

## CHAPTER 926.

(House Bill 795)

AN ACT to add a new section to Article 48A of the Annotated Code of Maryland (1939 Edition), title "Insurance", sub-title "Surety, Casualty, Liability and Compensation Insurance", said new section to follow immediately after Section 140 and to be known as Section 140A, relating to the making, filing, and approval of rates for certain casualty insurance, including fidelity, surety and guaranty bonds, and to rating organizations.

SECTION 1. *Be it enacted by the General Assembly of Maryland,* That a new section be and the same is hereby added to Article 48A of the Annotated Code of Maryland (1939 Edition), title "Insurance", sub-title "Surety, Casualty, Liability and Compensation Insurance", said new section to follow immediately after Section 140 and to be known as Section 140A, and to read as follows:

## 140A. CASUALTY AND SURETY RATING.

1. (Scope of Act.) This Act applies to all kinds or classes of insurance customarily classified as casualty insurance, including fidelity, surety and guaranty bonds, and credit insurance, on risks or operations in this State, except re-insurance, health and accident insurance, title insurance and insurance against loss of or damage to, or against liability (other than workmen's compensation and employers liability) arising out of the ownership, maintenance or use of, any aircraft.

This Act applies to all insurance companies, including stock and mutual companies, Lloyd's or a Lloyd's Plan of operation, and reciprocal exchanges and inter-insurers, but shall not apply to the Maryland "State Accident Fund", or to Non-profit Hospital Service Plans.

2. (Making of Rates.) All rates shall be made in accordance with the following provisions:

(1) Due consideration shall be given to past and prospective loss experience within and outside the State, to catastrophe hazards, if any, to a reasonable margin for profit and contingencies, to policyholders' dividends in the case of participating insurers, and to all other relevant factors within and outside the State.

(2) The systems of expense provisions included in the rates for use by any 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 any such insurer