

D R A F T

SUMMARY

Permits obligor who is required to maintain life insurance policy to cover child support obligations to move court to modify portion of judgment requiring maintenance of life insurance policy under specified circumstances.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to life insurance policies covering child support obligations; creat-
3 ing new provisions; amending ORS 107.820; and declaring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 107.820 is amended to read:

6 107.820. A court order for the payment of spousal or child support whether
7 issued prior to, on or following November 1, 1981, constitutes an insurable
8 interest in the party awarded the right to receive the support. In any case
9 of marital annulment, dissolution or separation, **or for support of a child**
10 **under ORS chapter 25, 107, 108, 109 or 110 or ORS 419B.400**, the issue of
11 life insurance shall be determined as follows:

12 (1) When the judgment creates an obligation of spousal or child support
13 or awards a share of a pension or retirement plan, the judgment may also
14 require that the obligated party maintain any existing insurance policies on
15 the life of the obligated spouse and in which the dependent spouse is named
16 as beneficiary. The judgment may require that the policies be maintained
17 until the obligation is fulfilled. The premiums may be paid by the obligated
18 spouse, and the court may consider the cost of premiums when determining
19 the obligation. Any life insurance policies on the life of the obligated spouse
20 owned by parties outside of the marriage or purchased and held for purposes

1 clearly outside the marriage relationship are exempt from this subsection.

2 (2) If the party ordered to pay support or a share of a pension or retire-
3 ment plan has no life insurance policy naming as beneficiary the party or-
4 dered to receive either support or a share of a pension or retirement plan,
5 or if an existing policy is inadequate to cover the obligation, the court in a
6 judgment may order that the party ordered to pay shall purchase a life in-
7 surance policy naming as beneficiary the party ordered to receive the support
8 or a share of a pension or retirement plan and that the obligated party shall
9 pay premiums on the policy and keep the policy in force until the obligation
10 ends. The obligated spouse has the option of obtaining a nonreducing term
11 life insurance policy or any other type of policy in lieu of using existing
12 policies.

13 (3) Additionally, the party awarded the right to receive support or a share
14 of a pension or retirement plan may purchase a life insurance policy on the
15 life of the obligated party. In such case the court shall order the obligated
16 party to undergo a physical examination. All rights of policy ownership, in-
17 cluding those regarding the extent of coverage, shall be in the party pur-
18 chasing the policy under this subsection who shall also be responsible for
19 paying the premiums. The provisions of this subsection may be exercised at
20 the time of annulment, dissolution or separation, or at any later time while
21 the obligation continues.

22 (4) Upon motion of either party, the court shall order a party to renew
23 a life insurance policy allowed to lapse for any reason during the pendency
24 of the suit.

25 (5) A party who is the beneficiary of any policy under this section upon
26 which the other party is obligated to pay premiums, is entitled, in the event
27 of default by the paying party, to pay the premiums on the policy and to
28 obtain a supplemental judgment for reimbursement of any money so ex-
29 pended. A default in the payment of premiums by the party obligated by the
30 judgment or order is a contempt of the court.

31 (6) Life insurance retained or purchased by an obligor under subsection

1 (1) or (2) of this section for the purpose of protecting the support, pension
2 or retirement plan obligation shall not be reduced by loans or any other
3 means of reduction until the obligation has been fulfilled. The obligee or the
4 attorney of the obligee shall cause a certified copy of the judgment to be
5 delivered to the life insurance company or companies. If the obligee or the
6 attorney of the obligee delivers a true copy of the judgment to the life in-
7 surance company or companies, identifying the policies involved and re-
8 questing such notification under this section, the company or companies
9 shall notify the obligee, as beneficiary of the insurance policy, whenever the
10 policyholder takes any action that will change the beneficiary or reduce the
11 benefits of the policy. Either party may request notification by the insurer
12 when premium payments have not been made. If the obligor is ordered to
13 provide for and maintain life insurance, the obligor shall provide to the
14 obligee a true copy of the policy. The obligor shall also provide to the
15 obligee written notice of any action that will reduce the benefits or change
16 the designation of the beneficiaries under the policy.

17 **(7) An obligor who retains or purchases life insurance under sub-**
18 **section (1) or (2) of this section for the purpose of protecting the**
19 **obligor's child support obligations may move the court to modify that**
20 **part of the judgment requiring the life insurance policy to be main-**
21 **tained:**

22 **(a) When the obligor retires;**

23 **(b) Once every five years after the date the obligor attains 60 years**
24 **of age;**

25 **(c) If the lowest available life insurance monthly premium for the**
26 **required life insurance policy costs more than 50 percent of the**
27 **monthly amount of child support due under the judgment;**

28 **(d) If the life insurance benefits that would be received by the life**
29 **insurance beneficiary would exceed more than twice the amount of the**
30 **total remaining support payments due under the child support judg-**
31 **ment; or**

1 (e) If the obligor has established a trust to ensure that upon the
2 obligor's death, the beneficiary will receive at least 125% of the total
3 amount of child support payments that would have been due between
4 the time of the obligor's death and the date the child support pay-
5 ments under the judgment are scheduled to terminate.

6 [(7)] (8) In a proceeding brought under this section, including a proceed-
7 ing to enforce the provisions of this section, the court may order a party to
8 pay another party the amount of reasonable attorney fees, costs and expenses
9 incurred by the other party in the proceeding.

10 **SECTION 2. The amendments to ORS 107.820 by section 1 of this**
11 **2023 Act apply to life insurance policies maintained to cover child**
12 **support obligations under judgments entered before, on or after the**
13 **effective date of this 2023 Act.**

14 **SECTION 3. This 2023 Act being necessary for the immediate pres-**
15 **ervation of the public peace, health and safety, an emergency is de-**
16 **clared to exist, and this 2023 Act takes effect on its passage.**

17
