

inappropriate within a city...city limits, based upon actuarial determination, why would territorial rating not be inappropriate statewide for other forms of insurance, such as homeowners policies, fire policies, and health policies?

SENATOR PREISTER: Senator, it will take me perhaps a minute to answer that. But if, on your time, I could do that. There are legitimate reasons for having territorial ratings for some insurance policies. If you live in Florida and you're concerned about hurricanes or typhoons, you would certainly have a territorial rating for those. If you live in a flood plane, insurance companies would be justified in having a territory that acknowledged that you're likely to be flooded. But when we're talking, and we're only talking about auto liability insurance here, that that justification isn't based on a territory where you're actually having the accidents, where the roads may warrant poorer conditions. We're talking about a territory that's more arbitrary, it doesn't say where people drive, it doesn't have the justification that some of these other factors would.

SENATOR MAURSTAD: Thank you. So.... But, in essence, if territorial.... My point is, maybe I'll just state my point. My point is that if it can be determined that territorial rating is not appropriate for auto insurance, I believe it opens up an avenue that territorial rating could in fact not be appropriate in many circumstances. And I think that would be detrimental to purchasers of insurance statewide. You know, as Senator Landis indicated, there's a great deal of competition within the marketplace in this particular area. And they aren't all required to use the same territories. They can file territories with the Department of Insurance, and so if it in fact is available, that a profit can be made in a particular territory by changing or adjusting that territory and adjusting the rates associated with that, the many, many, many insurance companies that are out there I'm sure would identify that and expose that as a potential for them to increase their policy writings. I don't think that we have a situation that would indicate that we need to take this step. There are many states around the country, since states regulate insurance, that have gone down this path and then have retreated backwards when it's not determined, after a period of time, to be in the best interests of the policyholders of the state. So I wholeheartedly support Senator Landis' comments and cannot support the motion to place