

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1416

Chapter 168, Laws of 2021

67th Legislature
2021 Regular Session

CHILD SUPPORT COLLECTION—INSURANCE CLAIM PAYMENTS

EFFECTIVE DATE: January 1, 2022

Passed by the House April 16, 2021
Yeas 90 Nays 7

LAURIE JINKINS

**Speaker of the House of
Representatives**

Passed by the Senate April 11, 2021
Yeas 49 Nays 0

DENNY HECK

President of the Senate

Approved May 3, 2021 2:22 PM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1416** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

May 3, 2021

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1416

AS AMENDED BY THE SENATE

Passed Legislature - 2021 Regular Session

State of Washington 67th Legislature 2021 Regular Session

By House Civil Rights & Judiciary (originally sponsored by Representatives Walen and Santos)

READ FIRST TIME 02/15/21.

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 new sections 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)(a) Except as otherwise provided in subsection (8) of this
4 section, each insurer shall, not later than 10 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 (b) The exchange of information pursuant to this act must comply
17 with privacy protections under applicable state and federal laws and
18 regulations, including the federal health insurance portability and
19 accountability act.

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

25 (a) An insurance claim data collection organization;

26 (b) The federal office of child support enforcement or the child
27 support lien network; or

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

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

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

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

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

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

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

15 (a) Any disclosure of information to the department or the
16 division of child support; or

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

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

25 (a) Is not required to comply with the provisions of subsection
26 (4) of this section with regard to any payments on the claim
27 disbursed to the claimant before the notice was received by the
28 insurer; and

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

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

35 (9) An insurance company's failure to comply with the reporting
36 requirements of this act does not amount to noncompliance with a
37 requirement of the division of child support as described in RCW
38 74.20A.350.

39 (10) For the purposes of this section, the following definitions
40 apply:

1 (a) "Claimant" means any person who: (i) Brings a tort liability
2 claim for bodily injury or wrongful death; (ii) is receiving workers'
3 compensation benefits; or (iii) is a beneficiary under a life
4 insurance policy. "Claim for bodily injury" does not include a claim
5 for uninsured or underinsured vehicle coverage or medical payments
6 coverage under a motor vehicle liability policy.

7 (b) "Insurance claim data collection organization" means an
8 organization that maintains a centralized database of information
9 concerning insurance claims to assist insurers that subscribe to the
10 database in processing claims and detecting and preventing fraud, and
11 also cooperates and coordinates with the federal or state child
12 support entities to share relevant information for insurance
13 intercept purposes.

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

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

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

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

31 An insurance company may comply with the obligation to exchange
32 information with the division of child support described in section
33 2(1) of this act by using an insurance claim data collection
34 organization as described in section 2(2) of this act.

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

37 (1) The employer or the employment security department may
38 combine amounts withheld from the earnings of more than one

1 responsible parent in a single payment to the Washington state
2 support registry, listing separately the amount of the payment which
3 is attributable to each individual.

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

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

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

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

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

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

19 NEW SECTION. Sec. 5. The department may enact rules necessary
20 to implement and administer this act.

21 NEW SECTION. Sec. 6. This act takes effect January 1, 2022.

Passed by the House April 16, 2021.

Passed by the Senate April 11, 2021.

Approved by the Governor May 3, 2021.

Filed in Office of Secretary of State May 3, 2021.

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