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BILL ANALYSIS

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Senate Bill 541 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Senator Alan Sanborn
Committee: Judiciary

CONTENT

The bill would enact the "Revised Structured Settlement Protection Act" and repeal the Structured Settlement Protection Act (which governs the transfer of the right to receive periodic payments of damages for personal injuries established by settlement or judgment). The bill would do the following:

- Provide that a transfer of structured settlement payment rights would not be effective unless the transfer had been approved in a final court order or order of a responsible administrative authority.
- Require a transfer to be in the best interest of the person receiving payments under the structured settlement (the payee).
- Require the transferee to have advised the payee to seek independent professional advice regarding the transfer.
- Require the court or responsible administrative authority to find that a payee would suffer imminent financial hardship if a transfer were not approved, and the transfer would not render the payee unable to pay current or future normal living expenses, if the structured settlement obligor objected to the transfer based on a restriction against assignment in the structured settlement agreement.
- Require the transferee to give a payee a disclosure statement at least three days before the payee signed a transfer agreement.
- Require the transferee to file certain documents with the court or responsible administrative authority and serve them on all interested parties before the hearing on the transferee's application for approval of the transfer.
- Require the filed documents to include notice that an interested party could support, oppose, or otherwise respond to the application.

(Under the current Act, a payee may not transfer structured settlement payment rights without court approval, if the transfer is prohibited or restricted in a contract or other agreement. The court must find that the transfer is necessary for the payee and/or his or her dependents to avoid imminent financial hardship, and that the payee received independent professional advice. Also, the payee, his or her dependents and beneficiaries, an annuity issuer, the party obligated to make the payments, and any party entitled to invoke the contractual restriction on the transfer must consent to the transfer.)

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have a minimal impact on local courts regarding the process for approving the transfer of structured settlement payment rights. The terms laid out in the bill pertain primarily to the requirements of the parties.

Date Completed: 3-15-06

Fiscal Analyst: Stephanie Yu

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

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