



The bill allows the Superintendent of Insurance to (1) require a person who violates any requirement related to certificates of insurance to cease and desist from the actions constituting the violation, (2) assess a civil penalty not to exceed \$1,000 per violation, or (3) do both. All penalties assessed under this provision would be deposited into the Department of Insurance Operating Fund (Fund 5540).

The bill also allows the Superintendent to investigate the activities of any person the Superintendent reasonably believes has engaged in or is engaging in an act or practice prohibited under this bill. The bill permits the Superintendent to adopt necessary rules to implement the requirements in the bill.

### **Fiscal effect**

The bill may minimally increase the Department of Insurance's administrative costs due to the regulation of certificates of insurance. Any such costs would be paid from the Department of Insurance Operating Fund (Fund 5540). The bill also allows the Superintendent of Insurance to impose penalties. Any penalties collected by the Superintendent may help offset such administrative costs.

### **Subrogation**

The bill repeals an existing subrogation provision that was enacted in Am. Sub. H.B. 64 of the 131st General Assembly and took effect on September 28, 2015. H.B. 259 reenacts the same provision. These changes would have no direct fiscal impact on the state and local governments.

The provision in H.B. 64 provided that a subrogee's claim must be reduced proportionally (between insurer and injured party) whenever less than the full value of a tort action is recovered. This type of proportionate sharing of recovery is currently required by law in 35 other states. When enacted in H.B. 64, this provision had the potential to decrease costs recovered by insurance companies, possibly resulting in a rise of future premium rates to consumers.

### **Prompt payment**

The bill updates prompt payment requirements to reflect the most current code, ICD-10, published by the United States Department of Health and Human Services. The provision would have no direct fiscal impact on the state and local governments.

### **Administrator of Workers' Compensation**

The bill requires the Administrator of Workers' Compensation to adopt rules for the purpose of reducing the transfer of negative experience to a successor employer under certain conditions. The requirement may minimally increase the Administrator's administrative cost to create such rules.