

IN DETERMINING WHETHER RATES COMPLY WITH THE STANDARDS SET FORTH IN SUBSECTION (B) OF THIS SECTION, DUE CONSIDERATION SHALL BE GIVEN TO:

- (1) PAST AND PROSPECTIVE LOSS EXPERIENCE WITHIN AND OUTSIDE THE STATE;
- (2) CONFLAGRATION OR CATASTROPHE HAZARDS;
- (3) A REASONABLE MARGIN FOR UNDERWRITING PROFIT AND CONTINGENCIES;
- (4) DIVIDENDS, SAVINGS, OR UNABSORBED PREMIUM DEPOSITS ALLOWED OR RETURNED BY INSURERS TO THEIR POLICYHOLDERS, MEMBERS, OR SUBSCRIBERS;
- (5) PAST AND PROSPECTIVE EXPENSES, BOTH COUNTRYWIDE AND THOSE SPECIALLY APPLICABLE TO THE STATE;
- (6) INVESTMENT INCOME EARNED OR REALIZED BY INSURERS BOTH FROM THEIR UNEARNED PREMIUM AND FROM THEIR LOSS RESERVE FUNDS; AND
- (7) ALL RELEVANT FACTORS WITHIN AND OUTSIDE THE STATE.

(D) SYSTEMS OF EXPENSE PROVISIONS.

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 OF INSURERS WITH RESPECT TO A KIND OF INSURANCE, OR WITH RESPECT TO A SUBDIVISION OR COMBINATION OF INSURANCE FOR WHICH SEPARATE EXPENSE PROVISIONS ARE APPLICABLE.

(E) CLASSIFICATIONS OF RISKS.

- (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 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.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 244D(a) through (c).