

Kansas Department of
Social and Rehabilitation Services
Don Jordan, Secretary



House Insurance & Financial Institutions
February 20, 2008

H.B. 2904 – Insurance Match for Child Support
Integrated Service Division
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Mr. Chairman and members of the committee, I am Jamie Corkhill, Policy Counsel for the Child Support Enforcement Program (CSE) at SRS. Thank you for the opportunity to testify today in support of H.B. 2904, which establishes a method for identifying assets that may be used to pay child support in appropriate cases. Unpaid child support is a chronic challenge that many families in our State deal with daily, and this measure is a good step toward improving the financial well-being of those children.

In theory, the insurance settlements affected by this bill are available to families who are owed support because they can be attached by garnishment and other legal remedies. The unfortunate reality is that information about an insurance settlement is often learned long after the money has been spent, leaving these dependent children without a meaningful remedy. By identifying insurance claimants who are support debtors very early in the process, H.B. 2904 provides a needed protection for the family's support claim.

We recognize that any matching process poses difficulties for the business involved. An important advantage of this proposal is that it makes use of processes that the insurance industry is already using to detect and prevent claimant fraud. The match process is intended to be transparent for the insurer when there is no matching support debt or when enforcement action is unnecessary or inappropriate for the case. Insurers are not required to hold funds or delay any payout unless and until they are properly served with legal process. Even then, early identification of claims involving a support debt will often result in less disruption or wasted effort—particularly with respect to weekly workers' compensation payments—than legal process received at the 11th hour or after the settlement has been paid out.

We anticipate that this measure will produce over \$1,000,000 per year in support collections, with the lion's share flowing directly to families. An initial infusion of funding is needed to prepare the CSE automated system for the match process, but once matching begins we anticipate a net gain in State revenues of about \$90,000 per year, in addition to the more than \$750,000 per year that will be produced for families.

Kansas has a long history of enacting progressive laws to protect and provide for our children. This measure builds on that history, and we ask you to report it favorably for passage. Thank you.