

A. Premium and Fees

1. An Exclusive Representative Producer (ERP) shall remit all collected premium payments to the Servicing Carrier within two business days of receipt. In no event shall the required premium deposit on new or renewal business be greater than 30% of the applicable annual premium for the coverages requested. However, an Eligible Risk whose Motor Vehicle Insurance policy has been cancelled for non-payment of insurance premiums during the preceding 24 months may be required to pay 100% of the policy premium before insurance is bound.
2. Acceptance of payment by an ERP shall be deemed payment to the Servicing Carrier.
3. The standards pertaining to premium financing for policies issued through CAR must be consistent with state laws and regulations.

B. Defaulted Premium

1. No Servicing Carrier shall be required to issue a Motor Vehicle Insurance policy if the applicant is in default of the payment to an insurance company of any Motor Vehicle Insurance premiums due or contracted during the preceding 12 months.
2. If the Servicing Carrier issues a cancellation notice for non-payment of premium to the policyholder and the policyholder's remittance received by the Servicing Carrier subsequent to the issuance of such cancellation notice is justifiably dishonored by the financial institution, the policy will terminate on the date and time shown on the cancellation notice issued for non-payment of premium.
3. In the event of a default resulting in a termination of an ERP, a Servicing Carrier may petition CAR for reimbursement on account of the default of that ERP. A determination on reimbursement to the Servicing Carrier will be made by the Governing Committee or its designee, in accordance with the criteria specified in the Manual of Administrative Procedures.