

Rules of Operation

Rule 15 - Premium Collection Standards

The Exclusive Representative Producer shall remit premium payments in accordance with the contract signed with the Servicing Carrier. In no event shall the required premium deposit on new or renewal business be greater than 30% of the premium for the coverages ordered. Any eligible risk that had been cancelled for nonpayment of insurance premiums during the preceding twenty-four (24) months may be required to pay 100% of the policy premium before insurance is bound, provided, however that no insurance company shall be required to issue such policy or execute such bond if the applicant or any person who usually drives the motor vehicle has an uncured default in the payment to an insurance company of any motor vehicle insurance premiums due or contracted during the preceding twelve months.

All premiums collected by the Exclusive Representative Producer on behalf of the Servicing Carrier as a result of a direct bill invoice must be forwarded to the Servicing Carrier within two working days after receipt by the Exclusive Representative Producer of the premium.

In the event of a default resulting in a termination of an Exclusive Representative Producer, a Servicing Carrier may petition CAR for reimbursement on account of the default of that Exclusive Representative Producer. The Governing Committee, after reviewing the recommendations of the Defaulted Brokers Committee, will determine if the Servicing Carrier is entitled to reimbursement in accordance with criteria established in the Manual of Administrative Procedures.