

GENERAL ASSEMBLY OF NORTH CAROLINA  
1995 SESSION

CHAPTER 674  
HOUSE BILL 1280

AN ACT TO RECODIFY THE STATUTE ESTABLISHING LIENS ON INSURANCE PROCEEDS TO SECURE CHILD SUPPORT AND TO PROVIDE THAT SUCH LIENS ARE SUBORDINATE TO LIENS ARISING UNDER ARTICLE 9 OF CHAPTER 44 OF THE GENERAL STATUTES AND TO OTHER HEALTH CARE PROVIDER CLAIMS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 44-49.1 is recodified as G.S. 58-3-185.

Sec. 2. G.S. 58-3-185, as recodified by this act, reads as rewritten:

**"§ 58-3-185. Lien created for payment of past-due child support obligations.**

(a) In the event that the Department of Human Resources or any other obligee, as defined in G.S. 110-129, provides written notification to an insurance company authorized to issue policies of insurance pursuant to this Chapter that a claimant or beneficiary under a contract of insurance owes past-due child support and accompanies this information with a certified copy of the court order ordering support together with proof that the claimant or beneficiary is past due in meeting this obligation, there is created a lien upon any insurance proceeds in favor of the Department or obligee. This section shall apply only in those instances in which there is a nonrecurring payment of a lump-sum amount equal to or in excess of three thousand dollars (\$3,000) or periodic payments with an aggregate amount that equals or exceeds three thousand dollars (\$3,000).

(b) Liens arising under this section shall be subordinate to liens upon insurance proceeds for personal injuries arising under Article 9 of Chapter 44 of the General Statutes and valid health care provider claims covered by health benefit plans as defined in G.S. 58-3-172. As used in this section, the term health benefit plans does not include disability income insurance."

Sec. 3. Section 6(b) of Chapter 538 of the 1995 Session Laws is repealed.

Sec. 4. This act becomes effective July 1, 1996.

In the General Assembly read three times and ratified this the 21st day of June, 1996.

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Dennis A. Wicker  
President of the Senate

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Harold J. Brubaker  
Speaker of the House of Representatives