**20:06:29:01.  Cancellation by insurer or policyholder.** An insurer canceling a policy must return to the policyholder unearned premiums on at least a pro rata basis. An insurer may use a short rate calculation of unearned premiums if the cancellation is at the request of the policyholder. A cancellation is not considered to be at the request of the policyholder if the premium increases at policy renewal or at inception in excess of the quoted rate and the insurer fails to provide notice of the premium increase before the renewal or inception date. If it is specified in the policy, an insurer may either calculate all cancellations short rate or consider the premium fully earned at policy inception for short term or seasonal policies. The requirements of this section do not apply to surety insurance which requires the payment of a minimum premium or a premium that is fully earned pursuant to rules or rates filed and approved by the division. Nothing in this section prohibits an insurer from having a minimum premium of not more than $25 on property and casualty coverage provided that the minimum premium is filed as part of a rating plan pursuant to SDCL chapter 58-24. This section does not apply to life insurance.

**Source:** 22 SDR 52, effective October 25, 1995; 24 SDR 86, effective December 31, 1997; 25 SDR 76, effective November 26, 1998; 31 SDR 214, effective July 6, 2005; 36 SDR 112, effective January 11, 2010.

**General Authority:** SDCL 58-11-63(7)(9).

**Law Implemented:** SDCL 58-11-63(7)(9), 58-33-83, 58-33-84.