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SFA**BILL ANALYSIS**

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House Bill 5066 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Representative Andrew Richner
House Committee: Family and Civil Law
Senate Committee: Financial Services

CONTENT

The bill would create the "Structured Settlement Protection Act" to provide that, unless a court approved the transfer of a structured settlement payment right that was subject to a contractual assignment restriction, a transfer would not be effective and a structured settlement obligor or annuity insurer would not be required to make payment directly or indirectly to a transferee. (In other words, if a person were entitled to receive periodic payments of damages for personal injuries, under a court judgment or settlement, that person (the payee) could not sell, assign, or otherwise dispose of the right to receive the payments without court approval, if such a transfer were prohibited or restricted in a contract or other agreement.) The court could not give its approval unless it found that the transfer was necessary for the payee and/or his or her dependents to avoid financial hardship. The person who would receive the transfer would have to obtain the consent of the protected parties, i.e., payee, his or her dependents and beneficiaries, the party obligated to make the payments, and anyone who could invoke the contractual restriction on the transfer.

("Structured settlement" would mean an arrangement for periodic payment of damages for personal injuries established by settlement or judgment in resolution of a tort claim, but not in settlement of a worker's compensation claim. "Structured settlement payment right" would mean a right to receive periodic payments including lump sum payments under a structured settlement from the settlement obligor or the annuity insurer, where the payee or a protected party was a State resident, or the settled claim was pending before a State court when the structured settlement was reached. "Structured settlement obligor" would mean the party that had the continuing periodic payment obligation to the payee under a structured settlement agreement or a qualified assignment agreement. "Contractual assignment restriction" would mean a term prohibiting or restricting transfer of a structured settlement payment right in a contract or agreement, including an annuity contract, a structured settlement agreement, a qualified assignment agreement, or a court order or administrative order approving a structured settlement. "Transfer" would mean a sale, transfer, assignment, pledge, hypothecation, or other form of disposition, alienation, or encumbrance made for consideration.)

Legislative Analyst: N. Nagata

FISCAL IMPACT

The bill would have a minimal impact on local courts regarding the process for approving the transfer of structured settlement payments.

Date Completed: 11-13-00

Fiscal Analyst: B. Bowerman

[floor/hb5066 \(S-1\)](#)

Analysis available @ <http://www.michiganlegislature.org>

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.