

2760.0070 REFUNDS OF UNEARNED PREMIUM.

Subpart 1. **Charges on single premium consumer credit insurance contract.** In the event of termination of a single premium contract, no charge for consumer credit insurance may be made for the first 15 days of a month and a full month may be charged for 16 days or more of a month.

Subp. 2. **Fulfillment of refund formula filing requirement.** The requirements of Minnesota Statutes, section 62B.08, subdivision 2, that refund formulas be filed with the commissioner, shall be considered fulfilled if the refund methods are set forth in the individual policy or group certificate filed with the commissioner. For single premium credit life insurance, the refund shall be the single premium for the remaining term of coverage calculated according to the premium rate schedule in effect on the effective date of coverage, or an alternative method. The refund under the alternative method is the original premium multiplied by a ratio, where the numerator of the ratio is the sum of the scheduled monthly amounts of insurance for the remaining term of the loan, and the denominator of the ratio is the sum of the scheduled monthly amounts of insurance at the time of issue. For single premium credit disability insurance that is not critical period coverage, the refund shall be the single premium for the remaining term of coverage calculated according to the premium rate schedule in effect at the time of the effective date of coverage, or the average of the "Rule of 78" and "pro-rata" methods. For single premium credit disability insurance that is critical period coverage, the refund shall be the single premium for the remaining term of coverage calculated according to the premium rate schedule in effect at the time of the effective date of coverage, or the "pro-rata" method.

Subp. 3. **Refund or credit on the termination of certain single premium credit insurance.** When single premium credit insurance terminates as a result of a request of the insured debtor, the creditor or third-party originator receiving the request shall refund or credit the unearned premium due or provide notice to the insurer and upon receipt of the notice the insurer shall refund or credit the unearned premium due. For purposes of this part, the third-party originator is a dealer, merchant, or other person who originated the loan or retail installment sale contract and sold the related credit insurance to the insured debtor.

When single premium credit insurance terminates as a result of the termination of the indebtedness before its scheduled maturity date, other than by performance of the insurer's obligation under the policy or certificate, the creditor shall promptly refund or credit any unearned premium due. If insurance was originated by a third party, the creditor shall promptly provide notice of termination of the indebtedness to the third-party originator as permitted by Minnesota Statutes, section 62B.05. In the event the creditor gives written notice to the third-party originator, upon receipt of the notice the third-party originator shall refund or credit any unearned premium due or provide notice to the insurer who shall refund or credit any unearned premium due to the person entitled to the refund or credit. A

creditor satisfies its notice obligation by sending notice directly to the third-party originator or insurer or alternatively by sending notice to the debtor with instructions on how to obtain a refund from the third-party originator or insurer. In any event, upon receipt of proof of payoff of the entire indebtedness, the insurer shall provide a refund or credit of any unearned premium due that has not otherwise been refunded.

An insurer shall include language in the insurer's insurance forms or in a separate notice provided with the forms at time of issue that explains to the debtor how to obtain a refund when insurance is terminated before its scheduled expiration date. The language must be approved by the commissioner.

Statutory Authority: *MS s 62B.12*

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