

**59A.12 APPLICATION OF UNEARNED PREMIUMS.**

Subdivision 1. **Pro rata return after cancellation.** Whenever a financed insurance contract is canceled, within 30 days of the effective date of cancellation, if the premium finance company has notified the insurer that the premiums are financed, 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.

Subd. 2. **Premium audit; determination of final premium amount.** In the event that a premium is subject to an audit to determine the final premium amount, the gross unearned premium will be calculated upon the deposit premium and the insurer shall return whatever gross unearned premiums are due based upon the deposit rather than the actual unearned premium to the finance company for the account of the insured or insureds.

Subd. 3. **Assigned risk policies.** Assigned risk policies shall be handled in conformance with section 59A.11 and subdivisions 1 and 2.

Subd. 4. **Refund to insured.** 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.

Subd. 5. **Return of unearned premium; notice to policyholder.** Whenever an insurer, after having been advised that an insurance policy has been financed by a premium finance agreement, returns an unearned premium on such a policy, the insurer shall deliver or mail to the policyholder a notice that includes the following information: the amount of premium paid, the term of the policy, the date coverage began and ceased, the amount of the unearned premium, the name of the party receiving the funds, and a statement of the obligation of the premium finance company to return within 30 days of receipt of the unearned premium any amount of the unearned premium in excess of the amount owed by the policyholder to the premium finance company.

**History:** 1974 c 353 s 12; 1983 c 200 s 4,5; 1992 c 564 art 1 s 12; 1994 c 485 s 3