

INSURANCE CODE

TITLE 5. PROTECTION OF CONSUMER INTERESTS

SUBTITLE C. DECEPTIVE, UNFAIR, AND PROHIBITED PRACTICES

CHAPTER 558. REFUND OF UNEARNED PREMIUM

Sec. 558.001. DEFINITION. In this chapter, "insurer" means an insurance company or other entity authorized to engage in the business of insurance in this state. The term includes:

- (1) a stock life, health, or accident insurance company;
- (2) a mutual life, health, or accident insurance company;
- (3) a stock fire or casualty insurance company;
- (4) a mutual fire or casualty insurance company;
- (5) a Mexican casualty insurance company;
- (6) a farm mutual insurance company;
- (7) a county mutual insurance company;
- (8) a Lloyd's plan;
- (9) a reciprocal or insurance exchange;
- (10) a fraternal benefit society;
- (11) a stipulated premium company;
- (12) a nonprofit legal services corporation;
- (13) a statewide mutual assessment company;
- (14) a local mutual aid association;
- (15) a local mutual burial association;
- (16) an association exempt under Section [887.102](#);
- (17) a nonprofit hospital, medical, or dental service corporation, including a corporation subject to Chapter [842](#);
- (18) a risk retention group;
- (19) a purchasing group;
- (20) an eligible surplus lines insurer; and
- (21) a guaranty association operating under Chapter [462](#) or [463](#).

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 2, eff. April 1, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. [2636](#)), Sec. 2D.015, eff. April 1, 2009.

Sec. 558.002. APPLICABILITY OF CHAPTER; REFUND OF UNEARNED PREMIUM. (a) This chapter applies to an insurer that issues an insurance policy that requires the insurer to maintain an unearned premium reserve for the portion of the written policy premium applicable to the unexpired or unused part of the policy period for which the premium has been paid.

(b) An insurer shall promptly refund the appropriate portion of any unearned premium to the policyholder if the policy:

(1) has a remaining unearned premium reserve; and

(2) is canceled or terminated by the insured or the insurer before the end of its term.

(c) A guaranty association shall promptly refund any unearned premium as described by Subchapter E, Chapter 462, or Sections 463.003(9) and 463.259.

(d) An insurer shall refund the appropriate portion of any unearned premium to the policyholder not later than the 15th business day after the effective date of cancellation or termination of a policy of personal automobile or residential property insurance, as those terms are defined by Section 2301.051.

(e) Notwithstanding Subsection (d), a guaranty association shall refund any unearned premium as described by Subchapter E, Chapter 462, not later than the 30th business day after the date the guaranty association receives any necessary and accurate financial information, including supporting accounting information, required to determine unearned premium under a policy of personal automobile or residential property insurance, as those terms are defined by Section 2301.051.

(f) For purposes of this section, "business day" means a day other than a Saturday, Sunday, or holiday recognized by this state. Added by Acts 2003, 78th Leg., ch. 1274, Sec. 2, eff. April 1, 2005. Amended by:

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. 2636), Sec. 2D.016, eff. April 1, 2009.

Acts 2013, 83rd Leg., R.S., Ch. 94 (S.B. 698), Sec. 1, eff. May 18, 2013.

Sec. 558.003. RULES AND GUIDELINES. The commissioner shall:

(1) adopt rules necessary to implement this chapter;  
and

(2) establish appropriate guidelines to determine the portion of an unearned premium that must be refunded to a policyholder under this chapter.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 2, eff. April 1, 2005.

Sec. 558.004. EFFECT ON INSURANCE PREMIUM FINANCE COMPANY. This chapter does not affect the obligation of an insurer to pay an unearned premium to an insurance premium finance company in accordance with Section [651.162](#).

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 2, eff. April 1, 2005.