

BILL ANALYSIS

Senate Research Center

S.B. 1740
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Jurisprudence
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As Filed

DIGEST

Currently, an injury victim can become dependent on assistance programs once the victim uses up a lump-sum compensatory payment for serious personal injuries. Because structured settlements are intended to protect the injury victims, a structured settlement recipient is prohibited by contract from transferring the payments, and ownership of the annuity contract is vested in insurance companies. S.B. 1740 creates procedures for the transfer of structured settlement payment rights.

PURPOSE

As proposed, S.B. 1740 creates the Structured Settlement Protection Act, and creates procedures for the transfer of structured settlement payment rights.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 3, Texas Insurance Code, by adding Article 3.97, as follows:

Art. 3.97. STRUCTURED SETTLEMENT PROTECTION ACT

Sec. 1. DEFINITIONS. Defines “annuity issuer,” “applicable law,” “dependents,” “discounted present value,” “favorable tax determination,” “independent professional advice,” “interested parties,” “payee,” “periodic payments,” “qualified assignment agreement,” “responsible administrative authority,” “settled claim,” “structured settlement,” “structured settlement agreement,” “structured settlement obligor,” “structured settlement payment rights,” “terms of the structured settlement,” “transfer,” “transferee,” and “transfer agreement.”

Sec. 2. CONDITIONS TO TRANSFERS OF STRUCTURED SETTLEMENT PAYMENT RIGHTS. Prohibits the effectiveness of structured settlement-related concerns prior to authorization of the transfer by a certain entity, based on certain findings.

Sec. 3. APPROVAL OF TRANSFERS. Requires an application for authorization of a structured settlement payment rights transfer to be made by the transferee, and sets forth transferral procedures. Requires the transferee to file certain documents and notifications with certain entities and serve on certain governmental authorities. Requires the interested parties to have certain rights regarding proceedings for a transfer of structured settlement payment rights.

Sec. 4. NO WAIVER; NO PENALTIES. Prohibits the waiver of this article’s provisions. Provides that no payee who proposes a transfer of structured settlement payment rights shall incur any penalty, forfeit of an application fee or other payment, or liability.

Sec. 5. CONSTRUCTION. Provides that nothing in this article shall be construed to authorize any transfer of structured settlement payment rights in contravention of applicable law or to give effect to any transfer of structured settlement payment rights invalid under the law.

SECTION 2. Effective date: September 1, 1999.
Makes application of this Act prospective.

SECTION 3. Emergency clause.