



Ohio Revised Code

Section 1321.79 Finance charge limits.

Effective: September 29, 1994

Legislation: Senate Bill 259 - 120th General Assembly

(A) A premium finance company shall not charge, contract for, receive, or collect a finance charge other than as permitted by sections 1321.71 to 1321.83 of the Revised Code.

(B) The finance charge shall be computed on the balance of the premium due, after subtracting the down payment made by the insured in accordance with the premium finance agreement, from the effective date of the insurance coverage, for which the premium is being advanced, to and including the date when the final installment of the premium finance agreement is payable, without regard to any requirement for installment payments.

(C) The finance charge shall be computed at a maximum rate of twelve dollars per one hundred dollars per year, plus an acquisition charge of twenty dollars per premium finance agreement which need not be refunded upon cancellation or prepayment. However, if the insurance policies described in the premium finance agreement are primarily for other than personal, family, or household purposes, the licensee may contract for and receive any finance charge agreed to in writing by the licensee and the insured.

(D)(1) Notwithstanding any provision in a premium finance agreement to the contrary, any insured may prepay his obligation under a premium finance agreement in full at any time before the final payment is due. In such event any unearned finance charge shall be refunded by the insurance premium finance company. The amount of any refund shall be calculated in accordance with the rule commonly known as the "rule of 78" or any other method more beneficial to the insured. A refund calculated in accordance with the "rule of 78" shall represent at least as great a proportion of the finance charge, if any, as the sum of the periodic balances at the nearest installment due date to the date on which prepayment is made bears to the sum of all periodic balances under the original schedule of payments in the agreement. If the amount of any refund computed under division (D)(1) of this section is less than three dollars, no refund need be made.

(2) With respect to any premium finance agreement that is cancelled, the unearned finance charge



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shall be refunded in the same manner as set forth in division (D)(1) of this section. If the balance due on such an agreement is not paid in full, the licensee may earn interest at the rate stated in the agreement until paid in full.