

## Reporting Instructions for Surplus Lines Brokers for all new/renewal policies when Alaska is the Home State of the Insured

**Reports are to be filed by broker firms and should include business written by all individual brokers working for that firm.**

**BEGINNING WITH THE 1<sup>ST</sup> QUARTER 2018 DUE JUNE 1, 2018:** The quarterly report must be filed in [OPTins](#) through the NAIC. For details review [Bulletin 17-08](#). These instructions are changed for how to file through [OPTins](#)

### **Tax and Filing Fee:**

Tax: 2.7%

Filing Fee: 1%

### **Quarterly Report:**

This form must be filed by all brokers when business is transacted for the quarter including endorsements. **The payment for taxes and fees are also due on the same day as the report.**

#### Due Dates:

June 1 -----

September 1 -----

December 1 -----

March 1 of following year -----

#### Months in the Quarter:

January, February, March

April, May, June

July, August, September

October, November, December

*If no transactions for a quarter, do not file the Quarterly Report.*

If the Quarterly Report is filed late or additional transactions are filed late, there will be a penalty assessed determined by how late the report/transactions were filed.

1 – 30 days late: \$100

31 – 60 days late: \$200

More than 60 days late: \$300

### **Payment method:**

All taxes and filing fees must be paid by the Automated Clearing House (ACH) payment method. [OPTins](#) allows either ACH Debit or ACH Credit. An on-time payment is one that is submitted in [OPTins](#) by the due date. An ACH Debit payment is received by [OPTins](#) immediately upon submitting the report. An ACH Credit payment is received by [OPTins](#) after the payment is physically received by [OPTins](#) from the broker's bank which could be 3 – 5 days after the report was submitted.

### **Report of Surplus Lines Transaction:**

This form must be completed and submitted with the Quarterly Report for each insurance transaction occurring during the quarter. A transaction date is considered the policy effective date or the endorsement invoice date.

### **Subscription Policies:**

Each insurance company involved in a subscription policy must be reported on the Report of Surplus Lines Transaction form with their applicable percentages and premium on subsequent lines on the [OPTins](#) Excel spreadsheet. For Lloyd's syndicates, see next section. If the subscription policy includes admitted and non-admitted companies, all companies are to be included on the transaction form and marked accordingly. The tax will calculate without the admitted company premium and the filing fee will include all premium. Be sure you are billing the insured accurately.

### **Lloyd's syndicates:**

If the policy has only one syndicate, use the syndicate name and alien co-code from the Quarterly Listing of Alien Insurers. If more than one syndicate is involved, you have two options for reporting: either report the entire premium under co-code AA-1122000 and provide a list of the individual syndicates' numbers for each or provide each syndicate name and alien co-code used with their correct percentages. All syndicates used must be on the current Quarterly Listing of Alien Insurers. The list is available on the NAIC's website via our website:

<https://www.commerce.alaska.gov/web/ins/SurplusLines.aspx>

**Endorsements:**

The invoice date will determine in which quarter the endorsement is to be filed.

**Broker Fees:**

Bulletin B 04-14 outlines the fees that must be included in the calculation of premium. Please read for details: <https://www.commerce.alaska.gov/web/portals/7/pub/Bulletins/B04-14.pdf>

**Late payment fee:**

The penalty for paying the tax late is \$50 per month plus five percent of the tax due per calendar month, or part of a month, up to a maximum of \$250 plus 25 percent of the tax due, and interest of one percent per calendar month. The penalty for paying the filing fee late is \$250 plus two percent of the fee due per calendar month, or part of a month.

**Wet Marine and Transportation:**

If you placed wet marine and transportation risks, you must file the Unauthorized Insurer's Premium Tax Report, Form 08-1240, located on the web under Surplus Lines Brokers Premium Report Forms or in *OPTins*.

**Exempt from tax and filing fees:**

Taxes and filing fees do not apply to insurance of risks of state government or its political subdivisions, to an agency of state government or its political subdivisions, or to insurance of aircraft primarily engaged in interstate or foreign commerce. All other requirements for a surplus lines placement are still required: notifications, diligent search, disclosures, etc.

**Home State:**

"home state," for purposes of determining the home state of an insured in a multistate placement of nonadmitted insurance, is defined as follows:

(A) except as provided in (B) of this paragraph, "home state" means, with respect to an insured,

(i) the state in which an insured maintains its principal place of business or, in the case of an individual, the individual's principal residence; or

(ii) if 100 percent of the insured risk is located out of the state referred to in (i) of this subparagraph, the state to which the greatest percentage of the insured's taxable premium for that insurance contract is allocated;

(B) if two or more insureds from an affiliated group are named insureds on a single policy, "home state" under (A) of this paragraph is based on the member of the affiliated group that has the largest percentage of premium attributed to it under the insurance contract;

(C) for purposes of (A) of this paragraph, the principal place of business of an insured is the state where the insured maintains its headquarters and where the insured's high-level officers direct control and coordinate the business activities of the insured

