

House _____ Amendment NO. _____

Offered By

1 AMEND House Committee Substitute for Senate Bill No. 54, Page 1, Section 374.191, Line 10, by inserting
2 after all of said line the following:

3
4 "379.318. Rates shall be made in accordance with the provisions of this section:

5 (1) Due consideration shall be given to past and prospective loss experience within and outside this
6 state, to conflagration and catastrophe hazards, if any, to a reasonable margin for underwriting profit and
7 contingencies, to dividends or savings allowed or returned by insurers to their policyholders or members, to
8 past and prospective expenses both countrywide and those specially applicable to this state, to all other
9 relevant factors, including trend factors, within and outside this state, and in the case of fire insurance rates,
10 to the underwriting experience of the fire insurance business during a period of not less than the most recent
11 five-year period for which such experience is available and relevant.

12 (2) Risks may be grouped by classifications, by rating schedules or by any other reasonable methods,
13 for the establishment of rates and minimum premiums. Classification rates may be modified to produce rates
14 for individual risks in accordance with rating plans which establish standards for measuring variations in
15 hazards or expense provisions, or both. Such standards may measure any differences among risks that can be
16 demonstrated to have a probable effect upon losses or expenses. No insurance rate shall be approved
17 increasing the rate under which a widow or widower is charged a higher rate solely based on the change in
18 his or her marital status unless the insurer can provide statistical support for including widows and widowers
19 in the higher single rate category.

20 (3) The systems of expense provisions included in the rates for use by any insurer or group of
21 insurers may differ from those of other insurers or groups of insurers to reflect the requirements of the
22 operating methods of any such insurer or group with respect to any kind of insurance, or with respect to any
23 subdivision or combination thereof for which subdivision or combination separate expense provisions are
24 applicable and shall accurately reflect the expenses of insurers or groups of insurers.

25 (4) Rates shall not be excessive, inadequate or unfairly discriminatory. No rate shall be held to be
26 excessive unless such rate is unreasonably high for the insurance coverage provided and a reasonable degree
27 of competition does not exist in the area with respect to the classification to which such rate is applicable. No
28 rate shall be held to be inadequate unless such rate is unreasonably low for the insurance coverage provided
29 and is insufficient to sustain projected losses and expenses; or unless such rate is unreasonably low for the
30 insurance coverage provided and the use of such rate has, or if continued, will have, the effect of destroying
31 competition or creating a monopoly. Unfair discrimination shall be defined to include, but shall not be
32 limited to, the use of rates which unfairly discriminate between risks in the application of like charges or
33 credits or the use of rates which unfairly discriminate between risks having essentially the same hazard and
34 having substantially the same degree of protection against fire and allied lines.

35 (5) Uniformity among insurers in any matters within the scope of this section is neither required nor
36 prohibited."; and

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38 Further amend said bill by amending the title, enacting clause, and intersectional references accordingly.

Action Taken _____ Date _____