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HOUSE BILL 1416

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State of Washington

67th Legislature

2021 Regular Session

By Representatives Walen and Santos

Read first time 01/28/21. Referred to Committee on Civil Rights & Judiciary.

1 AN ACT Relating to the reporting of debt information by insurers  
2 to enhance the collection of past-due child support; amending RCW  
3 26.23.070; adding a new section to chapter 26.23 RCW; creating new  
4 sections; and providing an effective date.

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

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

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

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

1        NEW SECTION.    **Sec. 2.**    A new section is added to chapter 26.23

2    RCW to read as follows:

3        (1) Except as otherwise provided in subsection (9) of this  
4    section, each insurer shall, not later than five days after opening a  
5    tort liability claim for bodily injury or wrongful death, a workers'  
6    compensation claim, or a claim under a policy of life insurance,  
7    exchange information with the division of child support in the manner  
8    prescribed by the department to verify whether the claimant owes debt  
9    for the support of one or more children to the department or to a  
10   person receiving services from the division of child support. To the  
11   extent feasible, the division of child support shall facilitate a  
12   secure electronic process to exchange information with insurers  
13   pursuant to this subsection. The obligation of an insurer to exchange  
14   information with the division of child support is discharged upon  
15   complying with the requirements of this subsection.

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

21        (a) The insurance services office claim search or any successor  
22   entity which may be created;

23        (b) The federal office of child support enforcement or the child  
24   support lien network; or

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

27        (3) Insurers must take the steps necessary to authorize the  
28   insurance services office claim search or successor entity to share  
29   minimum identifying information with the federal office of child  
30   support enforcement and the child support claim lien network.

31        (4) Except as otherwise provided in subsections (6) and (8) of  
32   this section, if an insurer is notified by the division of child  
33   support that a claimant owes debt for the support of one or more  
34   children to the department or to a person receiving services from the  
35   division of child support, the insurer shall, upon the receipt of a  
36   notice issued by the department identifying the amount of debt owed  
37   pursuant to chapter 74.20A RCW:

38        (a) Not later than five days after receiving notice from the  
39   department, notify the claimant and his or her attorney, if known to  
40   the insurer, of the debt owed;

1 (b) Withhold from payment on the claim the amount specified in  
2 the notice; and

3 (c) Remit the amount withheld from payment to the department  
4 within 20 days.

5 (5) If an insurer withholds any money from payment on a claim and  
6 remits the money to the department pursuant to subsection (4) of this  
7 section, the insurer shall notify the claimant and his or her  
8 attorney, if known to the insurer, of that fact.

9 (6) The department shall give any lien, claim, or demand for  
10 reasonable claim-related attorneys' fees and medical costs priority  
11 over any withholding of payment pursuant to subsection (4) of this  
12 section.

13 (7) Any information obtained pursuant to this act must be used  
14 only for the purpose of carrying out the provisions of this act. An  
15 insurer or other entity described in subsection (2) of this section  
16 may not be held liable in any civil or criminal action for any act  
17 made in good faith pursuant to this section including, but not  
18 limited to:

19 (a) Any disclosure of information to the department or the  
20 division of child support; or

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

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

29 (a) Is not required to comply with the provisions of subsection  
30 (4) of this section with regard to any payments on the claim  
31 disbursed to the claimant before the notice was received by the  
32 insurer; and

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

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

39 (10) An insurance company's failure to comply with the reporting  
40 requirements of this act does not amount to noncompliance with a

1 requirement of the division of child support as described in RCW  
2 74.20A.350.

3 (a) Such failures may be dealt with by the state office of the  
4 insurance commissioner.

5 (b) The division of child support may inform the office of the  
6 insurance commissioner when failure to provide information, or to  
7 authorize the sharing of information by one or more insurance  
8 companies, is discovered.

9 (11) For the purposes of this section, the following definitions  
10 apply:

11 (a) "Claimant" means any person who: (i) Brings a tort liability  
12 claim for bodily injury or wrongful death; (ii) is receiving workers'  
13 compensation benefits; or (iii) is a beneficiary under a life  
14 insurance policy. "Claim for bodily injury" does not include a claim  
15 for uninsured or underinsured vehicle coverage or medical payments  
16 coverage under a motor vehicle liability policy.

17 (b) "Insurer" means: (i) A person who holds a certificate of  
18 authority to transact insurance in the state; or (ii) a chapter 48.15  
19 RCW unauthorized insurer.

20 (c) "Qualifying payment" means a payment that is either a one-  
21 time lump sum or an installment payment issued by an insurance  
22 company doing business in the state of Washington, which is made for  
23 the purpose of satisfying, compromising, or settling, a tort or  
24 insurance claim where the payment is in excess of \$500 and is  
25 intended to go directly to the claimant and not to a third party,  
26 such as a health care provider.

27 (d) "Tort or insurance claim" means: (i) A claim for general  
28 damages, which are also called noneconomic damages; or (ii) a claim  
29 for lost wages. "Tort or insurance claim" does not include claims for  
30 property damage under either liability insurance or uninsured  
31 motorist insurance.

32 **Sec. 3.** RCW 26.23.070 and 1991 c 367 s 41 are each amended to  
33 read as follows:

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

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

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

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

9 (b) A lien filed by the department under chapter 74.20A RCW; or

10 (c) A combined lien and withholding order developed by the  
11 department to implement this act.

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

16 NEW SECTION. Sec. 4. The department may enact rules necessary  
17 to implement and administer this act.

18 NEW SECTION. Sec. 5. This act takes effect January 1, 2022.

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