

**A-Engrossed**  
**Senate Bill 522**

Ordered by the Senate March 3  
Including Senate Amendments dated March 3

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**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Authorizes person specified in family law judgment as court-ordered beneficiary to recover against third-party beneficiary named by obligor in separate civil action. Provides that entry of family law judgment serves as constructive notice of court-ordered beneficiary's entitlement to life insurance proceeds **to any named third-party beneficiary.**

**A BILL FOR AN ACT**

1  
2 Relating to recovery against life insurance proceeds required in certain family law judgments.

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

4 **SECTION 1. Section 2 of this 2017 Act is added to and made a part of ORS chapter 107.**

5 **SECTION 2. (1) If an obligor is subject to a judgment that requires the obligor to main-**  
6 **tain an existing, or obtain a new, insurance policy on the obligor's life under ORS 107.820 and**  
7 **owns an insurance policy at the time of the obligor's death but has named a third party who**  
8 **is not the court-ordered beneficiary designated in the judgment, the court may grant equi-**  
9 **table relief in a proceeding brought by the court-ordered beneficiary against the third-party**  
10 **beneficiary as follows:**

11 **(a) The court-ordered beneficiary may file a separate civil action against the third-party**  
12 **beneficiary to recover the proceeds of the insurance policy to the extent specified in the**  
13 **judgment, or as otherwise determined by the court under paragraph (c) of this subsection,**  
14 **regardless of whether the third party had actual knowledge of the judgment provision that**  
15 **required the obligor to obtain life insurance in favor of the court-ordered beneficiary. For**  
16 **purposes of this section, the entry of a judgment requiring an obligor to obtain a life insur-**  
17 **ance policy naming the court-ordered beneficiary as the beneficiary under ORS 107.820 is**  
18 **prima facie evidence of the court-ordered beneficiary's entitlement to the life insurance**  
19 **proceeds in the amount specified in the judgment. Entry of the judgment in accordance with**  
20 **ORS chapter 18 constitutes constructive notice to any named third-party beneficiary of the**  
21 **judgment provision regarding life insurance under ORS 107.820.**

22 **(b) The court-ordered beneficiary may recover from the third-party beneficiary no more**  
23 **than the deficiency in life insurance proceeds, if any, after taking into account life insurance**  
24 **proceeds received by the court-ordered beneficiary under life insurance policies maintained**  
25 **or obtained by the obligor other than the life insurance policy that is the subject of the**  
26 **action brought pursuant to this section.**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (c) If there was a current spousal or child support obligation at the time of the obligor's  
2 death, the court-ordered beneficiary shall recover the amount of life insurance proceeds or-  
3 dered in the judgment or, if the amount is not specified in the judgment, the court may grant  
4 equitable relief taking into account the amount of the last support order, the amount of life  
5 insurance previously ordered and the ages and circumstances of the court-ordered benefi-  
6 cary or persons otherwise entitled to receive the spousal or child support that is ensured by  
7 the court-ordered life insurance provision.

8 (d) If there is no current support obligation at the time of the obligor's death but support  
9 arrears are owing, the court-ordered beneficiary shall recover the amount of life insurance  
10 proceeds sufficient to pay the arrears plus interest.

11 (2) The civil action authorized by this section must be filed in a separate proceeding from  
12 the family law proceeding in which the judgment containing the life insurance provision was  
13 entered.

14 (3) It is an affirmative defense to a civil action filed under this section that the third-  
15 party beneficiary was the purchaser of the life insurance policy against which a claim is  
16 made by a court-ordered beneficiary.

17 (4) Temporary or injunctive relief is available to the court-ordered beneficiary under  
18 ORCP 79.

19 (5) The court-ordered beneficiary shall serve notice of an action filed under this section  
20 on all parties in the family law proceeding in which the judgment containing the life insur-  
21 ance policy requirement under ORS 107.820 was entered, the life insurance company that is-  
22 sued the policy and any other interested parties.

23 **SECTION 3.** Section 2 of this 2017 Act applies to judgments entered on or after the ef-  
24 fective date of this 2017 Act.