

SHB 1416 - S COMM AMD

By Committee on Law & Justice

ADOPTED 04/11/2021

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** (1) The legislature finds that it is in
4 the interests of the citizens of the state of Washington to enhance
5 and increase the efficiency of the processes for collecting child
6 support debts owed to the state or owed to a custodial parent.

7 (2) The legislature further finds that liens filed in the state
8 of Washington are filed on a county-by-county basis, and there is no
9 statewide registry or clearinghouse where a comprehensive collection
10 of liens may be checked by a party or other entity before funds are
11 disbursed to the debtor.

12 (3) The legislature further finds that it would enhance the
13 collection opportunities for child support to require insurance
14 companies doing business in the state of Washington to participate in
15 a reporting scheme that would allow a data match with child support
16 debts.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 26.23
18 RCW to read as follows:

19 (1)(a) Except as otherwise provided in subsection (8) of this
20 section, each insurer shall, not later than 10 days after opening a
21 tort liability claim for bodily injury or wrongful death, a workers'
22 compensation claim, or a claim under a policy of life insurance,
23 exchange information with the division of child support in the manner
24 prescribed by the department to verify whether the claimant owes debt
25 for the support of one or more children to the department or to a
26 person receiving services from the division of child support. To the
27 extent feasible, the division of child support shall facilitate a
28 secure electronic process to exchange information with insurers
29 pursuant to this subsection. The obligation of an insurer to exchange

1 information with the division of child support is discharged upon
2 complying with the requirements of this subsection.

3 (b) The exchange of information pursuant to this act must comply
4 with privacy protections under applicable state and federal laws and
5 regulations, including the federal health insurance portability and
6 accountability act.

7 (2) In order to determine whether a claimant owes a debt being
8 enforced by the division of child support, all insurance companies
9 doing business in the state of Washington that issue qualifying
10 payments to claimants must provide minimum identifying information
11 about the claimant to:

12 (a) An insurance claim data collection organization;

13 (b) The federal office of child support enforcement or the child
14 support lien network; or

15 (c) The division of child support in a manner satisfactory to the
16 department.

17 (3) Insurers must take the steps necessary to authorize an
18 insurance claim data collection organization to share minimum
19 identifying information with the federal office of child support
20 enforcement and the child support claim lien network.

21 (4) Except as otherwise provided in subsections (5) and (7) of
22 this section, if an insurer is notified by the division of child
23 support that a claimant owes debt for the support of one or more
24 children to the department or to a person receiving services from the
25 division of child support, the insurer shall, upon the receipt of a
26 notice issued by the department identifying the amount of debt owed
27 pursuant to chapter 74.20A RCW:

28 (a) Withhold from payment on the claim the amount specified in
29 the notice; and

30 (b) Remit the amount withheld from payment to the department
31 within 20 days.

32 (5) The department shall give any lien, claim, or demand for
33 reasonable claim-related attorneys' fees, property damage, and
34 medical costs priority over any withholding of payment pursuant to
35 subsection (4) of this section.

36 (6) Any information obtained pursuant to this act must be used
37 only for the purpose of carrying out the provisions of this act. An
38 insurer or other entity described in subsection (2) of this section
39 may not be held liable in any civil or criminal action for any act

1 made in good faith pursuant to this section including, but not
2 limited to:

3 (a) Any disclosure of information to the department or the
4 division of child support; or

5 (b) The withholding of any money from payment on a claim or the
6 remittance of such money to the department.

7 (7) An insurer may not delay the disbursement of a payment on a
8 claim to comply with the requirements of this section. An insurer is
9 not required to comply with subsection (4) of this section if the
10 notice issued by the department is received by the insurer after the
11 insurer has disbursed the payment on the claim. In the case of a
12 claim that will be paid through periodic payments, the insurer:

13 (a) Is not required to comply with the provisions of subsection
14 (4) of this section with regard to any payments on the claim
15 disbursed to the claimant before the notice was received by the
16 insurer; and

17 (b) Must comply with the provisions of subsection (4) of this
18 section with regard to any payments on the claim scheduled to be made
19 after the receipt of the notice.

20 (8) If periodic payment will be made to a claimant, an insurer is
21 only required to engage in the exchange of information pursuant to
22 subsection (1) of this section before issuing the initial payment.

23 (9) An insurance company's failure to comply with the reporting
24 requirements of this act does not amount to noncompliance with a
25 requirement of the division of child support as described in RCW
26 74.20A.350.

27 (10) For the purposes of this section, the following definitions
28 apply:

29 (a) "Claimant" means any person who: (i) Brings a tort liability
30 claim for bodily injury or wrongful death; (ii) is receiving workers'
31 compensation benefits; or (iii) is a beneficiary under a life
32 insurance policy. "Claim for bodily injury" does not include a claim
33 for uninsured or underinsured vehicle coverage or medical payments
34 coverage under a motor vehicle liability policy.

35 (b) "Insurance claim data collection organization" means an
36 organization that maintains a centralized database of information
37 concerning insurance claims to assist insurers that subscribe to the
38 database in processing claims and detecting and preventing fraud, and
39 also cooperates and coordinates with the federal or state child

1 support entities to share relevant information for insurance
2 intercept purposes.

3 (c) "Insurer" means: (i) A person who holds a certificate of
4 authority to transact insurance in the state; or (ii) a chapter 48.15
5 RCW unauthorized insurer.

6 (d) "Qualifying payment" means a payment that is either a one-
7 time lump sum or an installment payment issued by an insurance
8 company doing business in the state of Washington, which is made for
9 the purpose of satisfying, compromising, or settling, a tort or
10 insurance claim where the payment is in excess of \$500 and is
11 intended to go directly to the claimant and not to a third party,
12 such as a health care provider.

13 (e) "Tort or insurance claim" means: (i) A claim for general
14 damages, which are also called noneconomic damages; or (ii) a claim
15 for lost wages. "Tort or insurance claim" does not include claims for
16 property damage under either liability insurance or uninsured
17 motorist insurance.

18 NEW SECTION. **Sec. 3.** A new section is added to chapter 26.23
19 RCW to read as follows:

20 An insurance company may comply with the obligation to exchange
21 information with the division of child support described in section
22 2(1) of this act by using an insurance claim data collection
23 organization as described in section 2(2) of this act.

24 **Sec. 4.** RCW 26.23.070 and 1991 c 367 s 41 are each amended to
25 read as follows:

26 (1) The employer or the employment security department may
27 combine amounts withheld from the earnings of more than one
28 responsible parent in a single payment to the Washington state
29 support registry, listing separately the amount of the payment which
30 is attributable to each individual.

31 (2) No employer nor employment security department that complies
32 with a notice of payroll deduction under this chapter shall be
33 civilly liable to the responsible parent for complying with a notice
34 of payroll deduction under this chapter.

35 (3) No insurance company shall be civilly liable to the
36 responsible parent for complying with:

37 (a) An order to withhold and deliver issued under RCW 74.20A.080
38 or with any other withholding order issued under chapter 26.23 RCW;

1 (b) A lien filed by the department under chapter 74.20A RCW; or
2 (c) A combined lien and withholding order developed by the
3 department to implement this act.

4 (4) An insurance company complying with a withholding order
5 issued by the department or with a lien filed by the department may
6 not be considered to be committing a violation of the insurance fair
7 conduct act under chapter 48.30 RCW.

8 NEW SECTION. **Sec. 5.** The department may enact rules necessary
9 to implement and administer this act.

10 NEW SECTION. **Sec. 6.** This act takes effect January 1, 2022."

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11 On page 1, line 2 of the title, after "support;" strike the
12 remainder of the title and insert "amending RCW 26.23.070; adding new
13 sections to chapter 26.23 RCW; creating new sections; and providing
14 an effective date."

EFFECT: Eliminates the requirement that the insurer send notice
to a claimant when the insurer withholds funds for payment of a child
support lien.

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