



Ohio Revised Code

Section 3937.02 Basic provisions for rate making.

Effective: October 1, 1953

Legislation: House Bill 1 - 100th General Assembly

All casualty rates shall be made in accordance with the following:

(A) Due consideration shall be given to:

- (1) Past and prospective loss experience within and outside this state;
- (2) The experience or judgment, or both, of the insurer or rating organization making the rate;
- (3) The experience of other insurers or rating organizations;
- (4) Physical hazards;
- (5) Catastrophe hazards;
- (6) A reasonable margin for underwriting profit and contingencies;
- (7) Dividends, savings, or unabsorbed premium deposits allowed or returned by insurers to their policyholders, members, or subscribers;
- (8) Past and prospective expenses both countrywide and those specially applicable to this state;
- (9) All other relevant factors within and outside this state.

(B) The systems of expense provisions included in the rates for use by any 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 any such insurer or group with respect to any kind of insurance, or with respect to any subdivision or combination thereof for which separate expense provisions are applicable.



(C) 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 that can be demonstrated to have a probable effect upon losses or expenses.

Classifications or modifications of classifications, or any portion or any division thereof, of risks may be predicated upon size, expense, management, individual experience, purpose of insurance, location or dispersion of hazard, or any other reasonable considerations, provided such classifications and modifications apply to all risks under the same or substantially the same circumstances or conditions. Classification rates may also be modified to produce rates for individual or special risks which are not susceptible to measurement by any established standards.

(D) Rates shall not be excessive, inadequate, or unfairly discriminatory.

Except to the extent necessary to comply with division (D) of this section, uniformity among insurers in any matters within the scope of this section is not required.

Sections 3937.01 to 3937.17, inclusive, of the Revised Code do not prohibit or regulate the payment of dividends, savings, or unabsorbed premium deposits allowed or returned by insurers to their policyholders, members, or subscribers. No plan for the payment of dividends, savings, or unabsorbed premium deposits allowed or returned by insurers to their policyholders, members, or subscribers shall be deemed to be a rating plan or system.

Such sections do not abridge or restrict the freedom of contract of insurers, agents, or brokers with reference to the amount of commissions or fees to be paid to such agents or brokers by insurers, and such payments are expressly authorized.

Two or more insurers, not members of or subscribers to a rating organization, may act in concert in the making or use of rates when executing fidelity or surety bonds through cosurety or reinsurance, or when affiliated through common ownership, management, or control.