§ 3428. Cancellation of insurance contracts; return premiums; financed insurance premiums. (a) Except as provided in subsection (e) of this section, whenever an insurance contract made or issued in this state is cancelled or otherwise terminated by the insured before the expiration thereof in accordance with the terms of such contract, the earned premium to be retained by the insurer shall be determined by the applicable rate filing, if any, otherwise in accordance with the provisions of such contract.

(b) No authorized insurer or its agent may knowingly accept payment of premiums, for an insurance contract made or issued in this state, advanced under a premium finance agreement as defined in section five hundred fifty-four of the banking law by or for any person, firm, corporation or association who is not authorized either to engage in the business of a premium finance agency or to make loans for the purpose of financing insurance premiums in accordance with the banking law, or to include an amount for insurance in a retail instalment contract or obligation in accordance with the personal property law.

(c) No authorized insurer shall honor a power of attorney or other authority to cancel an insurance contract executed by an insured in connection with insurance premium financing, except in accordance with section five hundred seventy-six of the banking law. Voluntary advancement of a premium to the insurer by an agent or broker, where no additional charge over and above the premium has been imposed upon the insured and the insured has not signed a note or other obligation to pay the premium shall not be construed to be within the meaning of insurance premium finance agreement as defined in article twelve-b of the banking law.

(d) Whenever an insurance contract the premiums for which are advanced under a premium finance agreement as defined in section five hundred fifty-four of the banking law, is cancelled, the insurer or insurers within a reasonable time not to exceed sixty days after the effective date of the cancellation shall return whatever gross unearned premiums are due under the insurance contract or contracts to the bank, lending institution, premium finance agency or sales finance company, for the benefit of the insured.

(e) Whenever an insurance contract, issued by or on behalf of an authorized insurer or insurers, the premiums for which are advanced

under a premium finance agreement as defined in section five hundred fifty-four of the banking law, is cancelled, upon such cancellation the authorized insurer or insurers shall return the gross unearned premiums due under the insurance contract or contracts, on a pro rata basis to the bank, lending institution, premium finance agency or premium finance company, for the benefit of the insured, provided, however, that such authorized insurer or insurers shall be entitled to retain a minimum earned premium on the policy of ten percent of the gross premium or sixty dollars, whichever is greater.