

SENATE BILL No. 887

December 10, 2003, Introduced by Senator HAMMERSTROM and referred to the Committee on Families and Human Services.

A bill to amend 1982 PA 295, entitled
"Support and parenting time enforcement act,"
(MCL 552.601 to 552.650) by adding section 25j.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 25j. (1) The amount of past due support that accrues
2 under a judgment as provided in section 3 is a lien against the
3 net proceeds of an insurance policy or contract. The lien is
4 effective at the time the support is due and unpaid and continues
5 until the amount of past due support is paid in full or the lien
6 is terminated by the support enforcement agency. The lien under
7 this subsection is perfected upon filing with the office of child
8 support. The lien has priority over all other liens, levies, and
9 garnishments against the net proceeds of an insurance policy or
10 contract unless otherwise provided by the court in the domestic
11 relations matter. The lien does not have priority over levies to

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1 recover unpaid income taxes owed to the state. The lien stays
2 the distribution of the net proceeds to the beneficiary or
3 claimant until the child support judgment is satisfied.

4 (2) Before distributing net proceeds of an insurance policy
5 or contract to the beneficiary or claimant, all of the following
6 shall occur:

7 (a) The beneficiary or claimant shall provide the insurance
8 company or agent responsible for the final distribution of the
9 money with a certification that includes the beneficiary's or
10 claimant's full name, mailing address, date of birth, and social
11 security number.

12 (b) The attorney representing the beneficiary or claimant
13 shall initiate a search of child support judgments, through the
14 office of child support, to determine if the beneficiary or
15 claimant is a child support obligor or judgment debtor.

16 (3) If the beneficiary or claimant is not represented by an
17 attorney, the judgment search shall be initiated by the insurance
18 company or agent before the proceeds are distributed to the
19 beneficiary or claimant. The office of child support shall
20 provide a certification to the insurance company or agent
21 identifying whether or not the beneficiary or claimant is a child
22 support judgment debtor.

23 (4) For net proceeds that are to be paid through a payment
24 plan, the attorney, insurance company, or agent is required to
25 conduct the child support judgment search only at the time of the
26 distribution of the first payment under the plan. If a child
27 support judgment is identified, the attorney, insurance company,

1 or agent shall provide the office of child support with a copy of
2 the structured payment plan within 30 days of identifying the
3 child support judgment.

4 (5) The fee for a judgment search required by this section
5 shall not exceed \$10.00 for each name of a child support judgment
6 debtor that is searched. The fee for a judgment search is
7 chargeable against the net proceeds.

8 (6) If the certification shows that the beneficiary or
9 claimant is not a child support judgment debtor, the net proceeds
10 may be paid to the beneficiary or claimant immediately. If the
11 certification shows that the beneficiary or claimant is a child
12 support judgment debtor, the attorney, insurance company, or
13 agent that initiated the search shall contact the office of child
14 support to arrange for the satisfaction of the child support
15 judgment. The attorney, insurance company, or agent shall notify
16 the beneficiary or claimant of the intent to satisfy the child
17 support judgment before the disbursement of money to the
18 beneficiary or claimant. Upon receipt of a satisfaction of
19 judgment for the child support obligation, the attorney,
20 insurance company, or agent shall pay the balance of the net
21 proceeds to the beneficiary or claimant. If the net proceeds are
22 less than the amount of the child support judgment, the entire
23 amount of the net proceeds shall be paid to the office of child
24 support as partial satisfaction of the judgment.

25 (7) An attorney, insurance company, or agent is not liable
26 for distributing net proceeds to the beneficiary or claimant
27 based on the results of a judgment certification showing that the

1 beneficiary or claimant is not the debtor of a child support
2 judgment, if it is later shown that the beneficiary or claimant
3 provided inaccurate personal information on the initial
4 certification to the attorney, insurance company, or agent.

5 (8) An attorney, insurance company, or agent who satisfies a
6 child support judgment from the net proceeds of an insurance
7 policy or contract under this section is not liable for payments
8 that otherwise would have been made under this section if those
9 payments were not identified to the attorney, insurance company,
10 or agent at the time of satisfaction.

11 (9) An attorney or agent who satisfies a child support
12 judgment from the net proceeds of an insurance policy or contract
13 is not liable to the beneficiary or claimant or to that
14 beneficiary's or claimant's creditors.

15 (10) An attorney is not required to challenge a child support
16 judgment unless retained by the beneficiary or claimant to do
17 so.

18 (11) To the extent feasible and permitted by the Michigan
19 court rules, the office of child support may share information on
20 a child support judgment debtor with an insurance carrier for the
21 sole purpose of complying with the provisions of this act.

22 (12) As used in this section:

23 (a) "Agent" means an authorized representative of the
24 beneficiary or claimant or other person if the person is
25 responsible for the distribution of net proceeds to a beneficiary
26 or claimant.

27 (b) "Beneficiary or claimant" does not include a partnership,

1 corporation, limited liability partnership, financial
2 institution, government entity, or minor child.

3 (c) "Net proceeds" means any amount of money, in excess of
4 \$2,000.00, payable to a beneficiary or claimant after fees for
5 health care providers are deducted.