

SENATE BILL REPORT

SHB 1416

As of March 19, 2021

Title: An act relating to the reporting of debt information by insurers to enhance the collection of past-due child support.

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

Sponsors: House Committee on Civil Rights & Judiciary (originally sponsored by Representatives Walen and Santos).

Brief History: Passed House: 3/1/21, 89-9.

Committee Activity: Law & Justice: 3/22/21.

Brief Summary of Bill

- Requires insurance companies to submit information about a claimant to an insurance claim data collection organization for matching information with certain child support databases to intercept insurance claim payments for collection of past-due child support.

SENATE COMMITTEE ON LAW & JUSTICE

Staff: Shani Bauer (786-7468)

Background: The Department of Social and Health Services (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. DCS must provide services if a family is receiving assistance—Temporary Assistance to Needy Families (TANF)—or if a party who is not receiving assistance applies for services.

Both federal and state law authorizes DCS to enforce child support obligations through various means, including placing liens and intercepting various assets including bank

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accounts, insurance settlements, federal and state tax refunds, and lottery prizes. DCS may release an administrative support lien or return seized property if the debtor gives adequate assurance of payment.

The state of Rhode Island established the Child Support Lien Network in 1999 to extract data from delinquent child support obligor files into one accessible, easy-to-use database for asset matching, specifically, intercepting insurance settlements owed to delinquent child support obligors. The network was gradually expanded to include surrounding states and now other states may join the network through execution of an agreement with the State of Rhode Island.

Summary of Bill: An insurance company that issues either a one-time lump sum or an installment payment 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 DSHS or to a person receiving services from DCS.

An insurer is required to submit information about a claimant either through an insurance claim data collection organization, the federal Office of Child Support Enforcement or the Child Support Lien Network, or DCS, no later than ten days after opening a claim.

If it is determined the claimant owes child support and the insurer receives a notice of administrative support lien from DSHS identifying the amount of debt owed, the insurer must withhold the amount specified and remit the amount to DSHS within 20 days. The insurer must notify the claimant if any money from payment on a claim was remitted to DSHS. An insurer may not delay the disbursement of a payment on a claim to comply with the requirements. 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, property damage, and medical expenses over any amount remitted to DSHS. An insurer may not be held liable in any civil or criminal action for disclosure of information to DSHS or DCS or for withholding 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 DSHS, or a combined lien and withholding order.

Any exchange of information between insurers and relevant entities must comply with applicable state and federal privacy protections. DSHS is authorized to enact rules necessary to implement and administer the act.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill takes effect on January 1, 2022