

Subject Transfers of Structured Settlements

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Overview

This section updates and clarifies the existing law on the transfer of structure settlement agreements and adds new protections for beneficiaries of structured settlements who may want to transfer those structured settlement agreements.

Structured settlements are period payments made to an individual instead of a lump sum payment in a settlement for different types of civil lawsuits including personal injury cases, workers compensation cases, and other cases where the damages to the injured party may be substantial. The periodic payments overtime can be sold, often for a lump-sum, and that process is called a transfer.

Summary

Section	Description
1	Application. Technical changes to definition section.
2	Assignee. Adding a definition for assignee to the laws on structured settlement transfers.
3	Secretary. Provides that the term means the secretary of state.
4	Discounted present value. Amends the existing definition of discounted present value.
5	Effective annual interest rate. Adding a definition to explain how to calculate the interest rate for the structured settlement so it can be explained as an annual rate.

Section	Description
6	Gross advance amount. Provides a new definition of gross advance.
7	Independent professional advice. Adds financial adviser to the list of independent professional advisors and clarifies that the advisor must be a disinterested person.
8	Interested parties. Makes technical changes to existing definition of “interested parties.”
9	Net advance amount. Adds a new definition.
10	Periodic payments. Adds a definition for periodic payment.
11	Prospective payee. Adds a definition for a prospective payee.
12	Qualified assignment agreement. Makes a technical change to the existing definition of “qualified assignment agreement.”
13	Settled claim. Amends the existing definition.
14	Structured settlement. Amends the existing definition.
15	Structured settlement agreement. Amends the existing definition.
16	Structured settlement payment rights. Clarifies the definition of structured settlement payment rights.
17	Structured settlement purchase company. Creates a new definition.
18	Structured settlement transfer proceeding. Adds a new definition.

Section	Description
19	Transfer. Amends the definition of “transfer.”
20	Transfer expense. Creates a new definition.
21	Transfer order. Creates a new definition.
22	Transferee. Amends the existing definition of “transferee.”
23	Registration; surety bond. Creates a new section of law to register businesses that buy structured settlement agreements with the secretary of state, and requires a surety bond by those registered persons, and provides for an initial filing fee and a renewal fee for registration applications. This section is effective on January 1, 2023.
24	Prohibited practices; penalties. Prohibits a company purchasing a structured settlement from doing certain prohibited activities and provides that the attorney general can bring an action to enforce these provisions, as well as other remedies available to enforce the provisions in court.
25	Required disclosures to payee. Provides notices and disclosures about the terms of the sale that the payee must receive before signing a transfer agreement.
26	Conditions and approval of transfers of structured settlement payment rights and structured settlement agreements. Provides that a transfer must be in the best interest of a payee, and the necessary notifications must go to the payee, before the court approves the transfer. This section also provides additional considerations for a minor payee.
27	Effects of transfer of structured settlement payment rights. Provides for the post-transfer rights of the structured settlement obligor and the annuity issuer with regards to the transferee.
28	Procedure for approval of transfers. Provides where the case for a transfer may be brought, as well as hearing and notice requirements for a transfer case.

Section	Description
29	Appointment of attorney adviser. Allows a judge to appoint an attorney to advise the court on the best interest of the payee in a transfer case.
30	General provisions; construction. Provides that the new provisions applicable to structured settlement transfers cannot be waived and addresses venue, life-contingency payments, and the liability of the proposed transferee.
31	Appropriation. Provides \$19,000 in the first year, and \$3,000 after, to the secretary of state to implement the registration of structured settlement transfer companies.
32	Repealer. Repeals the existing laws on structured settlement transfers, except for the existing definitions some of which are modified by this bill.
33	Effective date. Provides that other than the registration provisions for transfer companies and the surety bonds needed, the provisions of this bill are effective on August 1, 2022.



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