

**Life Insurance – Summary of State Exemptions<sup>1</sup>  
for Cash Value<sup>2</sup> and Proceeds<sup>3</sup>**

State	Statute	Cash Value Exempt?	Proceeds Exempt?
Alabama	Ala. Code §§ 6-10-8, 27-14-29(c)	Yes, if payable to beneficiary other than insured or person effecting insurance (unless effected on life of spouse) or the executors or administrators of the same	
Alaska	Alaska Stat. §§ 09.38.025, 09.38.115 Alaska Admin. Code, tit. 8, § 95.030	Yes, but accrued dividends and loan values exempt only up to \$500,000	No
Arizona	Ariz. Rev. Stat. Ann. § 33-1126	Cash surrender value exempt if beneficiary is spouse, child, or dependent family member	Yes, up to \$20,000
Arkansas	Ark. Code Ann. §§ 16-66-209, 23-79-131	Yes, up to \$500 paid or payable to any Arkansas resident as insured or beneficiary. <sup>4</sup> Probably fully exempt if paid or payable to beneficiary other than insured or person effecting insurance or the executors or administrators of the same	

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<sup>1</sup> This comparison of state laws does not describe the exceptions to creditor protection for life insurance that are found in most states. Common exceptions are: (1) the contract must be held for a certain period of time before the exemption will apply; (2) child support claims; (3) alimony claims; (4) obligations of support; and (5) fraudulent transfer.

<sup>2</sup> Depending on state law, cash value may include cash surrender value, loan values, premiums waived, and/or dividends not received in cash. In some states, only one, or a few, of the components of a policy's cash value has specifically been determined under state statutory or common law to be exempt. These limitations are described herein where applicable.

<sup>3</sup> "Proceeds and avails" is a term that is commonly used, but seldom defined, in many states' exemption statutes. When the term is not defined, this comparison chart treats the exemption as applicable to both cash value and proceeds due to the broadness of the term under its plain meaning.

<sup>4</sup> The U.S. Bankruptcy Courts of both the Eastern and Western Districts of Arkansas have declared Ark. Code Ann. §16-66-209 to be unconstitutional with regard to any amount over \$500. See, e.g., *In re Williams*, 93 B.R. 181 (Bankr. E.D. Ark. 1988); *In re Hudspeth*, 92 B.R. 827, 20 Collier Bankr. Cas. 2d (MB) 138 (Bankr. W.D. Ark. 1988).

State	Statute	Cash Value Exempt?	Proceeds Exempt?
California	Cal. Civ. Proc. Code §§ 704.100, 703.140 <sup>5</sup>	Yes, but aggregate loan values exempt only up to \$9,700 (\$19,400 for spouses) <sup>6</sup>	Yes, to extent reasonably necessary for support of debtor, spouse, and dependents
Colorado	Colo. Rev. Stat. Ann. §§ 13-54-102, 10-7-106	Cash surrender value exempt up to \$100,000	Yes
Connecticut	Conn. Gen. Stat. Ann. §§ 52-352b, 38a-453 <sup>7</sup>	Accrued dividends, interest under, and loan value of unmaturing life insurance contract exempt up to \$4,000	Proceeds exempt if payable to beneficiary other than the insured
Delaware	Del. Code Ann. tit. 18, § 2725	Proceeds and avails fully exempt if payable to beneficiary other than insured or person effecting insurance or the executors or administrators of the same	
Florida	Fla. Stat. Ann. §§ 222.13, 222.14	Cash surrender value of policy issued upon the life of a Florida citizen or resident fully exempt	Yes, if paid to beneficiary other than insured or insured's estate
Georgia	Ga. Code Ann. § 33-25-11	Cash surrender value of policy issued upon the life of a Georgia citizen or resident exempt	Yes, if paid to beneficiary other than insured or insured's estate, unless policy says otherwise <sup>8</sup>
Hawaii	Haw. Rev. Stat. Ann. § 431:10-232	Yes, if payable to spouse, child, or dependent	

<sup>5</sup> Cal. Civ. Proc. Code § 703.140 was ruled unconstitutional as a violation of the Supremacy Clause of the U.S. Constitution. In re Regevig, 389 B.R. 736 (Bankr. D. Ariz. 2008).

<sup>6</sup> Debtor may elect to apply separate exemptions in bankruptcy.

<sup>7</sup> Proposed legislation would add a provision to specifically exempt cash surrender value for any resident's life insurance policy up to \$150,000 (2008 Conn. S.B. 169).

<sup>8</sup> Additional exemptions apply to debtor in bankruptcy. See Ga. Code Ann. §44-13-100.

State	Statute	Cash Value Exempt?	Proceeds Exempt?
Idaho	Idaho Code § 41-1833	Proceeds and avails fully exempt if payable to beneficiary other than insured or person effecting insurance or the executors or administrators of the same	
Illinois	735 Ill. Comp. Stat. Ann. 5/12-1001	Yes, if payable to spouse, children, or dependents	
Indiana	Ind. Code. Ann. §§ 27-1-12-14, 27-2-5-1(b)	Yes, if payable to spouse, children, dependent or creditor	
Iowa	Iowa Code Ann. § 627.6	Yes, if beneficiary is spouse, child, or dependent	
Kansas	Kan. Stat. Ann. § 40-414; <i>Shawnee State Bank of Topeka v. Royal Union Life Ins. Co. of Des Moines, Iowa</i> , 127 Kan. 456, 274 P. 132 (1929)	Yes, if payable to beneficiary other than insured's estate	
Kentucky	Ky. Rev. Stat. Ann. § 304.14-300	Proceeds and avails fully exempt if payable to beneficiary other than insured or person effecting insurance or the executors or administrators of the same	
Louisiana	La. Rev. Stat. Ann. § 22:647	Yes, fully exempt	
Maine	Me. Rev. Stat. Ann. tit.14, § 4422(10), (11), (14)(C); Me. Rev. Stat. Ann. tit. 24-A, § 2428	Unmatured life insurance contract fully exempt; aggregate interest in accrued dividends, interest, and loan values exempt up to \$4,000	Proceeds and avails fully exempt if payable to beneficiary other than insured or person effecting insurance or the executors or administrators of the same

State	Statute	Cash Value Exempt?	Proceeds Exempt?
Maryland	Md. Code Ann., Ins. § 16-111; Md. Code Ann., Cts. & Jud. Proc. § 11-504(b)(2)	Yes, if beneficiary is spouse, child, or dependent	Yes, if beneficiary is spouse, child, or dependent; also, money payable from insurance on account of the death of any person is exempt from execution or a judgment
Massachusetts	Mass. Gen. Laws Ann. ch. 175, §§ 119A, 125	Proceeds and avails fully exempt if payable to beneficiary other than insured or person effecting insurance or the executors or administrators of the same	
Michigan	Mich. Comp. Laws Ann. § 500.2207	Yes, if payable to spouse or children or trustee thereof	
Minnesota	Minn. Stat. Ann. §§ 61A.12, 550.37; 34 Minn. Reg. 1460 (Apr. 26, 2010)	Accrued dividends, interest, and loan values exempt up to \$8,800	Yes, if payable to beneficiary other than individual effecting policy; death benefit paid or payable to spouse or children exempt up to \$44,000 plus \$11,000 for each dependent of the spouse or child
Mississippi	Miss. Code. Ann. §§ 85-3-11, 85-3-13	Yes, if payable to beneficiary other than insured's estate	Yes, if payable to beneficiary other than insured's estate but proceeds payable to insured's estate exempt up to \$50,000
Missouri	Mo. Ann. Stat. § 513.430	Yes, but restrictions apply if debtor is in bankruptcy	No
Montana	Mont. Code Ann. §§ 33-15-511	Proceeds and avails fully exempt if payable to beneficiary other than insured or person effecting insurance or the executors or administrators of the same	
Nebraska	Neb. Rev. Stat. §§ 44-371, 44-1089(2)(a)	Yes, up to \$100,000 if payable to beneficiary other than insured's estate	Yes, if payable to beneficiary other than insured's estate

State	Statute	Cash Value Exempt?	Proceeds Exempt?
Nevada	Nev. Rev. Stat. Ann. §§ 21.090(1)(k), 687B.260	<p>Nev. Rev. Stat. Ann. § 21.090 (Title 2 - Civil Practice) exempts an annual premium paid under \$15,000 or an amount bearing the same proportion to benefits of policy as \$15,000 bears to whole annual premium paid over \$15,000.</p> <p>Nev. Rev. Stat. Ann. § 687B.260 (Title 57 - Insurance) exempts proceeds and avails against the creditors of the insured and all liability for any debt of the beneficiary existing at the time proceeds and avails are made available, if insurance is effected in favor of a person other than the insured, or if payable to beneficiary other than insured or person effecting insurance or the executors or administrators of the same.</p> <p>Read together, it seems that the monetary limit imposed by Nev. Rev. Stat. Ann. §21.090 applies only if the requirements of Nev. Rev. Stat. Ann. §687B.260 are not met (i.e., if the insurance is effected in favor of the insured or payable to the insured, etc.); however, it is unclear whether this was the legislative intent.</p>	
New Hampshire	<p>N.H. Rev. Stat. Ann. § 408:2</p> <p><i>In re Monahan</i>, 171 B.R. 710 (Bankr. D. N.H. 1994)</p>	No	Yes, if beneficiary is someone other than the individual effecting the policy or his or her legal representatives
New Jersey	<p>N.J. Stat. Ann. § 17B:24-6;</p> <p><i>Heritage Bank North v. Ashley Development Corp.</i>, 194 N.J. Super. 523, 477 A.2d 410 (App. Div. 1984);</p> <p><i>Slurszberg v. Prudential Ins. Co. of America</i>, 15 N.J. Misc. 423, 192 A. 451 (Sup. Ct. 1936)</p>	Cash surrender value and dividends not received in cash fully exempt	Yes, if payable to beneficiary other than insured or person effecting insurance or the executors or administrators of the same
New Mexico	N.M. Stat. Ann. §§ 42-10-3, 42-10-5, 42-10-7	For New Mexico residents, cash surrender value possibly fully exempt <sup>9</sup>	Yes, generally exempt but subject to taxes and garnishment

<sup>9</sup> Despite the fact that New Mexico's statutes addressing the exemption of life insurance (N.M. Stat. Ann. §§ 42-10-3; 42-10-5) specifically exempt cash surrender value from "garnishment," a later section (N.M. Stat. Ann. § 42-10-7) specifically states that these provisions are not applicable to taxes or garnishment.

State	Statute	Cash Value Exempt?	Proceeds Exempt?
New York	N.Y. Ins. Law § 3212	Yes, if payable to third-party beneficiary	
North Carolina	N.C. Const. Art. X, § 5; N.C. Gen. Stat. §§ 58-58-95, 58-58-115; <i>Home Sec. Life Ins. Co. v. McDonald</i> , 277 N.C. 275, 177 S.E.2d 291 (1970)	Yes, if payable to beneficiary other than insured or person effecting insurance or the executors or administrators of the same; insurance policy exempt during insured's lifetime if policy is for the sole use and benefit of insured's spouse or children	
North Dakota	N.D. Cent. Code §§ 28-22-03.1, 26.1-33-36	Yes, for North Dakota residents, if payable to spouse, children, or dependents, but limited to \$100,000 for each life insurance policy, with an aggregate limit of \$200,000 for all pensions, policies, plans, and accounts held by debtor; but, dollar limit doesn't apply to extent property is reasonably necessary to support resident and resident's dependents	
Ohio	Ohio Rev. Code Ann. §§ 3911.10, 2329.66(A)(6); <i>Matter of Bess</i> , 40 B.R. 509 (Bankr. S.D. Ohio 1984), decision aff'd, 47 B.R. 414 (S.D. Ohio 1985); <i>Kuhn v. Wolf</i> , 59 Ohio App. 15, 12 Ohio Op. 339, 16 N.E.2d 1017 (6th Dist. Sandusky County 1938)	Life insurance contract and cash surrender value fully exempt if payable to spouse, children, dependents, charity, creditor, or trustee of any of same, but loan values not exempt	Yes, if payable to spouse, children, dependents, charity, creditor, or trustee of any of same
Oklahoma	Okla. Stat. Ann. tit. 36, § 3631.1	Yes, money or benefits, including proceeds and cash value, are fully exempt	
Oregon	Or. Rev. Stat. § 743.046	Yes, if payable to beneficiary other than estate of insured	Yes, if payable to beneficiary other than person effecting insurance or that person's legal representative
Pennsylvania	42 Pa. Cons. Stat. Ann. § 8124(c)	Yes, but only up to \$100 per month if insured is beneficiary of policy	Yes, net amount payable under policy exempt if payable to spouse, children, or dependents

State	Statute	Cash Value Exempt?	Proceeds Exempt?
Rhode Island	R.I. Gen. Laws § 27-4-11  <i>Rhode Island Hospital Trust National Bank v. Silverman</i> , 2002 WL 220786 (R.I. Super. Ct. 2002) (not reported in A.2d)	Yes, if payable to beneficiary other than insured or person effecting insurance or the executors or administrators of the same	
South Carolina	S.C. Code Ann. §§ 38-63-40, 15-41-30	Yes, for South Carolina residents, but aggregate interest in accrued dividends and loan values of unmaturred life insurance contract exempt only up to \$4,000  For South Carolina residents and non-residents, cash surrender values exempt if for the primary benefit of spouse, children, or dependents	Yes, for South Carolina residents and non-residents, if for the primary benefit of spouse, children, or dependents
South Dakota	S.D. Codified Laws §§ 58-12-4, 43-45-6;  <i>In re Johnson</i> , 8 B.R. 650 (Bankr. D. S.D. 1981)	Yes, for South Dakota resident and non-residents, up to \$20,000 if payable to insured, spouse, or children; or, for South Dakota residents, up to \$10,000 if paid to insured's estate and inuring to the benefit of spouse or children	
Tennessee	Tenn. Code Ann. §§ 56-7-201, 56-7-203;  <i>In re Olien</i> , 256 B.R. 280, 45 Collier Bankr. Cas. 2d (MB) 534 (Bankr. E.D. Tenn. 2000)	Yes, if payable to spouse, children, or dependents, if paid to an intestate insured's estate and inuring to the benefit of spouse or children, or if paid to a testate insured's estate or to the trustee of a revocable trust of which the insured was a settlor and not specifically charged to the debts of the insured.	
Texas	Tex. Ins. Code Ann. §§ 1108.051, 1108.052, 1158.053	Yes, benefits, including cash value and proceeds, are fully exempt	
Utah	Utah Code Ann. § 78B-5-505	Proceeds and avails of unmaturred life insurance contract owned by debtor fully exempt; proceeds or benefits fully exempt if paid or payable to spouse or children	

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Vermont	Vt. Stat. Ann. tit. 12, § 2740(18), tit. 8, § 3706; <i>In re Gabelhart</i> , 138 B.R. 425 (Bankr. D. Vt. 1992)	Unmatured life insurance contract fully exempt	Proceeds and avails fully exempt if payable to beneficiary other than insured or person effecting insurance or the executors or administrators of the same
Virginia	Va. Code Ann. §§ 38.2-3122, 38.2-3123	Yes, but cash surrender value and loan values not exempt if insured retains the right to change the policy beneficiary	Yes, if payable to beneficiary other than insured or person effecting insurance or the executors or administrators of the same
Washington	Wash. Rev. Code Ann. § 48.18.410; <i>In re Elliott</i> , 74 Wash. 2d 600, 446 P.2d 347 (1968); <i>Turner v. Bovee</i> , 92 F.2d 791 (C.C.A. 9th Cir. 1937)	Cash surrender value exempt but not accessible to insured or person effecting insurance because exemption provisions become inapplicable if insured or person effecting insurance makes any claim to or exercises option to procure cash surrender value	Yes, if payable to beneficiary other than insured or person effecting insurance or the executors or administrators of the same
West Virginia	W. Va. Code §§ 33-6-27, 38-10-4(g); <i>In re White</i> , 185 F. Supp. 609 (N.D. W. Va. 1960)	Yes, if payable to beneficiary other than insured or person effecting insurance or the executors or administrators of the same	
Wisconsin	Wis. Stat. Ann. §§ 815.18(3)(f), 859.18(4)(a)(4)	Yes, but aggregate interest in accrued dividends, interest under, or loan value of unmaturred life insurance contract exempt only up to \$150,000	Yes, if payable to beneficiary other than insured's estate
Wyoming	Wyo. Stat. Ann. § 26-15-129	Yes, if payable to beneficiary other than insured or person effecting insurance or the executors or administrators of the same	



State	Statute	Cash Value Exempt?	Proceeds Exempt?
Washington, D.C.	D.C. Code §§ 31-4716, 15-501(a)(5), 15-501(a)(11)(c);  <i>In re Davis</i> , 275 B.R. 134 (Bankr. D. D.C. 2002)	Yes, for D.C. residents and persons earning major portion of livelihood in D.C.  For D.C. non-residents, cash surrender value is exempt if payable to beneficiary other than insured or person effecting insurance or the executors or administrators of the same	Yes, for D.C. residents and non-residents, if payable to beneficiary other than insured or person effecting insurance or the executors or administrators of the same