

**304.13-031 Rate standards in noncompetitive market.**

- (1) In a noncompetitive market, rates shall be made in accordance with the following provisions:
- (a) Manual, minimum, class rates, rating schedules or rating plans, shall be made and adopted, except in the case of specific inland marine rates on risks specially rated;
  - (b) Rates shall not be excessive, inadequate or unfairly discriminatory;
  - (c) Due consideration shall be given:
    - 1. To past and prospective loss experience within and outside this state;
    - 2. To the conflagration and catastrophe hazards;
    - 3. To a reasonable margin for underwriting profit and contingencies;
    - 4. To dividends, savings or unabsorbed premium deposits allowed or returned by insurers to their policyholders, members or subscribers;
    - 5. To past and prospective expenses both countrywide and those specially applicable to this state;
    - 6. To all other relevant factors within and outside this state; and
    - 7. In the case of fire insurance rates, consideration may be given to the experience of the fire insurance business during a period of not less than the most recent three (3) year period for which such experience is available;
  - (d) The expense provisions included in the rates for use by any insurer or group of insurers shall reflect the requirements of the operating methods of any such insurer or group and its anticipated expenses, with respect to any kind of insurance or with respect to any subdivision or combination thereof for which subdivision or combination separate expense provisions are applicable;
  - (e) 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. Such standards may measure any differences among risks which can be demonstrated to have a probable effect upon losses or expenses. Rates made in accordance with this section may be used subject to this subtitle.

**Effective:** July 14, 2000

**History:** Amended 2000 Ky. Acts ch. 380, sec. 3, effective July 14, 2000. -- Created 1982 Ky. Acts ch. 278, sec. 3, effective July 15, 1982.