

SENATE BILL NO. 33—COMMITTEE ON
HEALTH AND HUMAN SERVICES

(ON BEHALF OF THE DIVISION OF WELFARE AND
SUPPORTIVE SERVICES OF THE DEPARTMENT
OF HEALTH AND HUMAN SERVICES)

PREFILED NOVEMBER 16, 2018

Referred to Committee on Health and Human Services

SUMMARY—Revises provisions governing enforcement of child support obligations. (BDR 38-199)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to the support of children; imposing certain requirements on insurers relating to certain claimants owing past-due child support; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law imposes a duty on the parent of a child to support his or her child. (NRS 125B.020, 425.350) Under existing law, if a parent or other person with custody of a child receives public assistance in his or her own behalf or in behalf of the child: (1) the parent or other person is deemed to have assigned his or her right to child support from any other person to the Division of Welfare and Supportive Services of the Department of Health and Human Services to the extent of the public assistance received; and (2) the Division is entitled to any child support to which the parent or other person is entitled to the extent of the public assistance provided by the Division. (NRS 425.350, 425.360) Existing law also establishes a Program to locate absent parents, establish paternity and obtain child support, and enforce child support. (42 U.S.C. §§ 651 et seq.; NRS 425.318)

Section 1 of this bill requires certain insurers to exchange information, either directly or through an insurance claim data collection organization approved by the Division, with the Program not less than 5 days after opening certain bodily injury, wrongful death, workers' compensation or life insurance claims for the purpose of verifying whether the claimant owes a debt for child support to the Division or to a person receiving services from the Program. If periodic payments will be made to the claimant, the insurer is required to make this exchange of information only before the initial payment. If an insurer is notified that the claimant owes any such



debt for support, the insurer is required, upon receipt of a notice identifying the amount of debt owed, to: (1) withhold from payment on the claim the amount specified in the notice; and (2) remit the amount withheld from payment to the Division, its designated representative or the prosecuting attorney within 30 days. However, **section 1** requires the Division, its designated representative or the prosecuting attorney to give any item, claim or demand for attorney's fees or costs, medical expenses or property damage priority over any amount to be withheld and remitted to the Division, its designated representative or the prosecuting attorney. If an insurer withholds and remits any such money to the Division, its representative or the prosecuting attorney, the insurer is required to notify the claimant and his or her attorney, if known to the insurer, of that fact.

Section 2 of this bill provides that this bill becomes effective on January 1, 2020.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 425 of NRS is hereby amended by adding thereto a new section to read as follows:

1. Except as otherwise provided in subsections 7 and 8, each insurer shall, not later than 5 days after opening a tort liability claim for bodily injury or wrongful death, a workers' compensation claim or a claim under a policy of life insurance, exchange information with the Program in the manner prescribed by the Division to verify whether the claimant owes debt for the support of one or more children to the Division or to a person receiving services from the Program. To the extent feasible, the Division shall facilitate a secure electronic process to exchange information with insurers pursuant to this subsection. The obligation of an insurer to exchange information with the Program is discharged upon complying with the requirements of this subsection.

2. Except as otherwise provided in subsections 4 and 6, if an insurer is notified by the Program that a claimant owes debt for the support of one or more children to the Division or to a person receiving services from the Program, the insurer shall, upon receipt of a notice issued by the enforcing authority identifying the amount of debt owed pursuant to chapter 31A of NRS:

(a) Not later than 5 days after receiving notice from the enforcing authority, notify the claimant and his or her attorney, if known to the insurer, of the debt owed;

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

(c) Remit the amount withheld from payment to the enforcing authority within 30 days.

3. If an insurer withholds any money from payment on a claim and remits the money to the enforcing authority pursuant to



subsection 2, the insurer shall notify the claimant and his or her attorney, if known to the insurer, of that fact.

4. The enforcing authority shall give any lien, claim or demand for attorney's fees or costs, medical expenses or property damage, including, without limitation, a demand for attorney's fees or costs incurred in connection with compensation that is subject to the provisions of NRS 616C.205, priority over any withholding of payment pursuant to subsection 2.

5. Any information obtained pursuant to this section must be used only for the purpose of carrying out the provisions of this section. Notwithstanding the provisions of this subsection, an insurer or an insurance claim data collection organization approved by the Division or other entity that performs the functions described in subsection 8 may not be held liable in any civil or criminal action for any act made in good faith pursuant to this section, including, without limitation:

(a) Any disclosure of information to the Division or to the Program; or

(b) The withholding of any money from payment on a claim or the remittance of such money to the enforcing authority.

6. An insurer shall not delay the disbursement of a payment on a claim to comply with the requirements of this section. An insurer is not required to comply with subsection 2 if the notice issued by the enforcing authority is received by the insurer after the insurer has disbursed the payment on the claim. In the case of a claim that will be paid through periodic payments, the insurer:

(a) Is not required to comply with the provisions of subsection 2 with regard to any payments on the claim disbursed to the claimant before the notice was received by the insurer; and

(b) Must comply with the provisions of subsection 2 with regard to any payments on the claim scheduled to be made after the receipt of the notice.

7. If periodic payments will be made to a claimant, an insurer is only required to engage in the exchange of information pursuant to subsection 1 before issuing the initial payment.

8. Except as otherwise provided in this subsection, if an insurer reports information concerning claimants to an insurance claim data collection organization approved by the Division, the insurer may comply with the requirements of this section by authorizing the insurance claim data collection organization to provide claimant information to the federal Office of Child Support Enforcement of the Administration for Children and Families of the United States Department of Health and Human Services, the Program or a designee identified by the Program for the sole purpose of complying with this section. If no insurance



claim data collection organization is approved by the Division, an insurer may comply with the requirements of this section by authorizing an entity determined by the Division to perform the same function as an insurance claim data collection organization to provide claimant information to the federal Office of Child Support Enforcement, the Program or a designee identified by the Program for the sole purpose of complying with this section.

9. As used in this section:

(a) "Claimant" means any person who:

(1) Brings a tort liability claim for bodily injury or wrongful death against an insured under a casualty insurance policy, as defined in NRS 681A.020, or a property insurance policy, as defined in NRS 681A.060;

(2) Is a beneficiary under a life insurance policy; or

(3) Is receiving workers' compensation benefits.

(b) "Claim for bodily injury" does not include a claim for uninsured or underinsured vehicle coverage or medical payments coverage under a motor vehicle liability policy.

(c) "Insurance claim data collection organization" means an organization that maintains a centralized database of information concerning insurance claims to assist insurers that subscribe to the database in processing claims and detecting and preventing fraud.

(d) "Insurer" means:

(1) A person who holds a certificate of authority to transact insurance in this State pursuant to NRS 680A.060.

(2) A nonadmitted insurer, as defined in NRS 685A.0375, with whom nonadmitted insurance, as defined in NRS 685A.037, is placed.

(3) The Nevada Insurance Guaranty Association created by NRS 687A.040.

Sec. 2. This act becomes effective on January 1, 2020.

