

Article - Insurance

[\[Previous\]](#)[\[Next\]](#)

§23-405.

(a) (1) Notwithstanding any other provision of this article, when an insurance contract is canceled, whether by a premium finance company, an insurer, or an insured, the insurer shall return any gross unearned premiums that are due under the insurance contract, computed pro rata, and excluding any expense constant, administrative fee, or any nonrefundable charge filed with and approved by the Commissioner, to the premium finance company for the account of the insured within a reasonable time not exceeding 45 days after:

(i) receipt by the insurer of a notice of cancellation from the premium finance company or the insured;

(ii) the date the insurer cancels the insurance contract; or

(iii) with respect to commercial automobile, fire, or liability insurance, completion of any audit necessary to determine the amount of premium earned while the insurance contract was in force.

(2) An audit under paragraph (1)(iii) of this subsection shall be performed within 45 days after the insurer receives the notice of cancellation.

(b) (1) After the insurer returns to the premium finance company any gross unearned premiums that are due under the insurance contract, the premium finance company shall refund to the insured the amount of unearned premium that exceeds any amount due under the premium finance agreement.

(2) A premium finance company need not make a refund to the insured if the amount of the refund would be less than \$5.

(c) Whenever an insurer, after receiving notice of the existence of a premium finance agreement, returns any unearned premiums to a person other than the premium finance company named in the premium finance agreement, the insurer shall be directly responsible to the premium finance company for all unearned premiums arising from the cancellation of the premium finance agreement.

(d) (1) An insurer that fails to return any premium required under this section shall pay interest of 1% per month on the unearned premium that has not been returned until the unearned premium is returned.

(2) Any payment under this subsection to the premium finance company shall be credited to the account of the insured.

(e) An insurer may not deduct from any return premium any amount owed to the insurer by the insured under any other insurance contract.

(f) An insurance producer shall return any gross unearned commissions, calculated as provided in subsection (a)(1) of this section, to an insurer within a reasonable period of time as required by the insurer.

[\[Previous\]](#)[\[Next\]](#)