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TESTIMONY ON SENATE BILL 510 For the Senate Judiciary Committee April 10, 2017

Presented by:

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This testimony is submitted in support of Senate Bill 510 with -1 amendments.

How This Bill Changes Current Law

Senate Bill 510 amends ORS 25.640 and 25.646 by requiring insurance companies to enter into agreements with the Oregon Department of Justice to conduct data matches that identify delinquent obligors who have pending claims for injury or loss for which an insurance payment might be made. This legislation would expand the definition of “account” to include pending insurance claims, allowing the Oregon Child Support Program to garnish the proceeds payable to parents who owe past-due child support. It would also increase the number of companies providing data to the Oregon Child Support Program.

The -1 amendments broaden the new definition of “claimant” to include obligors who may not be the policyholder but who are entitled to receive payments or benefits based on assertion of a claim for injury or loss covered by an insurance policy. This expands circumstances in which the Oregon Child Support Program would be able to collect past-due support.

Currently, most insurance companies match voluntarily through the federal Office of Child Support Enforcement but some major insurers will not do so. This legislation will mandate their participation in a matching program at the state level for those that are not matching at the federal level. A number of other states currently mandate insurance companies to match for pending insurance claims, resulting in increased collections. Because matching for insurance claims is not required in Oregon, the Child Support Program misses out on these claims that could be garnished to pay child support. With the passage of SB 510, the Oregon Child Support Program will begin receiving data matches from a number of major insurance companies, allowing the

Program to submit garnishments on substantially more insurance claims, increasing collections and benefiting families and the state.

Representatives from the insurance industry have recently expressed concern with the definitions in the measure. Ongoing discussions may result in refining amendments.

Key Points of Legislation

- Expands definitions of “account” and “financial records.” Adds definition of “claimant.”
- Allows the Oregon Child Support Program to adopt rules for agreements related to automated data exchange with insurance companies.

Fiscal Impact

No fiscal impact.

Fiscal Benefits

Increased child support collections, benefiting the family that receives support and the state, if collecting state arrears.

Recommended Action

The Oregon Department of Justice recommends adoption of the -1 amendments and committee approval of Senate Bill 510 because it will increase collection of past-due child support.