**20:06:29:05.  Definitions.** Terms used in this chapter mean:

 (1)  "Pro rata method," the pro rata unearned gross premium method produces the minimum refund amount to be used for insurance under which premiums are collected from the insured on a basis other than a minimum premium or fully earned basis as allowed pursuant to § 20:06:29:01, where the refund amount is to be determined by multiplying the original gross single premium times the quotient arrived at by dividing the number of remaining days by the number of days in the term;

 (2)  "Short rate method," the pro rata method of unearned premium reduced by an administrative expense factor not to exceed 10%;

 (3)  "Earned premium," the premium that has been used during the policy term. It is the premium that is payable to the insurer for the time period for which insurance was provided;

 (4)  "Unearned premium," that portion of the written premium applicable to the unexpired or unused part of the period for which the premium has been calculated.

 **Source:** 27 SDR 118, effective May 17, 2001.

 **General Authority:** SDCL 58-11-63(1).

 **Law Implemented:** SDCL 58-11-63(1).