

#### **11 NCAC 04 .0314      PREMIUM NOTICES: PAYMENTS AND REFUNDS**

The Commissioner shall consider an unfair trade practice the failure by an insurer to adhere to any of the following procedures concerning premium notices, payments and refunds on life, accident, health, or disability policies pursuant to G.S. 58-63-15:

- (1) Premium Notices. Any insurer that makes a practice of sending premium notices shall maintain records to show that it mailed or otherwise delivered the notice to an individual insured or policy owner.
- (2) Timely Remittance. Insurance companies shall use date of mailing, rather than date of receipt, to determine whether the insured has made timely remittance of premium, provided the premium payment is received within seven days after either the termination date of the policy or the last day of its grace period, whichever is later.
- (3) Right to Return Policy. When this right is given by contract or statute, no insurer shall abridge or frustrate the right of the insured to return a policy within 10 days after he or she receives it for a full refund of premiums paid. Evidence of such delivery shall be signed statements from the policyowner of the date of delivery, copies of signed certified mail receipt, certification of mailing, or firm mailing book entry.
- (4) Unearned Premium Refund. When this right is given by contract or statute, no insurer shall abridge or frustrate the right of the insured to receive a refund of unearned premium.
- (5) Unearned Premium on Health Policies. When an insured covered by an accident, health or disability policy dies during the term of the policy, his or her insurer shall refund the unearned premium.
- (6) Commingling. No licensed person may commingle premiums, insurance deposits or other such funds. These funds are received in a fiduciary capacity on behalf of policyowner and must be immediately forwarded to the proper insurers or be deposited into an authorized account that is separate and distinct from the person's operating or personal accounts. The account shall be used to receive and disburse premiums paid for insurers, return premiums to policyowner, pay bank charges for the account, and transfer of earned commissions or fees.

*History Note: Authority G.S. 58-2-40; 58-2-195; 58-51-10; 58-51-15; 58-63-65; 58-65-40; 58-67-50; 58-67-65; 58-67-150; 58-63-40;  
Eff. December 15, 1979;  
Amended Eff April 1, 1989;  
Readopted Eff. December 1, 2021.*