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ACLI

**General  
Bulletin**

Subjects of Interest  
to all Members

**Child Support Enforcement: Federal Authorities Exclude  
Traditional Insurance Products from Data Matching Program.**

For the past three years, the ACLI's Data Match Task Force has worked to address the obligations of life insurers under the federal Welfare Reform Act of 1996. While the enforcement authority for the data match program, described in detail below, rests with the state child support authorities, the federal Office of Child Support Enforcement ("OCSE") is authorized under the federal law to provide assistance and guidance to the states in establishing these programs. The OCSE is part of the Administration for Children and Families within the U.S. Department of Health & Human Services. Consequently, the ACLI Data Match Task Force has spent the past three years working with the OCSE as the design and implementation of the data matching system has evolved. The ACLI consistently expressed support for the industry's shared responsibility to assist the authorities in collecting unpaid child support from delinquent obligors to the extent permitted under the law, while cautioning that traditional insurance products are not included in the definition of the types of "accounts" that must be matched.

The ACLI Task Force is pleased to inform member companies that the OCSE agrees that traditional insurance products such as life insurance and annuities, are not included within the data matching law. The OCSE does want to emphasize to life insurers that to the extent that insurers or their affiliates under financial services modernization maintain "accounts" which are within the definition of account then those companies maintaining such accounts would be expected to comply. To help educate ACLI member companies, we have agreed to publish the following OCSE position paper on this issue as it applies to life insurers.

***Child Support Enforcement  
Financial Institution Data Match***

*In the welfare reform legislation passed in 1996, Congress introduced a new tool for the Child Support Enforcement program to use to identify assets held by parents who are delinquent in child support payments: Financial Institution Data Matching (FIDM). Insurance companies are currently required to report any accounts that they hold which fall within the statutory definition. Recent changes made by the Financial Services Modernization Act of 1999, making it possible for insurance companies to affiliate with other financial institutions, may increase the likelihood that an insurance company will hold reportable accounts. Therefore, it is important for insurance company personnel to increase their familiarity with the program and its possible impact upon the industry.*

*In order for an entity to be required to participate in FIDM, at the State or Federal level, it must fall within the statutory definition of financial institution, and must hold accounts that fall within the statutory definition.*

*Accounts that must be included in FIDM are demand deposit accounts, checking or negotiable withdrawal order accounts, savings accounts, time deposit accounts, and money market mutual fund accounts [42 U.S.C. 666(a) (1 7) (D) (ii)]. States must require that the listed accounts, at a minimum, are reportable, and they may expand the definition of account. It is important to note, however, that traditional insurance products, such as annuities and whole life policies, are not specifically included in the definition of account under the Federal law and are not now subject to the MSFIDM data match, though they may be reportable to a particular State under its own statute.*

*How does FIDM work? The FIDM program is operated at both the State and Federal levels. Each State child support enforcement program is required to match its records against those of financial institutions doing business in the State. [42 U.S.C. 666(a)(17)]. Multistate financial institutions may elect to participate in the match at the Federal level, rather than with each individual State in which they do business. [42 USC 652(1)]. For purposes of this match, financial institutions are defined as depository institutions, institution-affiliated parties, credit unions, benefit associations, safe deposit companies, money-market mutual funds, and insurance companies. [42 U.S.C. 669A(d)(1)].*

*The Federal- level program is known as the Multistate Financial Institution Data Match, or MSFIDM. If the financial institution chooses this method, the Federal Office of Child Support Enforcement (OCSE), operating on behalf of the States, sends a file to the multistate financial institution. This file contains the names and social security numbers of parents who are delinquent in their child support obligations, as identified by the States. The financial institutions match this list against the list of their account holders, and return to OCSE a list of "hits" containing the names and social security numbers of the delinquent parents which match their list of account holders. OCSE returns this information to the States, who then can proceed to take legal action (generally a lien and levy action) against the assets under the appropriate State laws.*

*For single-State financial institutions and the multistate institutions that do not select the federal match option, all arrangements are made directly with each State. As mentioned, States may set their own requirements and processes, as long as they meet the minimum requirements of the Federal law. Currently, some States require the reporting of insurance products, while others specifically exclude them from reporting. Many States offer two methods by which a financial institution can comply with the FIDM law - either by the financial institution receiving a file generated by the State or by the financial institution providing a file to the State, which then runs the match itself.*

*States are now matching with financial institutions broadly across the country*

*and 2,917 multistate institutions have chosen to participate with OCSE in matching at the federal level. As states continue to contact their financial institutions about participation in the FIDM program, it is likely that questions will arise about affiliated insurance companies and their accounts. These may be addressed with the appropriate state child support enforcement agency.*

For general information about this program, you may contact:

1. MSFIDM Programs  
Ms. Ann Barkley  
Office of Child Support Enforcement  
Information Support Services  
370 L'Enfant Promenade, SW, 4th Floor East  
Washington, DC 20447  
Telephone (202) 260-4697  
Facsimile (202) 401-3444  
e-mail: [abarkley@acf.dhhs.gov](mailto:abarkley@acf.dhhs.gov)
  
2. Instate FIDM Programs  
Ms. Gina Barbaro  
Office of Child Support Enforcement  
Information Support Services  
370 L'Enfant Promenade, SW, 4th Floor East  
Washington, DC 20447  
  
Telephone (202) 401-5426

If you should have any questions concerning this General Bulletin, please contact Chris Jankowski by e-mail, telephone at (202) 624-2304 or facsimile at (202) 624-2319.