
HOUSE BILL 2291

State of Washington

56th Legislature

1999 Regular Session

By Representative Benson

Read first time . Referred to Committee on Judiciary.

1 AN ACT Relating to structured settlements; and adding a new chapter
2 to Title 48 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** DEFINITIONS. The definitions in this
5 section apply throughout this chapter unless the context clearly
6 requires otherwise:

7 (1) "Annuity issuer" means an insurer that has issued any insurance
8 contract used to fund periodic payments under a structured settlement;

9 (2) "Interested parties" means, with respect to any structured
10 settlement, the payee, any beneficiary irrevocably designated in the
11 structured settlement to receive payments after the payee's death, the
12 annuity issuer, and the structured settlement obligor;

13 (3) "Payee" means an individual who is receiving payments under a
14 structured settlement;

15 (4) "Structured settlement" means an arrangement for periodic
16 payment of damages established by settlement or judgment in resolution
17 of a tort claim or for periodic payments in settlement of a worker's
18 compensation claim;

1 (5) "Structured settlement agreement" means the agreement,
2 judgment, stipulation, or release embodying the terms of a structured
3 settlement, including the rights of the payee to receive periodic
4 payments;

5 (6) "Structured settlement obligor" means, with respect to any
6 structured settlement, the party that has the continuing periodic
7 payment obligation to the payee under a structured settlement agreement
8 or under an agreement providing for qualified assignment within the
9 meaning of section 130 of the internal revenue code of 1986, or any
10 subsequent corresponding internal revenue code of the United States, as
11 amended;

12 (7) "Structured settlement payment rights" means the right to
13 receive periodic payments, including lump sum payments, under a
14 structured settlement, whether from the settlement obligor, annuity
15 issuer, or any other person;

16 (8) "Transfer" means sale, assignment, or other conveyance of
17 structured settlement payment rights by a payee to a third party for
18 consideration;

19 (9) "Transfer agreement" means the agreement providing for transfer
20 of structured settlement payment rights from a payee to a transferee;

21 (10) "Transferee" means any person receiving structured settlement
22 payment rights resulting from a transfer;

23 (11) "Applicable laws" means the federal laws of the United States
24 and the laws of the state of Washington;

25 (12) "Third party" means any person or entity other than a
26 structured settlement obligor or annuity issuer; and

27 (13) "Future value" means the total amount of any and all periodic
28 payments to be made pursuant to a structured settlement that are unpaid
29 as of the effective date of the transfer agreement.

30 NEW SECTION. **Sec. 2.** CONDITIONS. (1) No structured settlement
31 agreement or transfer of structured settlement payment rights shall be
32 effective unless all of the provisions in this section are satisfied.

33 (2) Prior to or contemporaneous with the date on which the payee
34 executes a structured settlement agreement, or in the case of a
35 transfer, prior to or contemporaneous with the date on which the payee
36 executes a transfer agreement, the payee must have been provided with
37 a disclosure statement, in bold type, no smaller than 14 points,
38 setting forth the following:

1 (a) The amounts and due dates of all payments due under the
2 structured settlement agreement or, in the case of a transfer, the
3 amount and due dates of all structured settlement payments to be
4 transferred;

5 (b) The aggregate amount of all payments due under the structured
6 settlement agreement or, in the case of a transfer, the aggregate
7 amount of all structured settlement payments to be transferred;

8 (c) The discounted present value of all payments due under the
9 structured settlement agreement or, in the case of a transfer, the
10 discounted present value of all structured settlement payments to be
11 transferred and the discount rate used in determining such discounted
12 present value;

13 (d) The gross amount payable to the structured settlement obligor
14 and the annuity issuer in return for their agreement to make the
15 payments due under the structured settlement agreement to the payee or,
16 in the case of a transfer, the gross amount payable to the payee in
17 exchange for the structured settlement payments to be transferred;

18 (e) The gross amount of all brokers' commissions, rebates, service
19 charges, application or processing fees, closing costs, filing or
20 administrative charges, legal fees, notary fees and other commissions,
21 fees, costs, expenses, and charges related to the structured settlement
22 agreement or, in the case of a transfer, payable by the payee or
23 deductible from the gross amount otherwise payable to the payee in
24 connection with the transfer; and

25 (f) In the case of a transfer of structured settlement payment
26 rights, the net amount payable to the payee after the deduction of all
27 commissions, fees, costs, expenses, and charges described in (e) of
28 this subsection.

29 (3) The payee must be represented by independent legal counsel in
30 connection with the structured settlement or transfer.

31 (4) In the case of a transfer only, the payee and/or the transferee
32 shall provide the following proper notification to all interested
33 parties at least fourteen days prior to the anticipated closing date of
34 the transfer:

35 (a) Written notice of the transfer, including the anticipated
36 closing date;

37 (b) A copy of the disclosure statement required by subsection (2)
38 of this section; and

1 (c) The name, address, and taxpayer identification number of the
2 transferee.

3 NEW SECTION. **Sec. 3.** RIGHT OF RESCISSION. Any payee who enters
4 into a structured settlement or structured settlement transfer
5 agreement shall have an absolute, irrevocable, and nonwaivable five-day
6 right of rescission. During the five-day rescission period, the payee
7 may rescind and cancel the structured settlement or the structured
8 settlement transfer agreement without penalty or further obligation.

9 NEW SECTION. **Sec. 4.** APPLICABILITY, NONWAIVER. (1) This chapter
10 applies to any structured settlement and any transfer of structured
11 settlement payment rights involving a payee domiciled in this state.
12 The provisions of this chapter may not be waived.

13 (2) This chapter applies to any structured settlement or transfer
14 of structured settlement payment rights executed on or after the
15 effective date of this act. This chapter does not impair, limit,
16 effect, or otherwise apply to any structured settlement or transfer
17 agreement executed prior to the effective date of this act.

18 NEW SECTION. **Sec. 5.** CAPTIONS NOT LAW. Captions used in this
19 chapter are not any part of the law.

20 NEW SECTION. **Sec. 6.** Sections 1 through 5 of this act constitute
21 a new chapter in Title 48 RCW.

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