

**34A-2-422 Compensation exempt from execution -- Transfer of payment rights.**

- (1) For purposes of this section:
  - (a) "Payment rights under workers' compensation" means the right to receive compensation under this chapter or Chapter 3, Utah Occupational Disease Act, including the payment of a workers' compensation claim, award, benefit, or settlement.
  - (b)
    - (i) Subject to Subsection (1)(b)(ii), "transfer" means:
      - (A) a sale;
      - (B) an assignment;
      - (C) a pledge;
      - (D) an hypothecation; or
      - (E) other form of encumbrance or alienation for consideration.
    - (ii) "Transfer" does not include the creation or perfection of a security interest in a right to receive a payment under a blanket security agreement entered into with an insured depository institution, in the absence of any action to:
      - (A) redirect the payments to:
        - (I) the insured depository institution; or
        - (II) an agent or successor in interest to the insured depository institution; or
      - (B) otherwise enforce a blanket security interest against the payment rights.
- (2) Compensation before payment:
  - (a) is exempt from:
    - (i) all claims of creditors; and
    - (ii) attachment or execution; and
  - (b) shall be paid only to employees or their dependents, except as provided in Sections 26-19-5 and 34A-2-417.
- (3)
  - (a) Subject to Subsection (3)(b), beginning April 30, 2007, a person may not:
    - (i) transfer payment rights under workers' compensation; or
    - (ii) accept or take any action to provide for a transfer of payment rights under workers' compensation.
  - (b) A person may take an action prohibited under Subsection (3)(a) if the commission approves the transfer of payment rights under workers' compensation:
    - (i) before the transfer of payment rights under workers' compensation takes effect; and
    - (ii) upon a determination by the commission that:
      - (A) the person transferring the payment rights under workers' compensation received before executing an agreement to transfer those payment rights:
        - (I) adequate notice that the transaction involving the transfer of payment rights under workers' compensation involves the transfer of those payment rights; and
        - (II) an explanation of the financial consequences of and alternatives to the transfer of payment rights under workers' compensation in sufficient detail that the person transferring the payment rights under workers' compensation made an informed decision to transfer those payment rights; and
      - (B) the transfer of payment rights under workers' compensation is in the best interest of the person transferring the payment rights under workers' compensation taking into account the welfare and support of that person's dependents.
  - (c) The approval by the commission of the transfer of a person's payment rights under workers' compensation is a full and final resolution of the person's payment rights under workers' compensation that are transferred:

- (i) if the commission approves the transfer of the payment rights under workers' compensation in accordance with Subsection (3)(b); and
- (ii) once the person no longer has a right to appeal the decision in accordance with this title.

Amended by Chapter 63, 2007 General Session