§ 568. Limitation on service and other charges. 1. A premium finance agency shall not, except as otherwise provided by law, impose, take, receive from, reserve or charge an insured greater charges than are permitted by this article.

2. A premium finance agency, including an insurance agent or broker licensed as such, may, in a premium finance agreement, contract for, and if so contracted for, the holder of the agreement may charge, receive and collect a service charge, for financing or arranging the financing of premiums under the agreement, computed as provided in subdivision four.

3. An insurance agent or broker not licensed as a premium finance agency may, in a premium finance agreement which is payable to the agent or broker or his order at the office of a premium finance agency and which is endorsed or otherwise transferred or assigned to such a premium finance agency, contract for and, if so contracted for, the premium finance agency holding the agreement may charge, receive and collect charges for financing or arranging the financing of premiums under the agreement, computed as provided in subdivision four.

4. (a) The service charge provided for in this section shall be computed on the principal balance of the premium finance agreement from the inception date of the insurance contract, the premiums for which are advanced or to be advanced under the agreement, or from the due date of such premiums, disregarding any period of grace or credit allowed for payment thereof, to and including the date when the final instalment of the premium finance agreement is payable, at not exceeding fourteen dollars per one hundred dollars per annum, plus an additional charge of ten dollars per premium finance agreement, which additional charge need not be refunded upon cancellation or prepayment, provided, however, that no insurance agent or broker or premium finance agency shall induce an insured to become obligated under more than one premium finance agreement for the purpose of obtaining more than one additional charge.

(b) In computing the service charge permitted by this subdivision, if the premium finance agreement is executed later than thirty days after the inception date, there shall be deducted from the amount of such

service charge an amount which bears the same proportion to such service charge, as (i) the number of days from the thirtieth day after the inception date until the day of execution of the premium finance agreement, bears to (ii) the number of days from the inception date to the date when the final instalment of the premium finance agreement is payable. No deduction shall be required under this paragraph, however, if the amount thereof is less than one dollar. For purposes of this paragraph the term "inception date" shall mean the inception date of the insurance contract being financed, or the due date of the premium being financed (disregarding any period of grace or credit allowed for payment thereof), which ever shall be earlier.

(c) Such service charge shall be computed on the principal balance of a premium finance agreement payable in successive monthly instalments substantially equal in amount for a period of one year. On a premium finance agreement providing for instalments extending for a period less than or greater than one year, the service charge shall be computed proportionately.

(d) When a premium finance agreement provides for unequal or irregular instalments, the service charge shall be computed at the effective rate provided for in paragraph (a), having due regard for the schedule of instalments.

(e) The foregoing charges shall be inclusive of all charges incident to the premium finance agreement and for the extension of credit provided for therein.

(f) The foregoing paragraphs of this subdivision four apply if the premiums under only one insurance contract are advanced or to be advanced under a premium finance agreement; if premiums under more than one insurance contract are advanced or are to be advanced under a premium finance agreement, the service charge shall be computed as if the premiums under each insurance contract were advanced or to be advanced under separate premium finance agreements.