

## Article - Insurance

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§11–205.

(a) All rates shall be made in accordance with the principles set forth in this section.

(b) Uniformity among insurers in matters within the scope of this subtitle is neither required nor prohibited.

(c) Due consideration shall be given to:

- (1) past and prospective loss experience within and outside the State;
- (2) conflagration and catastrophe hazards, if any;
- (3) past and prospective expenses, both countrywide and those specially applicable to the State;
- (4) underwriting profits;
- (5) contingencies;
- (6) investment income from unearned premium reserve and reserve for losses;
- (7) dividends, savings, or unabsorbed premium deposits allowed or returned by insurers to policyholders; and
- (8) all other relevant factors within and outside the State.

(d) Rates may not be excessive, inadequate, or unfairly discriminatory.

(e) The systems of expense provisions included in the rates for use by an insurer or group of insurers may differ from those of other insurers or groups of insurers to reflect the requirements of the operating methods of the insurer or group with respect to a kind of insurance, or with respect to a subdivision or combination of kinds of insurance for which separate expense provisions are applicable.

(f) (1) Risks may be grouped by classifications for the establishment of rates and minimum premiums.

(2) Classification rates may be modified to produce rates for individual risks in accordance with rating plans that establish standards for measuring variations in hazards or expense provisions, or both.

(3) The standards may measure any difference among risks that are

demonstrated objectively to the Commissioner to have had a direct and substantial effect on losses or expenses.

(4) Notwithstanding any other provision of this subsection, a rate may not be based wholly or partly on geographic area itself, as opposed to underlying risk considerations, even though expressed in geographic terms.

(g) For fire insurance rates, consideration shall be given to experience during a period of not less than the most recent 5-year period for which experience is available.

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