

SB 522 A STAFF MEASURE SUMMARY

Carrier: Rep. Vial

House Committee On Judiciary

Action Date: 04/24/17

Action: Do Pass the A-Eng bill.

Vote: 11-0-0-0

Yeas: 11 - Barker, Gorsek, Greenlick, Lininger, Olson, Post, Sanchez, Sprenger, Stark, Vial, Williamson

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

Prepared By: Josh Nasbe, Counsel

WHAT THE MEASURE DOES:

Allows beneficiary of life insurance proceeds designated in annulment, dissolution or separation judgment to file claim against third party to whom proceeds were paid. Authorizes recovery in amount necessary to satisfy judgment or amount of spousal or child support obligations in arrears. Provides that entry of judgment constitutes notice of life insurance obligation to third-party beneficiary and creates affirmative defense if third-party beneficiary purchased life insurance.

ISSUES DISCUSSED:

- Court ordered obligation to maintain life insurance contained in divorce judgment
- Constructive notice to third party

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

ORS 107.820 authorizes a court in a divorce proceeding to require a party who owes spousal or child support, or a share of a pension or retirement plan, to maintain life insurance to secure the payment of those obligations. Senate Bill 522-A addresses cases in which the party required to maintain life insurance designates a third party to receive the proceeds. The bill provides that the beneficiary designated in the judgment may bring a civil action against the third party to collect the life insurance proceeds specified in the judgment or the amount of child support or spousal support in arrears. The bill provides that entry of the original domestic relations judgment constitutes notice to the third party, while creating an affirmative defense in the civil action if the third party purchased the life insurance.