

CHAPTER 59A

INSURANCE PREMIUM FINANCE COMPANIES

59A.09 Maximum finance charge.

59A.12 Application of unearned premiums.

59A.09 MAXIMUM FINANCE CHARGE.

[For text of subds 1 and 2, see M.S.1982]

Subd. 3. The finance charge must not exceed five percent in excess of the discount rate on 90-day commercial paper in effect at the federal reserve bank located in the Ninth Federal Reserve District when an insurance premium finance agreement is made or when an additional or subsequent premium is added under an open end agreement. For expenses incurred in servicing the loan including any filing fees, application fee for the examination or investigation of the character of the borrower, comaker or security, and drawing any necessary papers in making the loan, an insurance premium finance company may contract for a flat rate service fee not exceeding the greater of one percent of the amount financed or \$20 per premium finance agreement. The flat service fee need not be refunded upon prepayment in full before maturity.

Subd. 4. The finance charge shall be computed in advance on the principal balance of a premium finance agreement according to the actuarial method on terms payable in substantially equal successive monthly installments.

[For text of subd 5, see M.S.1982]

Subd. 6. Subdivision 3 applies only to a premium finance agreement in which the related insurance contract is for personal, family, or household use. The rate charged under an agreement made to finance an insurance policy for business, agricultural, or corporate purposes shall be as agreed to by the parties to the agreement.

History: 1983 c 200 s 1-3

59A.12 APPLICATION OF UNEARNED PREMIUMS.

Subdivision 1. Whenever a financed insurance contract is canceled, within 30 days of the effective date of cancellation the insurer shall return whatever gross unearned premiums, computed pro rata, are due under the insurance contract to the premium finance company for the account of the insured or insureds. This

action by the insurer satisfies the insurer's obligations under the insurance contract which relate to the return of the unearned premiums.

[For text of subds 2 and 3, see M.S.1982]

Subd. 4. If the crediting of returned premiums to the account of the insured results in a surplus over the amount due from the insured, the premium finance company must refund the excess to the insured within 30 days after receipt of the returned premium; but no refund is required if it amounts to less than \$1.

History: 1983 c 200 s 4,5