

OREGON STATE BAR
Legislative Proposal

SB 522 - LIFE INSURANCE PROCEEDS; CLAIMS AGAINST THIRD PARTIES

Submitted by: **Family Law Section**

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1. PROBLEM PRESENTED:

ORS 107.810 through 107.830 establish the court's authority to order an obligor of child or spousal support to obtain life insurance to provide continuing support in the event of the obligor's death. Unfortunately, if the obligor obtains life insurance but names a beneficiary other than the individual designated in the court's order (i.e., a child, child's parent, or former spouse) and then then dies, the court-ordered beneficiary has no recourse against the actual beneficiary unless the court-ordered beneficiary can prove that the actual beneficiary had knowledge of the court-ordered obligation. That is a difficult burden to meet.

2. SOLUTION:

Create a new statute, ORS 107.821, which will allow courts the ability to allow a claim against a third party that is named as the beneficiary of life insurance that was ordered for the benefit of a child or former spouse.