

SB 522 -1 STAFF MEASURE SUMMARY

Senate Committee On Judiciary

Prepared By: Channa Newell, Counsel

Meeting Dates: 2/20, 3/1

WHAT THE MEASURE DOES:

Creates process for court-ordered beneficiary of life-insurance policy to recover against third-party beneficiary when court has ordered life insurance policy be maintained in dissolution, annulment, or separation proceeding. Allows court-ordered beneficiary to recover no more than deficiency in life insurance proceeds. Specifies that current spousal or child support orders, or arrears of those support orders, shall be recovered against life insurance proceeds. Requires action for life insurance proceeds be filed separately from proceedings creating judgment ordering life-insurance policy. Provides affirmative defense if third party beneficiary was purchaser of life-insurance policy against which claim is made.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Specifies entry of judgment is constructive notice to all third-party beneficiaries, rather than all persons.

BACKGROUND:

Under current Oregon law, in a family law proceeding in which a spousal support or child support order is created, the court may also require the obligor to maintain or purchase a life insurance policy to guarantee continued support in the event of the obligor's death. The life insurance must be maintained until the end of the support obligation.

Senate Bill 522 provides a mechanism for a court-ordered beneficiary of a life insurance policy in a family law proceeding to bring an action against a third-party beneficiary.