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<u>State Name</u>	<u>Life Insurance Proceeds</u>	<u>Annuity Proceeds</u>	<u>Applicable Section(s)</u>
Alabama	<p>Beneficiary's interest in "proceeds and avails" wholly protected from creditors of owner and insured.</p> <p>Owner's interest in "proceeds and avails" wholly protected from creditors of insured if owner (or owner's spouse) is insured, and spouse and/or children (or owner and/or children) are beneficiaries.</p>	Maximum \$250 per month of benefits under all annuity contracts exempt from creditors.	Ala. Code §§ 6-10-8 and 27-14-32
Alaska	<p>Owner's interest in up to \$12,000 of value of unmaturred policy is exempt.</p> <p>Maximum interest of \$420 per week of spouse or dependent beneficiary is exempt.</p>	Owner's interest in up to \$12,000 of value of unmaturred policy is exempt.	<p>Alaska Stat. §§ 09.38.025 and 09.38.030</p> <p>Alaska Admin. Code Tit. 8 § 95.030.</p>
Arizona	<p>Maximum interest of \$20,000 of spouse or child beneficiary in death benefit is exempt.</p> <p>Owner's interest in up to \$25,000 of cash surrender value is exempt if (i) policy held for at least two years and (ii) spouse, child, parent, sibling, or other dependent family member is beneficiary.</p> <p>Beneficiary's interest in proceeds wholly protected from creditors of owner.</p>	Exempt only if qualified under Code §§ 401(a), 403(a), 403(b), 408, or 409.	Ariz. Rev. Stat. §§ 20-1131 and 33-1126(A)(1) and (6), and (C)
Arkansas	<p>Note: In re Hudspeth, 92 Bankr. 827 (1988), the court held that the state exemption contained in Ark. Code Ann. § 16-66-209 of the value of all insurance benefits without limitation is unconstitutional because it directly conflicts with Arkansas's Constitution. Article 9 § 2 of Arkansas's Constitution imposes a \$500 limited exemption from creditors claims. The Bankruptcy Court refused to use § 16-66-209 to exempt property from inclusion in the debtor's estate pursuant to § 16-66-218(b)(7). In Federal Sav. & Loan Ins. Co. v. Holt, 894 F.2d 1005 (8th Cir. 1990), the court also imposed a \$500 exemption ceiling on life insurance benefits and policies' cash surrender value.</p>		
California	Unmaturred policy wholly exempt from creditors; provided, however, that loan value of only \$8,000 (\$16,000 if debtor	Unmaturred policy wholly exempt from creditors.	Cal. Code Civ. Proc. § 704.100.

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	<p>married) is exempt.</p> <p>Death benefits exempt to extent reasonably necessary for support of debtor, and spouse and dependents of debtor.</p>		
Colorado	<p>Interest in up to \$50,000 of cash surrender value (except for increase attributable to previous 48 months contributions) exempt from creditors of insured except where beneficiary is estate of insured.</p> <p>Death benefit payable to beneficiary (other than estate of insured) wholly exempt from creditors of insured.</p>	None.	Colo. Rev. Stat. §§ 13-54-102(1)(l) and (s).
Connecticut	<p>Interest of beneficiary (other than insured) in proceeds wholly protected from creditors of insured.</p> <p>Interest of owner of unexpired policy in up to \$4,000 of accrued interest or dividend, or loan value, is exempt provided insured is owner or person upon whom owner is dependent.</p>	Only if ERISA qualified.	Conn. Gen. Stat. §§ 13-54-102(s), 38a-453 and 52-352b(s)
Delaware	Beneficiary's interest in "proceeds and avails" wholly protected from all creditors.	Maximum \$350 per month of benefits under all annuity contracts exempt from creditors.	Del. Code Ann. Tit. 18 §§ 2725 and 2728
District of Columbia	Maximum exemption of \$200 per month for a beneficiary providing principal support of a family or \$60 per month for a beneficiary not providing principal support of a family.	Maximum exemption of \$200 per month for a beneficiary providing principal support of a family or \$60 per month for a beneficiary not providing principal support of a family.	D.C. Code Ann. § 15-503
Florida	<p>Beneficiary's interest in proceeds wholly protected from insured's creditors unless policy payable to insured or his estate.</p> <p>Owner's interest in cash surrender value wholly exempt.</p>	Interest in proceeds of policy wholly exempt.	Fla. Stat. §§ 222.13 and 222.14
Georgia	Owner's interest in unexpired policy (except credit life insurance) wholly exempt; provided that only \$2,000 maximum accrued dividend or interest, or loan or cash value, exempt (provided insured is debtor or individual upon whom	Proceeds of policy exempt to extent reasonably necessary for support of debtor and dependents	Ga. Code Ann. §§ 44-13-100(a)(2)(E), 44-13-100(a)(8), 44-13-100(a)(9) and 44-13-100(a)(11)(C).

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	debtor dependent). Beneficiary's interest in death benefit exempt to extent reasonably necessary for support or debtor and dependent if insured was individual of whom debtor was a dependent.		
Hawaii	Proceeds and cash value payable to insured's spouse, child, parent or other dependent is wholly exempt from insured's creditors.	Proceeds payable to spouse, child, parent or other dependent is wholly exempt from insured's creditors.	Haw. Rev. Stat. § 431:10-232
Idaho	Beneficiary's interest in "proceeds and avails" wholly protected from all creditors.	Maximum \$1,250 per month of benefits under all annuity contracts exempt from creditors.	Idaho Code §§ 41-1833 and 41-1836.
Illinois	Proceeds and cash value payable to insured's spouse, child, parent or other dependent is wholly exempt from insured's creditors. Beneficiary's interest in payment under policy insuring individual of whom beneficiary was a dependent is exempt to extent necessary for support of beneficiary and dependents.	Proceeds payable to spouse, child, parent or other dependent is wholly exempt from insured's creditors.	215 Ill. Comp. Stat. § 5/238(a), 735. Ill. Comp. Stat. § 5/12-1001(f) and (h)(3).
Indiana	If contract so provides, benefits payable to person other than person effecting policy are wholly exempt from creditors.	If contract so provides, benefits payable to person other than person effecting policy are wholly exempt from creditors.	Ind. Code § 27-2-5-1
Iowa	Interest in accrued dividend or interest, or loan or cash surrender value, wholly exempt if beneficiary is spouse, child or dependent; provided that increases attributable to prior two years limited to \$10,000. Maximum \$15,000 of death benefit exempt if payable to spouse, child or dependent.	Proceeds wholly exempt except for payments resulting from excessive contributions within prior year.	Iowa Code §§ 627.6(6) and (8)(e)
Kansas	Policy and its reserves, or their present value, wholly exempt from claims of all creditors unless purchased within past year.	Annuities qualifying under certain Kansas statutes wholly exempt.	Kan. Stat. Ann. §§ 40-414(a) and (f), and 60-2313
Kentucky	Beneficiary's interest in "proceeds and	Maximum \$350 per month of benefits under all annuity contracts exempt from creditors.	Ky. Rev. Stat. Ann. §§ 427.110(1),

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	<p>avails" wholly protected from all creditors.</p> <p>Owner's interest in policy wholly exempt.</p>		304.14-300 and 304.14-330
Louisiana	Interest of beneficiary (including estate of insured) in "proceeds and avails" wholly protected from all creditors.	Interest in proceeds of policy wholly protected from all creditors; provided that maximum \$35,000 exempt if bankruptcy filed within nine months of policy issuance.	La. Rev. Stat. Ann. § 22:647
Maine	<p>Beneficiary's interest in "proceeds and avails" wholly protected from all creditors.</p> <p>Owner's interest in unmaturred policy (except credit life insurance) wholly exempt; provided that only \$4,000 maximum accrued dividend or interest, or loan value, exempt (provided insured is debtor or individual upon whom debtor dependent).</p>	Maximum \$450 per month of benefits under all annuity contracts exempt from creditors	Me. Rev. Stat. Ann. Tit. 24-A, §§ 2428 and 2431, Tit. 14 §§ 4422(10) and (11).
Maryland	Proceeds wholly exempt if payable to the spouse, child, or dependent relative of the insured.	Proceeds wholly exempt if payable to the spouse, child, or dependent relative of the insured.	Md. Code Ann., Ins. § 16-111
Massachusetts	Beneficiary's interest in "proceeds" wholly protected from creditors of owner.	None.	Mass. Gen. Laws ch. 175 § 125
Michigan	Proceeds (including cash value) wholly exempt from creditors.	Proceeds wholly exempt.	Mich. Comp. Laws § 500.2207
Minnesota	<p>Proceeds wholly exempt from creditors of person effecting the policy.</p> <p>Maximum \$20,000 of proceeds payable to a spouse or child is exempt from other creditors (increased by \$5,000 for each dependent of the spouse or child).</p> <p>Maximum \$4,000 interest in any accrued dividend or interest, or loan value, exempt (provided insured is debtor or individual upon whom debtor dependent).</p>	Proceeds wholly exempt from creditors of person effecting the policy.	Minn. Stat. §§ 61A.12 and 550.37(10) and (23)
Mississippi	Proceeds (including cash surrender and loan value) wholly protected from creditors of insured; provided maximum \$50,000 cash surrender or loan value exempt if from premiums paid in past twelve months.	Exempt to extent reasonably necessary for support of debtor and dependent if on account of illness, disability, death, age, or length of service and qualifies under Code §§ 401(a), 403(a), 403(b), 408, or 409.	Miss. Code Ann. §§ 85-3-1 and 85-3-11

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Missouri	Owner's interest in unmaturred policy (except credit life insurance) wholly exempt; provided that only \$150,000 maximum accrued dividend or interest, or loan value, exempt (and provided insured is debtor or individual upon whom debtor dependent).	Exempt to extent reasonably necessary for support of debtor and dependents provided benefits are by reason of age, illness, disability, death or length of service.	Mo. Rev. Stat. §§513.430(7), (8) and (10)(e).
Montana	Beneficiary's interest in "proceeds and avails" wholly protected from creditors of owner and insured. Maximum \$4,000 in value of unmaturred life insurance contract is exempt.	None.	Mont. Code Ann. §§ 33-15-511 and 25-13-609(4)
Nebraska	Maximum \$10,000 of proceeds, cash value, and benefits exempt from insured's creditors (unless beneficiary is estate of insured); also exempt from beneficiary's creditors if beneficiary related by blood or marriage to insured.	Maximum \$10,000 proceeds of policy exempt.	Neb. Rev. Stat. §§ 44-371
Nevada	Beneficiary's interest in "proceeds and avails" wholly protected from all creditors. Owner's interest in all money, benefits, privileges or immunities, exempt to extent premium not in excess of \$1,000 per year.	Maximum \$350 per month of benefits under all annuity contracts exempt from creditors.	Nev. Rev. Stat. §§ 21.090(1)(k), 687B.260 and 687B.290
New Hampshire	Beneficiary's interest in proceeds wholly protected from creditors of person effecting policy unless policy payable to insured's estate.	None.	N.H. Rev. Stat. Ann. § 408:2
New Jersey	Beneficiary's interest in "proceeds and avails" wholly protected from all creditors provided beneficiary is not owner or insured.	Maximum \$500 per month of benefits under all annuity contracts exempt from creditors.	N.J. Stat. Ann. §§ 17B:24-6 and 17B:24-7
New Mexico	Cash surrender value and withdrawal value wholly exempt from all creditors.	Proceeds of policy wholly exempt from all creditors.	N.M. Stat. Ann. §§ 42-10-3 and 42-10-5
New York	Beneficiary's interest in "proceeds and avails" wholly protected from all creditors provided beneficiary is not owner or insured. Owner's interest in proceeds and avails of policy insuring another is exempt as against creditors of insured (and owner's own creditors if insured is owner's	Court has discretion to order "just and proper amount" paid to creditors with due regard to reasonable requirements of debtor and dependent family; provided maximum \$5,000 exempt if annuity purchased within prior six months.	N.Y. Ins. Law § 3212; N.Y. Debtor & Creditor Law § 283.

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	spouse).		
North Carolina	Beneficiary's interest in "proceeds" wholly protected from creditors of insured provided beneficiary is not owner or insured.	Only individual retirement annuity under Code § 408 is exempt.	N.C. Const. § 5; N.C. Gen. Stat. §§ 1C-1601 and 58-58-115
North Dakota	Maximum exemption of proceeds or cash surrender value of \$100,000 per policy and \$200,000 aggregate (unless more is reasonably necessary for the support of insured and dependents), provided payable to spouse, children, or any dependent relative.	Maximum exemption of \$100,000 per policy and \$200,000 aggregate (unless more is reasonably necessary for the support of insured and dependents), provided payable to spouse, children, or any dependent relative.	N.D. Cent. Code § 28-22-03.1
Ohio	"Proceeds and avails" wholly protected from creditors of insured provided beneficiary is spouse, child or dependent.	Wholly protected from creditors of annuitant provided beneficiary is spouse, child or dependent.	Ohio Rev. Code Ann. § 3911.10
Oklahoma	Policy proceeds and cash values wholly protected from all creditors.	Wholly protected from all creditors.	Okla. Stat. Tit. 36 § 3631.1(A)
Oregon	Beneficiary's interest in "proceeds" wholly protected from creditors of insured provided beneficiary is not owner or insured. Owner/insured's interest in cash value wholly exempt provided beneficiary is not owner/insured's estate.	Maximum \$500 per month of benefits under all annuity contracts exempt from creditors.	Or. Rev. Stat. §§ 743.046 and 743.049
Pennsylvania	Proceeds payable to spouse, child or dependent relative of insured wholly exempt from creditors of insured. Proceeds exempt from own creditors to extent necessary to provide for maximum income or return of \$100 per month.	Proceeds payable to spouse, child or dependent relative of insured wholly exempt from creditors of insured. Proceeds exempt from own creditors to extent necessary to provide for maximum income or return of \$100 per month.	42 Pa. Cons. Stat. § 8124(C)
Rhode Island	Beneficiary's interest in "proceeds and avails" wholly protected from creditors of insured provided beneficiary is not owner or insured.	Only individual retirement annuity under Code § 408(b) is exempt.	R.I. Gen. Laws §§ 9-26-4(11) and 27-4-11
South Carolina	Beneficiary's interest in proceeds and cash surrender values wholly protected from creditors of insured provided beneficiary is spouse, child or dependent of insured. Maximum \$4,000 exemption for owner's	Exempt if on account of illness, disability, death, age, or length of service and qualifies under Code §§ 401(a), 403(a), 403(b), 408, or 409.	S.C. Code Ann. §§ 14-41-30(8), 15-41-30(10)(E) and 38-63-40

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	interest in accrued dividend or interest under, or loan value of, unmaturred policy under which insured is debtor or individual of whom debtor is dependent.		
South Dakota	Maximum \$10,000 exemption for proceeds payable to estate or maximum \$20,000 exemption for proceeds payable to spouse or children.	Maximum \$250 per month of benefits under all annuity contracts exempt from creditors.	S.D. Codified Laws §§ 43-45-6, 58-12-4, 58-12-6 and 58-12-8
Tennessee	Beneficiary's interest in amounts payable under policy wholly protected from creditors of insured provided beneficiary is spouse, child or dependent relative of insured.	Beneficiary's interest in amounts payable under policy wholly protected from creditors of insured provided beneficiary is spouse, child or dependent relative of insured.	Tenn. Code Ann. § 56-7-203
Texas	Policy proceeds and cash values wholly protected from all creditors (subject to disagreement among courts as to interpretation and interaction of statute).	Policy proceeds wholly exempt from all creditors.	Tex. Ins. Code § 21.22
Utah	Exemption for proceeds or benefits paid to a spouse or dependent upon death of insured to extent reasonably necessary for support of beneficiary and dependents. Maximum \$5,000 exemption for owner's interest in unmaturred life insurance	Assets held and proceeds paid to extent reasonably necessary for support of beneficiary and dependents.	Utah Code Ann. §§ 78-23-6, 78-23-7.
Vermont	Owner's interest in unmaturred policy (except credit life insurance) wholly exempt. Beneficiary's interest in payment under policy insuring life of individual on whom debtor was dependent wholly exempt; otherwise exempt from creditors of owner and insured only.	Maximum \$350 per month of benefits under all annuity contracts exempt from creditors.	Vt. Stat. Ann. Tit. 12 §§ 2740(18) and (19)(H); Tit. 8 §§ 3706 and 3709
Virginia	Beneficiary's interest in proceeds wholly protected from creditors of owner and insured, provided that beneficiary is not owner or insured.	None.	Va. Code Ann. § 38.2-3122
Washington	Beneficiary's interest in "proceeds and avails" wholly protected from all creditors.	Maximum \$250 per month of benefits under all annuity contracts exempt from creditors.	Wash. Rev. Code §§ 48.18.410 and 48.18.430
West Virginia	Beneficiary's interest in "proceeds and avails" wholly protected from all creditors of owner and insured, provided that	None.	W. Va. Code § 33-6-27

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	beneficiary is not owner or insured.		
Wisconsin	<p>Maximum \$4,000 exemption for debtor/owner's interest in unmaturing policy (other than credit life insurance), if debtor, dependent, or individual of whom the debtor is a dependent is insured.</p> <p>Beneficiary's interest in payment under policy insuring individual of whom debtor was dependent is exempt to extent reasonably necessary for support of debtor and dependents.</p>	Wholly exempt provided benefits are by reason of age, illness, disability, death or length of service.	Wis. Stat. § 815.18
Wyoming	Beneficiary's interest in "proceeds" wholly protected from all creditors of owner and insured, provided that beneficiary is not owner or insured.	Maximum \$350 per month of benefits under all annuity contracts exempt from creditors.	Wyo. Stat. Ann. §§ 26-15-129 and 26-15-132

Although the authors have attempted to interpret and reflect the most current and appropriate statutory authority, planners are urged to refer to the current statutes and court decisions in their jurisdictions.

The foregoing exhibit was updated as of October 2003.

¹ The Bankruptcy Code is codified at 11 U.S.C. sections 101, et seq.

² Section 522(b) of the Bankruptcy Code provides the states with the authority to substitute their own exemption schemes for the federal exemption scheme set out in section 522(d) of the Bankruptcy Code.

³ For an in-depth analysis of the creditor protections afforded retirement plans and individual retirement accounts, see Rothschild and Alliot's, "Protecting Retirement Plans," 2 JOAP 35, (March/April 1997).

⁴ 504 U.S. 573 (1992).

⁵ 11 U.S.C. section 522(d)(7).

⁶ 11 U.S.C. section 522(d)(8) states that the exemption is only \$8,000. Pursuant to 11 U.S.C. section 104(b), however, this amount is subject to periodic adjustment by detailed formula for inflation.

⁷ 11 U.S.C. section 522(d)(B). The exempt amount is reduced by amounts taken by an insurance company to pay premiums or carry out a non-forfeiture option if such option is automatic under the policy

⁸ 11 U.S.C. section 522(a)(1).

⁹ S.C. Code Ann. § 15-41-30(8).

¹⁰ S.C. Code Ann. § 38-63-40(A).

¹¹ Wis. Stat. Ann. § 815.18(f).

¹² Wis. Stat. Ann. § 815.18(i)(a).

¹³ Fla Stat. Ann. § 222.14.

¹⁴ Fla Stat. Ann. § 222.13.

¹⁵ Hawaii Rev. Stat. § 431:10-232(a).

¹⁶ La. Rev. Stat. Ann. § 22.647(A).

¹⁷ N.Y. Insurance Law § 3212; See also, N.Y. Civil Practice Law and Rules § 5205(i).

¹⁸ N.Y. Insurance Law § 3212(b).

¹⁹ 40 F.Supp. 616 (SD N.Y., 1941).

²⁰ N.Y. Insurance Law § 3212(a)(2).

²¹ 28 Bkrptcy Rptr. 736 (Bkrptcy. WD Ky, 1983).

²² Ky. Rev. Stat. § 427.110(1).

²³ Note 21, *supra*.

²⁴ See, e.g., *In re White*, 185 F.Supp. 609 (N.D. W.Va. 1960); *In re Beckman*, 50 F.Supp. 339, (N.D. Ala. 1943).

²⁵ Note 24, *supra*.

²⁶ Note 24, *supra*.

²⁷ See Rothschild, "Coming in From the Cold-Estate Planning Using Alaska Trusts," CCH Financial and Estate Planning 26-303 (August 1997).

²⁸ 10 Bkrptcy. Rptr. 101, (Bkrptcy. D Conn., 1981).

²⁹ 106 Bkrptcy. Rptr. 220 (Bkrptcy. D Mont., 1988).

³⁰ 42 Pa. Cons. Stat. Ann. § 8124(c)(3).

³¹ Mo. Ann. Stat. § 513.430(10)(e).

³² N.Y. Insurance Law § 3212(d)(l).

³³ N.Y. Insurance Law § 3212(d)(2).

³⁴ 177 Bkrptc.. Rptr. 437 (Bkrptcy. ND N.Y., 1994).

³⁵ 986 F.2d 436 (CA-11, 1993).

³⁶ 153 Bkrptcy. Rptr. 357 (Bkrptcy. SD Fla., 1993).

³⁷ 186 Bkrptcy. Rptr. 535 (Bkrptcy. SD Fla., 1995).

³⁸ 172 Bkruptcy Rptr. 119 (Bkruptcy. MD Fla., 1994).

³⁹ Bkruptcy Rptr. 436 (Bkruptcy. SD Fla., 1988).

⁴⁰ Note 24, *supra*.

⁴¹ 35 Bkruptcy Rptr. 368 (Bkruptcy. SD Fla., 1984).

⁴² 80 Bkruptcy Rptr. 953 (Bkruptcy. D Minn., 1987).

⁴³ *Id.*