

April 1, 1999

H 853. STRUCTURED SETTLEMENT PROTECTION ACT. TO CREATE THE NORTH CAROLINA STRUCTURED SETTLEMENT PROTECTION ACT. Adds new Art. 44B ("Structured Settlement Protection Act") to GS Ch. 1 to require court approval (or approval by a responsible administrative authority, in the proper case) when a person who is to receive payments over a period of time as the result of settling a tort or workers compensation claim through a structured settlement proposes to give up the rights to payments over time in exchange for a larger current payment. Court must find that the recipient of the payments over time has been given detailed information (specified in the bill) by the person who proposes to buy the right to receive those payments, concerning the methods of calculating the value of the larger current payment (after any commissions or other fees) and the current value of the stream of payments to come in the future. The person selling the right to the future payments must have received independent professional advice regarding the legal, tax, and financial implications of the sale, and the person buying the right to the future payments must have established that the transfer is necessary because of imminent financial hardship of the seller (or, if a federal hardship standard is in effect at the time, then the court must find that the sale qualifies under the standard). If the settlement was entered into after the commencement of litigation or administrative proceedings, then the court or administrative agency in which the action was pending has exclusive jurisdiction with respect to approving the sale of the future payments. If no litigation or administrative proceeding had been begun at the time of the settlement, then the superior court division of the General Court of Justice has jurisdiction. Parties may not waive the requirements of this new Article. Applies to transfers of structured settlement payment rights agreed to on or after Oct. 1, 1999.

Intro. by Hackney.

Ref. to Judiciary I

GS 1