

**TITLE 4: ECONOMIC RESOURCES**  
**DIVISION 7: INSURANCE**

**§ 7503. Premiums.**

(a) *Accrual of Premium.* The insurer is entitled to payment of the premium as soon as the subject matter insured is exposed to the peril insured against.

(b) *Right to Return of Premium.* Unless the insurance contract otherwise provides, a person insured is entitled to a return of premium after a policy is canceled or rescinded as provided herein:

(1) To the whole premium if no part of the person's interest in the thing insured is exposed to any of the perils insured against;

(2) Where the insurance is for a definite term, and the insured surrenders the policy, to such proportion of the premium as corresponds to the unexpired portion of the term after deducting from the whole premium any claim for loss or damage which has previously accrued;

(3) When the contract is void or voidable on account of the fraud or misrepresentation of the insurer;

(4) When the contract is void or voidable on account of facts of the existence of which the insured was ignorant without fault of the insured;

(5) When, by any default of the insured other than actual fraud, the insurer did not incur any liability under the policy.

(c) *Acknowledgment of Receipt of Premium.* An acknowledgment in a policy of receipt of the premium is conclusive evidence of its payment, so far as to make the policy binding, notwithstanding any stipulation in the policy that it shall not be binding until the premium is actually paid.

**Source:** PL 3-107, § 26.