax collection and validation purposes. Surplus line brokers are required to submit three different pieces of information: ID-12s, Policy Report and Annual Tax Form (ID-15). Additional information on formatting and submitting this information can be found below and on our website, www.aldoi.gov under Online Services. Please refer to the on-line instructions titled "Formatting Data Files and Excel Spreadsheets for Surplus Line Program". These instructions will show you how your spreadsheet should look and inform you as to what fields are required. Also on our website will be a sample formatted spreadsheet for you to use instead of creating your own spreadsheet.

Setting up Broker Account

Before you can begin submitting data to our online system, you will need to set up your broker account. To set up an account, go to our website, www.aldoi.gov, and select "Surplus Line Login" from the Online Services menu. When the "Surplus Line Broker Login" page loads, click the link at the bottom of the page that says "Click Here to Set Up Account". When the "Register New Broker Account" page is displayed follow the instructions on that page.

Logging On to Use Surplus Line Program

Once you get to the "Surplus Line Broker Login" page from selecting "Surplus Line Login" from the Online Services menu on our website, you can go ahead and login if you have already set up your broker account. Enter your username (License Number) and password, then click Enter. If indeed you are a registered user, you will be taken to the "Surplus Line Broker Main Page".

Surplus Line Broker Main Page

The Surplus Line Broker main page consists of the following options:

- **Submit ID-12** – Click on this button to submit ID-12 information for a single policy. Enter all policy information into the fields. Some fields are required before the information is accepted into our database (refer to the on-line instructions "Formatting Data Files and Excel Spreadsheets for Surplus Line Program" in the section titled 'Required Fields and Formatting for Uploading Surplus Line Broker ID-12 Data to the Surplus Line System'). When you are finished entering information, click the **Submit Form** button located at the bottom of the screen. If errors or omissions exist, you will be informed so that corrections can be made and the information can be resubmitted. If information is accepted, the program will inform you that the information was submitted successfully and you will be given the option to print the information for your files.
- **View/Edit Submitted ID-12s –** Click on this button to view/edit ID-12 information that has been previously submitted to our system. You will be able to select the time period to view ID-12s submitted for the current and previous years.
- **Information on Importing** – Click on this button to receive instructions on how to import an ID-12 spreadsheet into our system.
- **Import ID-12 File** – Click on this button to import an ID-12 spreadsheet into our system. You will have to agree to the Import Certification Statement before starting. **Instructions are located under 'Information on Importing'.** Data is validated prior to being imported into our database. If any records contain an error, you will be alerted to the error and given the opportunity to correct the record so that it can be imported. Any records with errors that are not corrected will not be imported into our database.

- **Assistance with ID-12 File** – If you are having a problem with importing the ID-12 spreadsheet on-line, click on this button to send an ID-12 spreadsheet via e-mail. Follow the instructions located on this page.
- **List of Surplus Lines Insurers** – Click on this button to view a list of surplus lines insurers and their NAIC numbers. THE ALABAMA DEPARTMENT OF INSURANCE DOES NOT MAINTAIN A LIST OF APPROVED SURPLUS LINE INSURERS. THE SOLE PURPOSE OF THIS LIST IS TO FURNISH NAIC NUMBERS.
- **Change Password** – Click on this button to change your existing password.
- **Home** – Click here to go back to the home page.

Certificate of Surplus Line Broker (ID-12)

Filing Requirements

In accordance with the Surplus Line Insurance Ala. Code §27-10 1 et seq. and Regulation No. 36, the Certificate of Surplus Line Broker (ID-12) shall be filed with the Commissioner within 30 days after the effective date of the insurance transaction. The Surplus Line Application will allow brokers to submit ID-12 information electronically into our system and to view/edit ID-12 information already submitted. You have the on-line options of submitting single ID-12 information or importing a file consisting of an ID-12 spreadsheet (generally reserved for high volume brokers), or e-mailing an ID-12 spreadsheet for assistance. For information and field requirements regarding formatting your spreadsheets, please refer to the on-line instructions titled "Formatting Data Files and Excel Spreadsheets for Surplus Line Program".

Annual Tax Form (Annual Tax Form ID-15 and Policy Report)

Filing Requirements

Each Surplus Line 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 Policy Report for all surplus line insurance transacted by him/her during the preceding calendar year. **WE ONLY REQUIRE A TAX FORM FROM THE INDIVIDUAL SURPLUS LINE BROKER, NOT THE AGENCY.** The policy report should contain a listing of the policies being paid, sorted in alphanumeric order and must contain all of the following fields: Policy Number, Insured Name, Effective Date, NAIC #, Premium/Return Premium. Note: Please do not send copies of the ID-12 forms that were submitted on-line. **The tax form ID-15 should be submitted even if no business was transacted during the year.**

You are also required to log in to the broker's account to verify the list of ID-12s and summary that the database has automatically generated (only applies if business was transacted in the state during the tax year). To do this, you must log in to the broker's account on our website and click on '2013 ANNUAL TAX FILINGS'. You will then see a generated list of all the ID-12s that have been filed on-line 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. *Be reminded that if the ID-12s were not reported using the effective date of the transaction as required, then the automatically generated summary total may differ.

Failure to file your tax report and submit payment by March 1 of each year could result in administrative charges being brought against you or the revocation of your insurance licenses and also interest penalties on your late payment. **Also, please note that the annual tax form ID-15**

and policy report 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).

Premium Tax Rate

The Surplus Line Broker shall remit as a tax imposed for the privilege of transacting business as a Surplus Line 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 surplus lines insurance subject to tax transacted by him/her during the preceding calendar year.

The annual tax form ID-15 and policy report (sorted in alphanumeric order) should be properly completed, signed by you, notarized, and submitted to the Compass Bank address listed below, along with remittance of any tax which is due. Brokers may also file their taxes electronically through the NAIC OPTins program at www.naic.org/OPTins.

POSTAL SERVICE	**COURIER OR EXPRESS SERVICE**
Alabama Department of Insurance	**Alabama Department of Insurance**
c/o Compass Bank	**c/o Compass Bank**
P.O. Box 830691	**701 South 32nd Street**
Birmingham, AL 35283-0691	**Birmingham, AL 35233**

ALL FILINGS WITH THE ALABAMA DEPARTMENT OF INSURANCE MUST BE MAILED BY THE U.S. POSTAL SERVICE OR COURIER OR FILED ELECTRONICALLY THROUGH THE OPTINS PROGRAM. **HAND DELIVERY IS NOT ACCEPTABLE.**

CONTACT PERSONS

All questions relating to surplus lines tax should be addressed to the Department of Insurance, Examiners Division:

Ann Strickland (334-241-4154)	Ann.Strickland@insurance.alabama.gov
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