

Canceling Your Policy Midterm:

Canceling your insurance policy mid-term can result in a return premium penalty. This is known as a “short rate” cancellation. A short rate cancellation usually results when the policy is canceled at the insured’s request. This penalty will vary depending upon the period of time the policy has been in force. If canceled early in the policy period, the cancellation penalty may be as much as 10 percent of the unearned premium. As the policy ages and nears the normal policy expiration date, the short rate penalty will decrease. →