



John W. Mangan
Vice President, State Relations

February 20, 2017

To: Senator Floyd Prozanski, Chairman
Senator Kim Thatcher, Vice Chair
Members of the Senate Judiciary Committee

RE: SB 522 – Technical Amendment

On behalf of the American Council of Life Insurers, we would like to bring to your attention a technical change that is needed to SB 522, which is scheduled for public hearing and work session today. The issue is how “constructive notice” is defined with respect to life insurers when there is a civil judgment.

Subsection (1)(a), lines 19-21, of SB 522 reads as follows:

Entry of the judgment in accordance with ORS chapter 18 constitutes constructive notice to all persons of the judgment provision regarding life insurance under ORS 107.820.

However, we believe this statement, which says that mere entry of the judgment constitutes constructive notice to “all persons” conflicts with existing Subsection (6) in ORS 107.820, which calls for a certified copy of the judgment to be served on the life insurer:

*(6) Life insurance retained or purchased by an obligor under subsection (1) or (2) of this section for the purpose of protecting the support, pension or retirement plan obligation shall not be reduced by loans or any other means of reduction until the obligation has been fulfilled. The obligee or the attorney of the obligee shall cause a **certified copy of the judgment** to be delivered to the life insurance company or companies. If the obligee or the attorney of the obligee delivers a true copy of the judgment to the life insurance company or companies, identifying the policies involved and requesting such notification under this section, the company or companies shall notify the obligee, as beneficiary of the insurance policy, whenever the policyholder takes any action that will change the beneficiary or reduce the benefits of the policy. Either party may request notification by the insurer when premium payments have not been made. If the obligor is ordered to provide for and maintain life insurance, the obligor shall provide to the obligee a true copy of the policy. The obligor shall also provide to the obligee written notice of any action that will reduce the benefits or change the designation of the beneficiaries under the policy.*

This existing requirement makes sense. A life insurer cannot be expected to have constructive knowledge of judgments in actions of which they are not aware. Mere entry of the judgment pursuant to Chapter 18 is not sufficient. We believe that the procedure described in SB 522, Subsection (1) (a) should mirror current law, which requires notice be given to life insurers by delivery of certified copy of the judgment.

Thus, we recommend that the last sentence of Subsection (1) (a) be amended to read as follows:

*Entry of the judgment in accordance with ORS chapter 18 constitutes constructive notice to all persons **parties to the action** of the judgment provision regarding life insurance under ORS 107.820. **The obligee or the attorney of the obligee shall cause a certified copy of the judgment to be delivered to the life insurance company or companies.***

Please let me know if you have any questions, and thank you for your consideration.

Sincerely yours,

A handwritten signature in cursive script that reads "John W. Mangan".

John W. Mangan
(503) 701-7503

The American Council of Life Insurers (ACLI) is a Washington, D.C.-based trade association with approximately 290 member companies operating in the United States and abroad. ACLI advocates in state, federal, and international forums for public policy that supports the industry marketplace and the 75 million American families that rely on life insurers' products for financial and retirement security. ACLI members offer life insurance, annuities, retirement plans, long-term care and disability income insurance, and reinsurance, representing 94 percent of industry assets, 93 percent of life insurance premiums, and 97 percent of annuity considerations in the United States. Learn more at www.acli.com.