

# Senate Bill 806

Sponsored by COMMITTEE ON JUDICIARY

## 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 **as introduced**.

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

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

19 (2) If the party ordered to pay support or a share of a pension or retirement plan has no life  
20 insurance policy naming as beneficiary the party ordered to receive either support or a share of a  
21 pension or retirement plan, or if an existing policy is inadequate to cover the obligation, the court  
22 in a judgment may order that the party ordered to pay shall purchase a life insurance policy naming  
23 as beneficiary the party ordered to receive the support or a share of a pension or retirement plan  
24 and that the obligated party shall pay premiums on the policy and keep the policy in force until the  
25 obligation ends. The obligated spouse has the option of obtaining a nonreducing term life insurance  
26 policy or any other type of policy in lieu of using existing policies.

27 (3) Additionally, the party awarded the right to receive support or a share of a pension or re-  
28 tirement plan may purchase a life insurance policy on the life of the obligated party. In such case  
29 the court shall order the obligated party to undergo a physical examination. All rights of policy  
30 ownership, including those regarding the extent of coverage, shall be in the party purchasing the

**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 policy under this subsection who shall also be responsible for paying the premiums. The provisions  
 2 of this subsection may be exercised at the time of annulment, dissolution or separation, or at any  
 3 later time while the obligation continues.

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

6 (5) A party who is the beneficiary of any policy under this section upon which the other party  
 7 is obligated to pay premiums, is entitled, in the event of default by the paying party, to pay the  
 8 premiums on the policy and to obtain a supplemental judgment for reimbursement of any money so  
 9 expended. A default in the payment of premiums by the party obligated by the judgment or order is  
 10 a contempt of the court.

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

24 **(7) An obligor who retains or purchases life insurance under subsection (1) or (2) of this**  
 25 **section for the purpose of protecting the obligor's child support obligations may move the**  
 26 **court to modify that part of the judgment requiring the life insurance policy to be main-**  
 27 **tained:**

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

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

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

33 (d) **If the life insurance benefits that would be received by the life insurance beneficiary**  
 34 **would exceed more than twice the amount of the total remaining support payments due un-**  
 35 **der the child support judgment; or**

36 (e) **If the obligor has established a trust to ensure that upon the obligor's death, the**  
 37 **beneficiary will receive at least 125% of the total amount of child support payments that**  
 38 **would have been due between the time of the obligor's death and the date the child support**  
 39 **payments under the judgment are scheduled to terminate.**

40 [(7)] (8) In a proceeding brought under this section, including a proceeding to enforce the pro-  
 41 visions of this section, the court may order a party to pay another party the amount of reasonable  
 42 attorney fees, costs and expenses incurred by the other party in the proceeding.

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

1        **SECTION 3. This 2023 Act being necessary for the immediate preservation of the public**  
2        **peace, health and safety, an emergency is declared to exist, and this 2023 Act takes effect**  
3        **on its passage.**

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