Article 48A – Insurance Code

244D.

The following standards apply to the making and use of rates pertaining to all classes of insurance to which this subtitle is applicable:

(a)   (1)   Rates may not be:

(i)   Excessive or inadequate, as defined under this subtitle; or

(ii)   Unfairly discriminatory.

(2)   Except as provided in paragraph (4) of this subsection, a rate may not be held to be excessive unless:

(i)   The rate is unreasonably high for the insurance provided; and

(ii)   The Commissioner has issued a ruling under § 244–I(c) of this subtitle that a reasonable degree of competition does not exist in a market to which the rate is applicable.

(3)   A rate may not be held to be inadequate unless:

(i)   It is unreasonably low for the insurance provided and continued use of it would endanger solvency of the insurer; or

(ii)   The rate is unreasonably low for the insurance provided and the use of the rate by the insurer has had or, if continued, will have the effect of destroying competition or of creating monopoly.

(4)   In the case of personal lines property and casualty insurance, a statewide rate or a rate in a particular jurisdiction or geographic territory may be held by the Commissioner to be excessive without determining whether a reasonable degree of competition exists under § 244–I(c)(1) and (2) of this subtitle if the Commissioner determines that the rate is:

(i)   Unreasonably high for the insurance provided; and

(ii)   Not actuarially justified based on commonly accepted actuarial principles.

(5)   If the Commissioner determines that a rate is excessive under paragraph (4) of this subsection and disapproves a rate, the disapproval is subject to § 244–I(c)(4), (d), and (e).

(b)   In determining whether rates comply with standards under subsection (a) of this section, due consideration shall be given to:

(1)   Past and prospective loss experience within and outside this State;

(2)   Conflagration or catastrophe hazards;

(3)   A reasonable margin for underwriting profit and contingencies;