
Civil Rights & Judiciary Committee

HB 1416

Brief Description: Concerning the reporting of debt information by insurers to enhance the collection of past-due child support.

Sponsors: Representatives Walen and Santos.

Brief Summary of Bill

- Requires insurers to exchange information with certain child support databases in order to intercept certain insurance claim payments for the collection of past-due child support.

Hearing Date: 2/9/21

Staff: Ingrid Lewis (786-7289).

Background:

Parents have a legal duty to financially support their children. Child support is money paid by a parent to a party taking care of the children to help support the children. Child support obligations are established through the court or an administrative process with the Department of Social and Health Services (DSHS).

The DSHS Division of Child Support (DCS) is responsible for administering the state's child support enforcement program and provides services to establish, modify, and enforce child support orders. The DCS also collects child support from parents when the child is either receiving public assistance or is in foster care. Both federal and state law authorizes the DCS to enforce child support obligations through various means, including taking withholding actions against a responsible parent's wages and earnings, as well as placing a lien on assets and benefits, like insurance claim payment. The DCS may release an administrative support lien or return

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seized property if the debtor gives adequate assurance of payment.

Summary of Bill:

An insurance company that issues either a one-time lump sum or an installment payment that is over \$500 directly to a claimant for a bodily injury, wrongful death, workers' compensation, or life insurance claim must verify whether the claimant owes past-due child support to the Department of Social and Health Services (DSHS) or to a person receiving services from the Division of Child Support (DCS).

An insurer is required to submit information about a claimant either through the insurance services office claim search or any successor entity which may be created; the federal Office of Child Support Enforcement or the Child Support Lien Network; or the DCS, no later than 5 days after opening a claim.

If it is determined that the claimant owes child support and the insurer receives a notice of administrative support lien from the DSHS identifying the amount of debt owed, the insurer must notify the claimant and, if known, his or her attorney of the debt owed within 5 days of receiving the notice; withhold the amount specified; and remit the amount to the DSHS within 20 days. The insurer must notify the claimant if any money from payment on a claim was remitted to the DSHS. An insurer may not delay the disbursement of a payment on a claim in order to comply with the requirements. In addition, an insurer is not required to comply if the notice of a lien on the claim is received after the payment has been disbursed. For claims paid through periodic payments, insurers must comply only with regard to any payments made after the receipt of notice.

Priority must be given to any lien, claim, or demand for reasonable attorney's fees and medical expenses over any amount remitted to the DSHS.

An insurer may not be held liable in any civil or criminal action for the disclosure of information to the DSHS or DCS or for the withholding of any money from payment on a claim, if the acts were made in good faith. An insurer is immune from civil liability to a claimant for complying with a withholding order, a lien filed by the DSHS, or a combined lien and withholding order.

An insurer who fails to report may be dealt with by the Office of the Insurance Commissioner.

The DSHS is authorized to enact rules necessary to implement and administer the act.

Appropriation: None.

Fiscal Note: Requested on February 3, 2021.

Effective Date: This act takes effect January 1, 2022.