

matters generally relating to the regulation of insurance rate-making processes.

BY repealing and reenacting, with amendments,

Article 48A - Insurance Code
Section 242(c)(4)
Annotated Code of Maryland
(1979 Replacement Volume and 1983 Supplement)

BY repealing

Article 48A - Insurance Code
Section 242(c)(7), (c)(8), and (c-1)
Annotated Code of Maryland
(1979 Replacement Volume and 1983 Supplement)

BY adding to

Article 48A - Insurance Code
Section 244 and 244A through 244V to be under the new subtitle "16B. Regulation of Competitive Rating"
Annotated Code of Maryland
(1979 Replacement Volume and 1983 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article 48A - Insurance Code

242.

(c) All rates shall be made in accordance with the following principles:

(4) Risks may be grouped by classifications for the establishment of rates and minimum premiums. Classification rates may be modified to produce rates for individual risks in accordance with rating plans which establish standards for measuring variations in hazards or expense provisions, or both. The standards may measure any difference among risks that are demonstrated objectively to the Commissioner to have had a direct and substantial effect upon losses or expenses. However, no rate may be based partially or entirely on geographic area itself, as opposed to underlying risk considerations, even though expressed in geographic terms.

[Any insurer providing a private passenger automobile insurance policy shall provide the policyholder at the time of issuance or renewal with a statement defining his rate classifications. The statement shall be sufficiently clear and specific so that a person of average intelligence can identify the classifications without making further inquiry.]