

IF AN INSURER IS REQUIRED UNDER SUBSECTION (A) OF THIS SECTION TO GIVE NOTICE ON BEHALF OF ITSELF OR THE INSURED, THE INSURER SHALL:

(1) GIVE NOTICE TO THE GOVERNMENTAL AGENCY, MORTGAGEE, OR OTHER THIRD PARTY; AND

(2) COMPUTE THE EFFECTIVE DATE OF CANCELLATION FROM THE DAY THE INSURER RECEIVES THE NOTICE OF CANCELLATION FROM THE PREMIUM FINANCE COMPANY.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 486G(e).

In subsection (b)(2) of this section, the former reference to a "copy" of a notice of cancellation is deleted as surplusage.

Defined terms: "Insurance contract" § 1-101

"Insurer" § 1-101

"Premium finance company" § 23-101

23-405. RETURN OF PREMIUM AFTER CANCELLATION.

(A) TO PREMIUM FINANCE COMPANY BY INSURER.

(1) WHENEVER AN INSURANCE CONTRACT IS CANCELED IN ACCORDANCE WITH THIS SUBTITLE, THE INSURER SHALL RETURN ANY GROSS UNEARNED PREMIUMS THAT ARE DUE UNDER THE INSURANCE CONTRACT, LESS AGENTS' EARNED COMMISSIONS, TO THE PREMIUM FINANCE COMPANY FOR THE ACCOUNT OF THE INSURED WITHIN A REASONABLE TIME NOT EXCEEDING 60 DAYS AFTER:

(I) RECEIPT BY THE INSURER OF THE NOTICE OF CANCELLATION;
OR

(II) COMPLETION OF ANY PAYROLL AUDIT NECESSARY TO DETERMINE THE AMOUNT OF PREMIUM EARNED WHILE THE INSURANCE CONTRACT WAS IN FORCE.

(2) AN AUDIT UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION SHALL BE PERFORMED WITHIN 60 DAYS AFTER THE INSURER RECEIVES THE NOTICE OF CANCELLATION.

(B) TO INSURED BY PREMIUM FINANCE COMPANY.

(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.