Alper Law

Life Insurance Creditor Protection by State

2026 State-by-State Chart

Most states exempt life insurance cash value from the policyholder's creditors without a dollar cap. Whether the exemption holds usually depends on who the policy names as beneficiary. In many states anyone other than the policyholder qualifies; others require a spouse, child, or dependent. Eight states cap the exemption at a dollar amount. Four more protect only the death benefit, with no life insurance exemption for the owner's cash value.

Life insurance creditor protection splits into two questions in every state: whether creditors of the living policyholder can reach the cash surrender value, and whether the death benefit is protected after it is paid. A state can answer them differently. New Hampshire exempts no cash value for the policy owner yet protects death proceeds in the beneficiary's hands without a dollar limit.

What Cash Value Protection Covers

Cash surrender value is the amount a permanent life insurance policy pays its owner on cancellation. The same value backs policy loans during the insured's life. Whole life and universal life policies build it; term insurance does not, so a term policy has nothing for a cash value exemption to protect.

Whether a judgment creditor can reach that money during the insured's life depends on the state exemption in the chart. The death benefit is a separate asset with separate rules. Most states protect proceeds paid to a named beneficiary from the insured's creditors and withhold that protection when the proceeds default to the insured's estate.

How Much Cash Value Each State Protects

The chart states the exemption a judgment creditor faces outside bankruptcy, row by row for all fifty states and the District of Columbia. Where a state runs on different numbers inside bankruptcy, the row says so; Missouri, Georgia, and West Virginia each split that way.

On the chart, Unlimited means the state sets no dollar cap on exempt cash value; the conditions column carries the beneficiary requirements, waiting periods, and clawbacks that come with it. None for the owner means the state's insurance exemption runs only to the beneficiary, and the policyholder's cash value gets only whatever general personal property exemption the state offers, if any.

State	Cash Value Protection	Key Conditions	Authority
Alabama	**Unlimited**	Beneficiary or assignee must be someone other than the insured or the person who took out the policy; the exempt proceeds and avails include cash surrender and loan values; premiums paid to defraud creditors, with interest, go to the creditors	Ala. Code §§ 27-14-29, 6-10-8
Alaska	**$500,500**	The contract must be owned by the debtor; no beneficiary class and no waiting period; accrued dividends and loan value above the figure can be reached by court order	Alaska Stat. § 09.38.025(a); 8 AAC 95.030(c)
Arizona	**Unlimited**	The debtor must have owned the policy for two continuous unexpired years, and it must name a spouse, child, parent, sibling, or other dependent family member; exempt only in the proportion the policy names one; no exemption against a creditor holding a pledge or assignment; death proceeds for a surviving spouse or child are capped at $20,000	Ariz. Rev. Stat. §§ 33-1126(A)(1), (A)(6); 20-1131

State	Cash Value Protection	Key Conditions	Authority
Arkansas	**Statutory carve-out from the $500 constitutional cap**	A 2023 act took life insurance proceeds out of the state constitution's personal property cap, which is $500 for a married person or head of family and $200 otherwise and applies to contract debts; the statute defines proceeds and avails to include cash surrender value, and whether the carve-out reaches cash value during the insured's life is unsettled; a third-party beneficiary is required; pledges, child support liens, and a policy that has become an asset of the insured are excluded	Ark. Code Ann. § 23-79-131; Ark. Const. art. 9, §§ 1-2
California	**$17,525 of loan value**	The policy itself is exempt without a dollar limit and only its loan value is capped; each spouse holds a separate exemption, so a married couple has $35,050; matured benefits are exempt only as reasonably necessary for support; a debtor electing the state's bankruptcy set gets $19,625 instead	Cal. Civ. Proc. Code §§ 704.100, 703.140(b)(8)
Colorado	**$250,000 aggregate**	One ceiling across all policies; the debtor must have owned the policy continuously for 48 months; increases in cash value funded by contributions or loan payments above what the contract required during the 48 months before the writ are not exempt; death proceeds to a designated beneficiary are uncapped, but not against the beneficiary's own debts and not where the estate is the beneficiary	Colo. Rev. Stat. §§ 13-54-102(1)(l), 13-54-107
Connecticut	**Unlimited**	No beneficiary condition and no waiting period; the exemption is lost where the policy was assigned to or taken out for the creditor's benefit, or transferred to defraud creditors; a separate $4,000 cap applies to accrued dividends, interest, and loan value	Conn. Gen. Stat. § 52-352b(19), (20)
Delaware	**Unlimited**	No cap, no waiting period, and no beneficiary condition; support claims, a payee under a domestic relations order, a security interest securing a plan loan, and state tax judgments get through	Del. Code tit. 10, § 4915
District of Columbia	**Unlimited**	The beneficiary must be someone other than the insured and must hold an insurable interest in the insured's life; the exemption lasts only while that designation holds and ends if the owner names himself; premiums paid to defraud creditors are clawed back with interest	D.C. Code § 31-4716(a); *In re Davis*, 275 B.R. 134 (Bankr. D.D.C. 2002)
Florida	**Unlimited**	No beneficiary condition and no waiting period; the policy must insure the debtor's own life; the exemption is lost only where the policy was effected for the creditor's benefit; death proceeds payable to a designated beneficiary are exempt from the insured's creditors, and proceeds payable to the insured or the estate become estate assets	Fla. Stat. §§ 222.13, 222.14
Georgia	**Unlimited**	No beneficiary condition for cash value; the exemption is lost where the policy was assigned to or taken out for the creditor's benefit or transferred to defraud creditors; a Georgia debtor in bankruptcy uses the state list, which caps accrued dividend, interest, loan, and cash value at $2,000	Ga. Code Ann. §§ 33-25-11(c), 44-13-100(a)(8)-(9)
Hawaii	**Unlimited**	The policy or annuity must be payable to a spouse, child, parent, or other dependent of the insured; group life is excluded; premiums paid to defraud creditors are recoverable	Haw. Rev. Stat. § 431:10-232
Idaho	**Unlimited**	The exemption runs to the policy owner with no beneficiary requirement; value traceable to premiums paid in the six months before bankruptcy, attachment, or levy is excluded	Idaho Code § 11-605(9)
Illinois	**Unlimited**	Payable to a spouse, child, parent, or other dependent, or to a revocable or irrevocable trust naming one of them as primary beneficiary	735 ILCS 5/12-1001(f)
Indiana	**Unlimited**	Payable or assigned to a spouse, child, dependent relative, or a creditor; premiums paid within one year before a bankruptcy filing are not exempt; the statute defines proceeds and avails to include cash surrender and loan values	Ind. Code § 27-1-12-14

State	Cash Value Protection	Key Conditions	Authority
Iowa	**Unlimited for seasoned value; $10,000 for value acquired in the last two years**	Beneficiary must be the debtor's spouse, child, or dependent; the $10,000 is an aggregate ceiling on value acquired within two years of the execution or of the exemption claim; a replacement policy carries over the prior policy's value	Iowa Code § 627.6(6)
Kansas	**Unlimited**	The policy must be payable to a named beneficiary holding an insurable interest in the insured's life, which a business partner or a creditor can hold; the exemption also runs against the beneficiary's own creditors; nonforfeiture value is unprotected if the policyholder files bankruptcy, or an execution issues, within one year of issuance	Kan. Stat. Ann. § 40-414
Kentucky	**Unlimited for proceeds and avails; cash value rests on a bankruptcy decision**	The beneficiary or assignee must be someone other than the insured, the person who took out the policy, or the executors of either; the statute does not name cash surrender value, and a Kentucky bankruptcy court read it into the exempt proceeds and avails in 1983	Ky. Rev. Stat. § 304.14-300; *In re Worthington*, 28 B.R. 736 (Bankr. W.D. Ky. 1983)
Louisiana	**Unlimited once the policy is nine months old; $35,000 before that**	The exemption reaches the beneficiary, assignee, payee, and the insured's own estate; cash surrender or loan value above $35,000 is exposed if the policy issued within nine months of the writ or the bankruptcy filing; a policy pledged as security is carved out	La. Stat. Ann. § 22:912
Maine	**$5,000**	Covers accrued dividends, interest, and loan value; the unmatured contract itself is separately exempt and a $500 wildcard stacks on top; the figure is adjusted for inflation every three years, next on April 1, 2027	Me. Rev. Stat. tit. 14, § 4422(10), (11), (15)
Maryland	**Unlimited**	The policy or annuity must be made for the benefit of, or assigned to, the individual's spouse, child, or dependent relative; it reaches only obligations created after June 1, 1945; a pledged policy is carved out	Md. Code Ann., Ins. § 16-111
Massachusetts	**None for the owner; $2,500 under the general list**	Chapter 175 protects a third-party beneficiary's claim to the proceeds against creditors of the person who took out the policy, and nothing in it exempts cash value for a policy the debtor owns on his own life; the beneficiary must hold an insurable interest and be someone other than the insured or his legal representatives; no court, trustee, or assignee for creditors may exercise the debtor's right to change the beneficiary	Mass. Gen. Laws ch. 175, §§ 125, 126; ch. 235, § 34
Michigan	**Unlimited**	The policy must be payable to the insured's spouse, children, or a trustee for them; the statute includes cash value and protects it during the insured's lifetime; proof of a transfer made while a debt existed is prima facie evidence of intent to defraud	Mich. Comp. Laws § 500.2207(1); *DC Mex Holdings LLC v. Affordable Land LLC* (Mich. Ct. App. 2017)
Minnesota	**$11,200**	Effective July 1, 2026; covers contracts the debtor owns where the insured is the debtor or someone the debtor depends on; the Commissioner of Commerce sets the figure and cannot move it again before July 1, 2028; money payable to a surviving spouse or child is separately exempt to $56,000 plus $14,000 for each dependent	Minn. Stat. §§ 550.37, subds. 10, 23; 61A.12, subd. 1
Mississippi	**Unlimited**	A beneficiary must be named, and no class of beneficiary is excluded; cash and loan value above $50,000 loses the exemption to the extent the excess came from premiums or deposits paid within twelve months of process or a bankruptcy filing; a creditor holding a valid assignment from the owner is carved out	Miss. Code Ann. § 85-3-11

State	Cash Value Protection	Key Conditions	Authority
Missouri	**Unlimited outside bankruptcy; $150,000 in bankruptcy**	No beneficiary condition; the debtor must own the contract, and the insured must be the debtor or someone the debtor depends on; no amount is exempt from a child support claim; in bankruptcy nothing is exempt under a contract purchased within one year before filing	Mo. Rev. Stat. § 513.430.1(7)-(8)
Montana	**Unlimited**	No beneficiary condition; the exemption covers unmatured life insurance contracts the judgment debtor owns, and the statute's child support and maintenance override does not reach them	Mont. Code Ann. § 25-13-608(1)(k)
Nebraska	**$100,000 aggregate**	One ceiling across all life insurance loan and cash values and all annuity contracts the individual owns; the policy must be payable to a beneficiary other than the estate; value built by payments made within three years before bankruptcy, or before a money judgment becomes final, is not exempt; a written assignment obtained by the claimant defeats it	Neb. Rev. Stat. § 44-371
Nevada	**Unlimited**	No cap, no beneficiary class, and no lookback; the statute exempts all money and benefits growing out of any life insurance in a single sentence	Nev. Rev. Stat. § 21.090(1)(k)
New Hampshire	**None for the owner**	New Hampshire exempts no cash surrender or loan value for a debtor who owns a policy on his own life; the lawful beneficiary of a death benefit takes the proceeds against the creditors of the insured with no cap and no beneficiary class, subject to a premium-fraud clawback	N.H. Rev. Stat. §§ 408:6, 511:2
New Jersey	**Unlimited**	The policy must be payable to a beneficiary, assignee, or payee other than the insured, the person who took out the policy, or their estates; New Jersey courts hold the exempt proceeds and avails include cash surrender value and accumulated dividends, so the insured's creditors cannot reach them while a third party is named; support and alimony judgments get through, and premiums paid to defraud creditors, with interest, go to the creditors	N.J. Stat. Ann. § 17B:24-6; *Heritage Bank North v. Ashley Development Corp.*, 194 N.J. Super. 523 (App. Div. 1984)
New Mexico	**Unlimited**	No beneficiary condition; the policy must insure the life of a New Mexico citizen or resident, and the exemption protects the owner-insured against his own creditors whether or not he can change the beneficiary; forfeited where the policy was taken out or assigned in writing for the creditor's benefit	N.M. Stat. Ann. § 42-10-3
New York	**Unlimited**	The beneficiary must be someone other than the insured or the person who took out the policy; cash surrender and loan values sit inside the exempt proceeds and avails, and a reserved right to change the beneficiary does not defeat the exemption; premiums paid with intent to defraud, with interest, go to creditors on written notice to the insurer	N.Y. Ins. Law § 3212(a)(1), (b); *In re Rundlett*, 153 B.R. 126 (S.D.N.Y. 1993)
North Carolina	**Unlimited**	The policy must be for the sole use and benefit of the insured's spouse, children, or both, so a policy naming a parent, a sibling, a business partner, or a trust for the insured falls outside it entirely; retained incidents of ownership do not defeat it, and proceeds may revert to the estate if the beneficiary dies first without losing the exemption	N.C. Const. art. X, § 5; N.C. Gen. Stat. § 1C-1601(a)(6)
North Dakota	**$100,000 aggregate**	One ceiling on the debtor's total accrued dividends, interest, and loan value; the unmatured contract itself is separately exempt without limit; any cash deposit into a policy or nonqualified annuity in the previous twelve months that was not previously scheduled is not exempt, with no proof of fraudulent intent required; spousal support, child support, and domestic relations orders get through	N.D. Cent. Code § 28-22-03.1(4), (5)
Ohio	**Unlimited**	The contract must be taken out for the benefit of, or made payable to, a spouse, a child, another dependent, a qualifying institution, any creditor, or a trustee for any of them; a policy payable to the insured's own estate or to a non-dependent third party falls outside it; a reserved right to change the beneficiary does not defeat it	Ohio Rev. Code §§ 3911.10, 2329.66(A)(6)(b)

State	Cash Value Protection	Key Conditions	Authority
Oklahoma	**Unlimited**	No beneficiary condition; the exemption applies whether or not the right to change the beneficiary is reserved and whether or not the insured or the insured's estate is a contingent beneficiary, and it protects the money before and after payment; premiums paid in fraud of creditors, fines for statutory violations, and a debt secured by a pledge of the policy get through	Okla. Stat. tit. 36, § 3631.1
Oregon	**Unlimited**	The policy must be payable to a beneficiary other than the insured's estate, and any third party qualifies; a reserved right to change the beneficiary does not defeat it; premiums paid in fraud of creditors, with interest, go to creditors on written notice to the insurer's home office	Or. Rev. Stat. § 743.046(3)
Pennsylvania	**Unlimited for a spouse, child, or dependent relative; $100 per month otherwise**	The exemption for the net amount payable under a policy made for the benefit of, or assigned to, the insured's spouse, children, or dependent relative is withdrawn to the extent the judgment debtor is that spouse, child, or relative; a policy issued to a solvent insured who is his own beneficiary is exempt only up to an income or return of $100 a month; group life and its proceeds are exempt without limit	42 Pa. Cons. Stat. § 8124(c)(3), (c)(5)-(6)
Rhode Island	**Unlimited**	The beneficiary or assignee must be someone other than the insured, the person who took out the policy, or their estates; Rhode Island's trial and bankruptcy courts read the exempt proceeds and avails to include unexercised cash surrender value, so a creditor of the insured cannot attach it while a third party is named; the state supreme court has not decided the question; premiums paid to defraud creditors, with interest, go to the creditors; annuity surrender value sits outside the exemption and reaches only the $6,500 wildcard in bankruptcy	R.I. Gen. Laws § 27-4-11; *In re Soori-Arachi*, 600 B.R. 153 (Bankr. D.R.I. 2019)
South Carolina	**Unlimited**	The proceeds and cash surrender values must be payable to a beneficiary other than the insured's estate and must be expressed in the policy to be for the primary benefit of the insured's spouse, children, or dependents, which is a drafting requirement rather than a designation; if the insured files bankruptcy within two years of buying the insurance, the exemption drops to the Title 15 schedule; a creditor holding a valid assignment can recover the secured amount	S.C. Code Ann. § 38-63-40(A)
South Dakota	**None for the owner; $20,000 of proceeds**	Nothing in the insurance chapter exempts cash surrender or loan value from the owner-insured's creditors; up to $20,000 of proceeds is exempt and runs to the insured, a surviving spouse, or children, even where the proceeds are payable directly to the insured; a separate $10,000 applies where proceeds go to the estate and a spouse or minor child survives	S.D. Codified Laws §§ 58-12-4, 43-45-6
Tennessee	**Unlimited**	The policy or annuity must be made for the benefit of, or assigned to, a spouse, children, or dependent relatives; naming the estate defeats it during the insured's life; the right to change the beneficiary may be reserved	Tenn. Code Ann. § 56-7-203
Texas	**Unlimited**	No beneficiary condition; the exemption covers cash value and proceeds, applies before and after the benefits are provided, and reaches a demand in bankruptcy; a premium paid in fraud of a creditor, a debt secured by a pledge of the policy, and a child support lien get through	Tex. Ins. Code §§ 1108.051, 1108.053
Utah	**Unlimited**	The condition is a clock rather than a beneficiary: proceeds and avails of unmatured contracts the debtor owns are exempt, but payments made on the contract in the year immediately before a creditor's levy or execution are not; the death benefit branches require a continuous unexpired year of ownership; a secured creditor's interest in a pledged policy survives	Utah Code § 78B-5-505(1)(a)(xi)-(xiii)
Vermont	**Unlimited while unmatured**	Any unmatured life insurance contract the debtor owns, other than credit life, is exempt with no cap and no waiting period; once the contract matures, death benefit and annuity payments are exempt only to the extent reasonably necessary for the support of the debtor and any dependents	Vt. Stat. tit. 12, § 2740(18), (19)

State	Cash Value Protection	Key Conditions	Authority
Virginia	**Unlimited**	The statute bars process in favor of a creditor of the insured, of a dependent-class beneficiary, of the policy owner, and of the person who took out the policy, so the owner's own creditors are barred; it reaches cash surrender value, proceeds, and withdrawal value; nothing issued or effected in the six months before a bankruptcy petition or an insolvency proceeding is exempt; a policy assigned in writing for a creditor's benefit is carved out	Va. Code Ann. § 38.2-3122
Washington	**None for the owner; $3,000 general catch-all**	The exemption runs only to the lawful beneficiary, assignee, or payee of a policy taken out in favor of someone other than the person who took it out, and it is denied to the insured and to that person in whatever capacity the claim is made; a debtor's own cash value falls to the general personal property catch-all, which is $3,000 outside bankruptcy and $10,000 in a bankruptcy case	Wash. Rev. Code §§ 48.18.410, 6.15.010(1)(d)
West Virginia	**Unlimited in bankruptcy; none outside it**	The bankruptcy schedule exempts any unmatured life insurance contract the debtor owns other than credit life without a cap, and separately exempts policies the debtor owns that are payable to someone else, including the cash surrender value; outside bankruptcy the insurance code protects only a beneficiary or assignee other than the insured or the person who took out the policy, and the general personal property list carries no life insurance item	W. Va. Code §§ 38-10-4(g), (j)(3); 33-6-27
Wisconsin	**$150,000**	One ceiling across accrued dividends, interest, and loan value; the unmatured contract itself is separately exempt; a contract issued less than 24 months before the applicable date is capped at $4,000, and one issued earlier but funded inside 24 months is frozen near its pre-funding value; the applicable date is the earlier of the exemption claim and the filing of the lawsuit behind the judgment; each spouse may claim	Wis. Stat. § 815.18(3)(f), (8)
Wyoming	**Unlimited, on one unpublished federal decision**	The exemption gives the lawful beneficiary or assignee, other than the insured or the person who took out the policy, the policy's proceeds, death benefits, cash surrender and loan values, waived premiums, and dividends against the insured's creditors; the Tenth Circuit read it to let a debtor exempt the cash value of a policy he owns unless he changes the beneficiary for his own advantage, in an unpublished 2003 order no Wyoming court has followed or rejected; dividends the debtor elected to take in cash after issuance, transfers made to defraud, and fraudulent premiums with interest are carved out	Wyo. Stat. Ann. § 26-15-129

Seven of these statutes, including New York's, New Jersey's, and Wyoming's, carry versions of the same clause, under which the policy's "proceeds and avails" belong to the lawful beneficiary, someone other than the insured. Read literally, that language protects the beneficiary and says nothing about the policyholder's own creditors during his life.

Courts applying New York, Kentucky, and District of Columbia law held that cash surrender value sits inside the protected proceeds and avails, so the insured's creditors cannot touch it while a third party is named. A bankruptcy judge in *In re Davis* called the narrower reading one that would make the statute "a nullity during the life of the insured" and rejected it. New Jersey's appellate courts and Rhode Island's trial and bankruptcy courts agree, though Rhode Island's supreme court has not decided the question.

Wyoming's state courts have not read the clause. In *In re Vigil*, a Wyoming bankruptcy court held that the clause gives the policy owner no exemption and that the beneficiary of a living insured holds only an expectancy she cannot exempt either; the Tenth Circuit's Bankruptcy Appellate Panel affirmed.

The Tenth Circuit then reversed in an unpublished order, *Vigil v. Zubrod*, 74 F. App'x 19 (10th Cir. 2003), predicting that Wyoming would let the owner exempt the cash value unless he changes the beneficiary for his own advantage. The same statutory words produce Unlimited in New Jersey and Rhode Island, and the only appellate reading of Wyoming's statute points the same way, though it binds no court.

Can Life Insurance Be Garnished?

A judgment creditor cannot garnish life insurance cash value or death benefits that a state exemption covers. Four kinds of claims cut through exemptions in state after state.

Federal tax levies. The IRS can levy on cash value no matter what the state exemption says, because federal law exempts from an IRS levy only the items on its own short list, and life insurance is not among them. A levy served on the insurance company reaches the amount the policyholder could have borrowed as of the ninetieth day after service. The insurer pays that amount over once the ninety days run. Those rules are in 26 U.S.C. § 6332(b) and § 6334.

Premiums paid to defraud creditors. Many statutes on the chart give a defrauded creditor the premiums, with interest. Several require written notice to the insurer before it pays out, and Michigan treats a transfer made while a debt existed as prima facie evidence of intent to defraud.

Pledged policies. A policy assigned to a lender as collateral loses its protection against that lender. Texas, Louisiana, Maryland, Oklahoma, and Utah write the carve-out into the statute, and several others deny the exemption to any creditor holding a valid assignment.

Support claims in some states. Missouri exempts no amount from a child support claim, and Texas lets a child support lien through. Delaware and North Dakota let support claims and domestic relations orders through as well. Montana sits at the other end. Its support override does not reach the life insurance exemption at all.

Who the Beneficiary Must Be

State beneficiary requirements follow three patterns. Which pattern a state uses decides whether a trust, a business partner, or the policyholder's own estate can be named without losing the exemption.

Anyone but the policyholder. New York's pattern requires a beneficiary or assignee other than the insured or the person who took out the policy; a business partner, a friend, or a trust qualifies. Alabama, New Jersey, and Rhode Island follow it, and Oregon asks only that the beneficiary not be the insured's estate. The District of Columbia adds an insurable-interest requirement to the same pattern. Kansas asks the insurable-interest question alone. There the named beneficiary must hold an insurable interest in the insured's life, which a business partner or even a creditor can hold.

A spouse, child, or dependent. Tennessee, Maryland, Hawaii, Illinois, and Michigan protect nothing unless the policy is payable to family members or dependents, and Illinois extends the class to a trust naming one of them as primary beneficiary.

North Carolina is the strictest. The policy must be for the sole use and benefit of the insured's spouse or children, so naming a parent, a sibling, or a trust for the insured forfeits the protection entirely. South Carolina adds a drafting requirement. The policy itself must state that the proceeds and cash values are for the primary benefit of the spouse, children, or dependents.

Michigan's appellate court applied the family requirement in *DC Mex Holdings LLC v. Affordable Land LLC*. The court protected $73,078 of universal life cash value against a $2.5 million judgment because the policy was payable to the insured's daughter. Pennsylvania shows the trap inside the same pattern. A policy payable to family is protected without limit, but the exemption is withdrawn where the family member named is the judgment debtor. A policyholder who is his own beneficiary keeps at most $100 a month.

No beneficiary requirement. Florida, Texas, Oklahoma, Nevada, Montana, Idaho, and Delaware are among the states that exempt cash value no matter who is named. Oklahoma keeps the exemption even where the insured or the insured's estate is a contingent beneficiary, and Louisiana's statute expressly covers the insured's own estate. Florida's one condition is that the policy insure the debtor's own life; the Florida exemption has no cap.

In the states that require a qualifying beneficiary, the designation has to stay in place. The District of Columbia's exemption lasts only while a third party with an insurable interest is named and ends if the owner names himself. A policyholder who removes an ex-spouse after a divorce and names no replacement leaves the policy payable to the estate by default. If the policyholder dies owing creditors, the proceeds pass through probate, where creditors are paid before heirs.

Tennessee is a rare exception. When an insured dies without a will, proceeds payable to the estate still pass to the spouse and children free of the decedent's debts.

Waiting Periods and Recent-Premium Rules

In more than a dozen states, cash value added shortly before a creditor arrives gets less protection than value that has sat in the policy for years. These rules run on the calendar, with no showing of intent required; North Dakota's statute says so expressly.

Colorado requires 48 months of continuous ownership and excludes growth funded by above-contract payments during the 48 months before the writ. Nebraska voids the exemption for value built by payments made in the three years preceding bankruptcy or a final money judgment. Iowa caps value acquired within the last two years at $10,000. Wisconsin caps a contract issued less than 24 months earlier at $4,000, and its clock runs from the filing of the lawsuit behind the judgment rather than from the judgment itself.

Shorter clocks run elsewhere. Louisiana exposes cash value above $35,000 while a policy is less than nine months old. Utah excludes payments made on the contract in the year before a levy. Virginia strips anything issued in the six months before a bankruptcy or insolvency filing.

Fraudulent transfer law is a separate attack that turns on intent and solvency, and it applies in every state, waiting period or not. Florida gives creditors four years to unwind money moved into an exempt policy with intent to defraud them.

Is Life Insurance Cash Value Protected in Bankruptcy?

In most states, life insurance cash value keeps its protection in bankruptcy. The filer claims the same state exemption shown on the chart. The exceptions run in both directions, because bankruptcy changes which list of exemptions applies.

Nineteen states and the District of Columbia let a filer choose between the state list and the federal list, but never both; New York, Pennsylvania, and Texas are among them. Everywhere else, the state list is the only option.

On the federal list, the policy itself is exempt with no cap under 11 U.S.C. § 522(d)(7), which covers any unmatured life insurance contract the debtor owns, other than credit life. Section 522(d)(8) caps accrued dividends, interest, and loan value at $16,850, and only where the insured is the debtor or someone the debtor depends on. The figure applies to cases filed April 1, 2025 through March 31, 2028.

The federal wildcard adds $1,675 plus up to $15,800 of any unused homestead exemption. A death benefit from a policy insuring someone the debtor depended on is exempt to the extent reasonably necessary for support.

The election flips the answer in the capped states that allow it. Minnesota caps cash value at $11,200 on its own list, while the federal list gives the same filer $16,850 of loan value plus the uncapped contract exemption; Alaska and Wisconsin filers hold the same choice. Maine caps the exemption at $5,000 and is an opt-out state, so a Maine filer has no federal fallback.

Bankruptcy can also cut the other way. Georgia exempts cash value without limit against a judgment creditor, but a Georgia filer must use the state's own bankruptcy list, which caps accrued dividend, interest, loan, and cash value at $2,000. Missouri drops from unlimited to a $150,000 aggregate in bankruptcy. In a Missouri bankruptcy, nothing is exempt under a contract purchased within the year before filing. West Virginia runs in reverse: its bankruptcy schedule exempts the contract without limit, while nothing protects cash value outside bankruptcy.

A bankruptcy trustee can also unwind cash recently moved into a policy. Section 548 lets the trustee avoid transfers made within two years of filing, and trustees can borrow a state's longer fraudulent transfer lookback as well.

Does Protection Follow the Proceeds After Payout?

Life insurance protection usually does not follow the proceeds after payout. State exemptions shield death benefits from the insured's creditors, and once the insurer pays, the money in the beneficiary's account is ordinary cash to the beneficiary's own creditors.

A handful of statutes protect the money after payment. Texas and Oklahoma exempt the benefits before and after they are paid. Kansas bars the claims of the beneficiary's own creditors outright, and District of Columbia group life reaches the same result for employees. Kentucky, Maine, and New Jersey protect proceeds from debts the beneficiary owed before the insured died, and Iowa does the same up to $15,000.

Withdrawn cash value is a state-by-state question. A Florida appellate court held that the exemption followed cash value the policyholder withdrew and placed in an identifiable certificate of deposit. Wisconsin's statute says the opposite. Traceable proceeds of exempt property are not exempt unless the statute expressly provides, and the life insurance paragraph provides no tracing.

A policy loan works differently from a withdrawal. The loan does not reduce the exempt status of the remaining cash value because the transaction happens inside the policy, with the insurer advancing its own funds secured by the policy itself.

An irrevocable trust named as the policy's beneficiary holds the proceeds outside the reach of the trust beneficiaries' own creditors. A spendthrift clause keeps trust assets from answering for a beneficiary's personal debts.

How an Irrevocable Life Insurance Trust Strengthens Protection

An irrevocable life insurance trust (ILIT) owns the policy in place of the insured, so the insured's creditors have no policy to reach and the protection stops depending on any state exemption. In a capped state, or where the state protects only the beneficiary, an ILIT is the working route to protecting a policy with real cash value.

The protection is only as clean as the funding. Moving an existing policy or the premium money into the trust is a transfer like any other. A creditor can attack it under fraudulent transfer law on the same timing, solvency, and intent analysis that applies to premium payments.

An ILIT removes the death benefit from the insured's taxable estate only on two conditions. The insured must keep none of the incidents of ownership over the policy, because federal law pulls proceeds back into the gross estate where the decedent held any at death (26 U.S.C. § 2042).

An existing policy transferred into the trust also faces a three-year clock. If the insured dies within three years of the transfer, 26 U.S.C. § 2035 puts the death benefit back into the estate. A policy the trustee buys inside the trust never faces that clock.

The powers the insured gives up for creditor protection are the same incidents of ownership that decide the estate tax question: changing the beneficiary, borrowing against the cash value, surrendering the policy. A trustee who holds all of them controls the policy, and the insured cannot reach cash value without trustee action.

In Florida, Texas, and Michigan, the lifetime protection already exists by statute. An ILIT there still protects proceeds from the beneficiary's creditors and keeps the death benefit out of the taxable estate.

Do Annuities Have the Same Creditor Protection?

Annuities often do not get the same protection; they run under separate statutes that follow different patterns. Eight states cap exempt annuity payments at a monthly dollar figure. Pennsylvania allows $100 a month and Washington $3,000 a month; the other six fall between. Among the life insurance exemptions, only Pennsylvania's uses that structure, and only where the policyholder is his own beneficiary. Nine states have no general annuity exemption.

Several states protect both under one uncapped statute, Florida and Texas among them. Florida's annuity exemption runs against the creditors of the annuity's beneficiary as well, so annuity proceeds stay protected in the recipient's hands.

Which States Protect Life Insurance Cash Value Best?

Florida, Texas, Oklahoma, and Nevada give the cleanest protection on the chart. Each exempts cash value with no dollar cap, no beneficiary requirement, and no waiting period. Nevada's statute does it in a single sentence, exempting all money and benefits growing out of any life insurance. Texas and Oklahoma keep protecting the money after the insurer pays it out.

Even the cleanest exemptions have limits. Premium-fraud clawbacks, pledge carve-outs, and federal tax levies cut through the strongest state statutes. A bankruptcy trustee can unwind cash moved into a policy within two years of filing. In the capped states and the beneficiary-only states, an ILIT protects what the exemption will not.

State exemptions protect only the asset categories they name. Asset protection planning for wealth beyond the exempt categories relies on trusts, business entities, and account titling rather than exemption statutes.

Sources

The exemption behind each row of the chart, jurisdiction by jurisdiction: the section that protects the cash value, the provision that sets or indexes any dollar ceiling, the beneficiary class and ownership seasoning a state conditions the exemption on, the separate treatment of death proceeds, and the bankruptcy schedule a debtor in that state is held to. Where a published decision decides who may claim the exemption or what the cash value counts as, that decision is named. The federal provisions the chart depends on are collected at the end.

Alabama

Ala. Code § 27-14-29(a) (the lawful beneficiary or assignee, other than the insured or the person effecting the insurance or their executors or administrators, is entitled to the proceeds and avails against the creditors, personal representatives, trustees in bankruptcy and receivers of the person insured and of the person effecting the insurance)

Ala. Code § 27-14-29(c) (proceeds and avails means death benefits, cash surrender and loan values, premiums waived and dividends, excepting dividends the debtor has actually elected to receive in cash, which is what carries the cash value)

Ala. Code § 6-10-8 (the parallel codification inside the debtor exemption title, in identical terms); § 27-14-29(b) (the reverse case, where one person insures another in his own favor, gives the exemption only against the creditors of the insured)

Ala. Code § 27-14-29 (premiums paid with intent to defraud creditors, with interest, inure to the creditors out of the proceeds, the recovery bounded by the statute of limitations rather than by a fixed lookback window)

Matter of Hyde, 200 B.R. 694, 695-96 (Bankr. N.D. Ala. 1996) (insured owner with wife and daughter as beneficiaries; the policies and their cash surrender value are exempt against the creditors of the debtor); In re Rudd, 483 B.R. 354, 356 n.1, 360-61 (Bankr. M.D. Ala. 2012) (cash surrender value is a proceed and avail under § 27-14-29(c), and §§ 6-10-8 and 27-14-29(a) exempt it against creditors of the insured and of the person effecting the insurance, a third party beneficiary being required)

In re McWhorter, 312 B.R. 695, 696-99 (Bankr. N.D. Ala. 2004) (the cash surrender value of a husband's own life policy naming his spouse is exempt as to the creditors of the insured owner, but the exemption does not run against the creditors of a mere beneficiary)

Alaska

Alaska Stat. § 09.38.025(a) (unmatured life insurance and annuity contracts owned by the individual outright are exempt; the dollar figure is a threshold above which accrued dividends and loan value may be reached by court order, not a ceiling on the contract itself)

8 AAC 95.030(c) (the adjusted exemption amounts adopted under AS 09.38.115; the operative figure for AS 09.38.025(a) is $500,500, the regulation unamended since April 4, 2013)

Alaska Stat. § 09.38.115(a)-(e) (the ch. 09.38 dollar amounts change on October 1 of each even numbered year, and only where the consumer price index has risen 10 percent or more since the last adjustment, the announcing regulation being due on or before June 30 of the change year)

Alaska Stat. § 09.38.030(e)(4), (5) (death proceeds received by an individual who was the insured's spouse or dependent, and amounts paid under a stock bonus, pension, profit sharing, annuity or similar plan or contract, are treated on receipt as earnings, income, cash or other liquid assets); 8 AAC 95.030(d) (the monthly liquid asset figure, $1,890)

Arizona

Ariz. Rev. Stat. § 33-1126(A)(6) (the cash surrender value of life insurance policies where for a continuous unexpired period of two years the policies have been owned by a debtor and have named as beneficiary the debtor's surviving spouse, child, parent, brother or sister, or any other family member who is a dependent, exempt in the proportion the policy names such a beneficiary)

Ariz. Rev. Stat. § 20-1131(D) (the same two continuous unexpired years, framed as the period for which the qualifying beneficiary has been named)

Ariz. Rev. Stat. § 20-1131(A), (B) (no exemption against a creditor holding a pledge or assignment of the cash value or proceeds; premiums recoverable or avoidable under tit. 44, ch. 8, art. 1, with interest, are not exempt, subject to the statute of limitations)

Ariz. Rev. Stat. § 33-1126(A)(1) (all money received by or payable to a surviving spouse or child on the life of a deceased spouse, parent or legal guardian, of not more than $20,000)

Ariz. Rev. Stat. § 33-1126(A)(9) (the only paragraph of the section carrying a cost of living clause, the $5,000 single account bank exemption adjusted each January 1 beginning January 1, 2024 by the consumer price index and rounded up to the nearest $100, so the $20,000 death proceeds figure is not indexed)

Arkansas

Ark. Code Ann. § 23-79-131(a)(1)(A) (the exemption runs to a lawful beneficiary or assignee other than the insured, the person effecting the insurance, or their executors or administrators), (a)(1)(B) (proceeds and avails, as used in the subsection, includes the cash surrender value)

Ark. Code Ann. § 23-79-131(a)(1)(E), added by Act 2023, No. 579, § 1, eff. Aug. 1, 2023 (for purposes of the Ark. Const. art. 9, § 2 personal property limit, personal property does not include life insurance proceeds payable to a beneficiary other than the insured, including a 501(c)(3) charity, for a permitted business use, or to the spouse, children or dependents of the insured; whether the carve-out reaches cash value during the insured's life is unsettled, the carve-out speaking of proceeds while (a)(1)(B) defines the broader proceeds and avails)

Ark. Code Ann. § 23-79-131(a)(1)(D) (exclusions: pledges securing the debt of the insured, the beneficiary, a business entity in which either held an ownership interest at the time of the pledge or a family member of either; child support liens or levies; Department of Human Services estate recovery claims under § 20-76-436; and an insurance policy that has become an asset of the insured)

Ark. Const. art. 9, § 2 (the residual $500 personal property exemption for a married resident or head of family), art. 9, § 1 ($200 for a single resident who is not the head of a family); both are scoped on their face to process on debt by contract

In re Holt, 84 B.R. 991 (Bankr. W.D. Ark. 1988), aff'd, 97 B.R. 997 (W.D. Ark. 1988), aff'd, 894 F.2d 1005 (8th Cir. 1990) (the companion § 16-66-209 unconstitutional in bankruptcy above the $500 constitutional figure, the problem Act 579 answers for life insurance); Acts 1991, No. 345, § 2 (the federal exemption election available to an Arkansas debtor)

California

Cal. Civ. Proc. Code § 704.100(a) (the unmatured life insurance policy itself, including an endowment or annuity policy, is exempt without making a claim), (b) (only the aggregate loan value is capped, operative figure $17,525, and each spouse holds a separate exemption which may be combined, $35,050 for a married couple, regardless of which spouse owns the policies), (c) (benefits from a matured policy are exempt only to the extent reasonably necessary for the support of the debtor, the spouse and dependents)

Cal. Civ. Proc. Code § 703.140(b)(8) (the bankruptcy only election set: the debtor's aggregate interest in any accrued dividend or interest under, or loan value of, any unmatured life insurance contract, operative figure $19,625)

Cal. Civ. Proc. Code § 703.150 (the Judicial Council publishes the adjusted amounts, which are never folded back into the code, so the codified $13,975 at § 704.100(b) and $15,650 at § 703.140(b)(8) are stale by design), § 703.150(b) (next adjustment April 1, 2028)

Judicial Council of California form EJ-156, Current Dollar Amounts of Exemptions From Enforcement of Judgments (the operative amounts effective April 1, 2025: $17,525 for the aggregate loan value of unmatured life insurance policies under § 704.100, and $19,625 under § 703.140(b)(8))

Colorado

Colo. Rev. Stat. § 13-54-102(1)(l)(I)(A) (the cash surrender value of policies or certificates of life insurance that have been owned by a debtor for a continuous, unexpired period of forty-eight months or more, to the extent of $250,000 for writs of attachment or execution issued against the insured, with no exemption for increases in cash value from extraordinary moneys contributed during the forty-eight months prior to the issuance of the writ; one ceiling across policies or certificates, not a per policy allowance)

Colo. Rev. Stat. § 13-54-102(1)(l)(IV) (extraordinary moneys defined as contributions or loan payments in excess of those contractually required)

Colo. Rev. Stat. § 13-54-102(1)(l)(I)(B) (death proceeds paid to a designated beneficiary exempt without limitation as to amount), (l)(II) (not exempt to pay the beneficiary's own debts), (l)(III) (not exempt where the beneficiary is the insured's estate)

Colo. Rev. Stat. § 13-54-107 (the exemptions provided in section 522(d) of the federal bankruptcy code of 1978 are denied to residents of this state)

H.B. 17-1093, eff. Sept. 1, 2017 (the enactment that set the $250,000 figure; § 13-54-102 carries no inflation adjustment or cost of living clause, so the ceiling moves only by amendment)

Connecticut

Conn. Gen. Stat. § 52-352b(20) (the cash surrender value of any life insurance policy issued upon the life of a citizen or resident of this state, with no dollar cap, no beneficiary condition and no seasoning, unless the policy was assigned to or was effected for the benefit of the creditor or unless the purchase, sale or transfer of the policy is made with the intent to defraud the creditor)

Conn. Gen. Stat. § 52-352b(19) (a separate $4,000 ceiling on any accrued dividend or interest under, or loan value of, any unmatured life insurance contract owned by the exemptioner under which the insured is the exemptioner or an individual of whom the exemptioner is a dependent; loan value and cash surrender value are distinct terms, so (19) and (20) are not competing caps on one subject)

Conn. Gen. Stat. § 52-352b(17) (the section's only insurance proceeds item reaches proceeds of insurance on exempt property, so § 52-352b carries no general death proceeds exemption)

11 U.S.C. § 522(d)(7), (d)(8) (Connecticut is a bankruptcy choice jurisdiction, so a Connecticut filer may take the federal set instead: an uncapped exemption for the unmatured contract plus $16,850 of accrued dividend, interest or loan value)

Delaware

Del. Code tit. 10, § 4915(a) (exempts from execution or attachment process assets held or amounts payable under any retirement plan, life insurance contract or annuity contract, with no dollar cap, no seasoning, no beneficiary condition, and no limitation to bankruptcy)

Del. Code tit. 10, § 4915(f) (life insurance contract and annuity contract take their meanings from I.R.C. § 1035(b), which is narrower than a plain reading at the edges)

Del. Code tit. 10, § 4915(c) (claims under tit. 13, ch. 5 and ch. 15), (d) (an alternate payee under a qualified domestic relations order), (e) (a security interest securing a loan from the plan), (g) (judgments under tit. 30, § 554)

Del. Code tit. 18, § 2725 (the former insurance code proceeds exemption, which carried the beneficiary other than the insured condition, is repealed)

Del. Code tit. 6, ch. 13 (the external fraudulent transfer check; § 4915 contains no internal anti-stuffing or intent to defraud proviso of its own)

District of Columbia

D.C. Code § 31-4716(a) (where a policy is effected by a person on his own life or on another life in favor of some person other than himself having an insurable interest therein, the lawful beneficiary or assignee, other than the insured or the person effecting the insurance, is entitled to its proceeds and avails against the creditors and representatives of the insured, whether or not the right to change the beneficiary is reserved or permitted; no dollar figure appears anywhere in the section; premiums paid with intent to defraud creditors, with interest, inure to those creditors from the proceeds, subject to the statute of limitations)

In re Davis, 275 B.R. 134, 138-41 (Bankr. D.D.C. 2002) (the debtor himself may claim the cash surrender value of a policy on his own life under § 31-4716(a), on three requirements: the insured effected the policy on his own life in favor of another, the beneficiary holds an insurable interest in the life of the insured rather than in the policy, and the thing claimed is a proceed or avail, which cash surrender value is; the beneficiary-only reading is rejected because it would render the statute a nullity during the life of the insured; the exemption holds only so long as the debtor does not change the beneficiary designation to his own advantage, and it remains subject to trustee avoidance under 11 U.S.C. §§ 548(a) and 550)

D.C. Code § 31-4717 (no policy of group life insurance, nor its proceeds when paid to any employee thereunder, is liable to attachment, garnishment, or other process to pay any debt or liability of that employee, or his beneficiary, or any other person who may have a right thereunder, either before or after payment; proceeds not made payable to a named beneficiary do not form part of the employee's estate for the payment of his debts)

D.C. Code § 15-501(a)(5) (the bankruptcy-schedule life insurance item exempts any unmatured life insurance contract owned by the debtor, other than a credit life insurance contract, with no cap and no beneficiary condition; the District enacted the 11 U.S.C. § 522(d)(7) analogue and took no § 522(d)(8) companion, so the section carries no capped accrued dividend, interest or loan value paragraph); § 15-501(a) chapeau and § 15-501(c) (the whole of subsection (a) runs only to the head of a family or householder, the principal provider)

D.C. Code § 15-503(a), (b) (exempting earnings other than wages, insurance, annuities, and pension or retirement payments not otherwise exempted, to $200 each month, and $60 each month for a person who does not provide for the support of a family; life insurance exempted outright by §§ 31-4716 and 15-501(a)(5) is otherwise exempted and is not held to these figures)

11 U.S.C. § 522(b); In re Tinkess, 459 B.R. 76, 81 & n.20 (Bankr. D. Alaska 2008) (the District has not opted out of the federal bankruptcy exemptions and is absent from the opt-out roster, so a District filer elects either the § 522(d) list or the District list, and because § 31-4716 is uncapped a debtor with real cash value takes the District list)

Florida

Fla. Stat. § 222.14 (the cash surrender value of life insurance policies issued upon the lives of citizens or residents of the state, upon whatever form, exempt from creditors and legal process, with no dollar cap, no beneficiary condition, no seasoning and no condition on the insurer's licensure; the single carve-out is a policy or contract effected for the benefit of such creditor)

Fla. Stat. § 222.13(1) (death proceeds payable to a designated beneficiary are exempt from the creditors of the insured, and proceeds payable to the insured or the insured's estate become assets of the estate; nothing in the section shields a beneficiary from the beneficiary's own creditors)

Fla. Stat. §§ 222.29, 222.30 and ch. 726 (unlike the constitutional homestead, the statutory insurance and annuity exemptions are defeasible by fraudulent conversion attack, § 222.30 running four years with no discovery rule extension)

Faro v. Porchester Holdings, Inc., 792 So. 2d 1262, 1264 (Fla. 4th DCA 2001) (the § 222.14 exemption applies to a certificate of deposit purchased with the cash surrender value proceeds of the debtor's life insurance policies; the funds there went into an identifiable certificate, and the decision speaks to no commingling)

Technical Chemicals & Products, Inc. v. Porchester Holdings, Inc., 785 So. 2d 636, 637-38 (Fla. 4th DCA 2001) (cash surrender value exempt in the insurer's hands, expressly declining the post-receipt question Faro later answered); Bank of Greenwood v. Rawls, 117 Fla. 381, 158 So. 173, 174 (Fla. 1934) (on rehearing) (upon whatever form is a cash value phrase reaching the contract and its value)

In re Wilbur, 206 B.R. 1002, 1009 (Bankr. M.D. Fla. 1997) (§ 222.14 carries no condition on the insurer's licensure)

Georgia

Ga. Code Ann. § 33-25-11(c) (the cash surrender values of life insurance policies issued upon the lives of citizens or residents of this state, upon whatever form, not liable to attachment, garnishment or legal process in favor of any creditor of the person whose life is so insured, unless the policy was assigned to or was effected for the benefit of such creditor or unless the purchase, sale or transfer of the policy is made with the intent to defraud creditors; no beneficiary condition and no dollar cap)

Ga. Code Ann. § 33-25-11(a) (the death proceeds branch, where proceeds payable to the insured, the insured's estate, or executors, administrators or assigns become part of the estate for all purposes; the beneficiary other than the insured or the estate condition belongs here and not to (c))

Ga. Code Ann. § 33-28-7 (the mirror of § 33-25-11(c) for annuity, reversionary annuity and pure endowment proceeds)

Ga. Code Ann. § 44-13-100(b) (an individual debtor whose domicile is in Georgia is prohibited from applying or utilizing 11 U.S.C. § 522(d), so the bankruptcy schedule is the Georgia list)

Ga. Code Ann. § 44-13-100(a)(8) (the bankruptcy schedule exempts any unmatured life insurance contract other than a credit life contract), (a)(9) (accrued dividend, interest, loan or cash value capped at $2,000)

Hawaii

Haw. Rev. Stat. § 431:10-232(a) (exempts without dollar cap the aggregate net cash value of any or all life and endowment policies and annuity contracts payable to a spouse of the insured, or to a child, parent or other person dependent upon the insured, whether or not the power to change the beneficiary is reserved and whether or not the insured or the insured's estate is a contingent beneficiary; a policy payable to the insured's own estate or to a non-dependent is unprotected)

Haw. Rev. Stat. § 431:10-232(c) (group life insurance is excluded from the exemption)

Haw. Rev. Stat. § 431:10-232 (premiums paid in fraud of creditors remain recoverable, the exemption's only clawback)

Haw. Rev. Stat. § 651-121(5) (a six-month tail for the proceeds of insurance on exempt personal property)

Idaho

Idaho Code § 11-605(9) (exempts any life insurance contract owned by an individual, other than a credit life insurance contract, including any accrued dividend or interest under, loan value of, or cash surrender value of that contract; the exemption runs to the policy owner, with no beneficiary condition and no dollar cap)

Idaho Code § 11-605(9) (value resulting from premiums paid within the six months before the bankruptcy filing, or before attachment or levy on execution, falls outside the exemption)

Idaho Code § 41-1833(1) (death proceeds payable to a third-party beneficiary are exempt from the creditors of the person effecting the insurance, except on a transfer made with intent to defraud creditors)

Illinois

735 ILCS 5/12-1001(f) (exempts without dollar cap the aggregate net cash value of any or all life insurance and endowment policies and annuity contracts payable to a wife or husband of the insured, or to a child, parent, or other person dependent upon the insured)

735 ILCS 5/12-1001(f) (the beneficiary condition is also satisfied by a revocable or irrevocable trust that names the insured's spouse, or a child, parent, or other person dependent upon the insured, as the primary beneficiary of the trust)

735 ILCS 5/12-1001(f) (the exemption holds whether or not the power to change the beneficiary is reserved and whether or not the insured or the insured's estate is a contingent beneficiary; a policy payable to the insured's own estate or to a non-dependent is unprotected)

215 ILCS 5/238 (the Insurance Code companion to the exemption carried in the Code of Civil Procedure)

Indiana

Ind. Code § 27-1-12-14(b) (defines proceeds or avails as death benefits, cash surrender and loan values, premiums waived, and dividends, excepting dividends the debtor elected to take in cash, which places living value inside the exemption by definition)

Ind. Code § 27-1-12-14(e) (a policy payable to or bona fide assigned to the spouse, children, or any relative dependent upon the insured, or to any creditor, is held free of the insured's creditors, the proceeds or avails being exempt from any debt of the insured or of the insured's spouse; no dollar cap)

Ind. Code § 27-1-12-14(f) (a premium is not exempt if paid not more than one year before the filing of a voluntary or involuntary bankruptcy petition by the policy owner, or paid to defraud the owner's creditors; the look-back is keyed to a bankruptcy petition, not to a civil action)

Iowa

Iowa Code § 627.6(6) (exempts the individual's interest in any accrued dividend or interest, loan or cash surrender value of, or any other interest in a life insurance policy the individual owns, if the beneficiary of the policy is the individual's spouse, child, or dependent)

Iowa Code § 627.6(6) (the exemption may not exceed $10,000 in the aggregate of any interest or value in insurance acquired within two years of the date execution is issued or exemptions are claimed, or in comparable additions to a prior policy; a replacement policy is not a new acquisition to the extent of the prior policy's value at cancellation)

Iowa Code § 627.6(6)(a) (death benefits payable to a spouse, child or dependent inure to the separate use of the beneficiary independently of the insured's creditors)

Iowa Code § 627.6(6)(c) (matured policy avails are exempt from the beneficiary's own debts contracted before the insured's death, to $15,000 in the aggregate)

Kansas

Kan. Stat. Ann. § 40-414(a) (a policy issued by a life insurer or fraternal benefit society and payable at the death of the insured, or in any given number of years, to a person having an insurable interest in the insured's life, together with its reserves or their present value, inures to the sole and separate use and benefit of the beneficiaries named in the policy, free from the claims of the insured and the insured's creditors, from the claims of any policyholder and the policyholder's creditors, and from taxes; no dollar cap)

Kan. Stat. Ann. § 40-414(a)(4) (the policy and its reserves are also free of the claims and judgments of the creditors and representatives of any person named as beneficiary in the policy)

Kan. Stat. Ann. § 40-414(b) (nonforfeiture value is not exempt from the creditors of a policyholder who files bankruptcy on or within one year after the policy is issued, or from any creditor whose execution issues within one year of issuance)

Kan. Stat. Ann. § 40-414(e), (f) ((e) confines the one-year rule to policies purchased on or after July 1, 1988; (f) preserves value derived from surrendering a policy issued more than one year earlier, so aged value rolled into a new policy keeps its protection)

Kan. Stat. Ann. § 60-2313(a)(7) (the personal-property exemption schedule's life insurance entry, a cross-reference to § 40-414)

Kentucky

Ky. Rev. Stat. § 304.14-300(1) (entitles the lawful beneficiary or assignee, other than the insured, the person effecting the insurance, or the executors or administrators of either, to the proceeds and avails of the policy against the creditors and representatives of the insured, whether or not the right to change the beneficiary is reserved, with a clawback for premiums paid with intent to defraud creditors on written notice to the insurer's principal office)

Ky. Rev. Stat. § 304.14-300(1) (the proceeds and avails are also exempt from all liability for any debt of the beneficiary existing at the time the policy is made available for the beneficiary's use)

Ky. Rev. Stat. § 427.110 (exempts the benefits of assessment or cooperative life or casualty insurance companies and of fraternal benefit societies)

In re Worthington, 28 B.R. 736, 737-38 (Bankr. W.D. Ky. 1983) (reads § 427.110 to exempt the loan values or the cash surrender values of policies the debtor owns without monetary limitation, and reads the proceeds and avails of § 304.14-300 to comprehend cash surrender values and other values built up during the life of the policies)

Ky. Rev. Stat. § 427.170 (authorizes an individual debtor domiciled in Kentucky to exempt from the bankruptcy estate the property specified under 11 U.S.C. § 522(d), so a Kentucky filer may take the federal list)

Louisiana

La. Rev. Stat. § 22:912(A)(1) (the lawful beneficiary, assignee or payee, including the insured's estate, takes the proceeds and avails of a life or endowment policy against the creditors and representatives of the insured and of the person effecting the policy, and provides that the proceeds and avails of the policy include the cash surrender value of the policy)

La. Rev. Stat. § 22:912(A)(2) (the exemption does not reach cash surrender or loan value exceeding $35,000 where the policy or annuity contract issued within nine months of the writ or of a voluntary or involuntary bankruptcy filing; insurer liability is limited to amounts in its possession after written notice to its home office, and the insurer keeps priority for a bona fide policy loan)

La. Rev. Stat. § 22:912(D) (the exemptions apply whether or not the beneficiary may be changed and whether or not the proceeds are payable to the insured's or annuitant's estate)

La. Rev. Stat. § 22:912(F) (excepts a debt secured by a pledge of the policy, assigned rights, and advance payments on the policy)

Maine

Me. Rev. Stat. tit. 14, § 4422(11) (the debtor's aggregate interest, not to exceed $5,000 less any amount of property of the estate transferred in the manner specified in 11 U.S.C. § 542(d), in any accrued dividend or interest under, or loan value of, any unmatured life insurance contract owned by the debtor under which the insured is the debtor or an individual of whom the debtor is dependent)

Me. Rev. Stat. tit. 14, § 4422(10) (the unmatured life insurance contract itself is separately exempt)

Me. Rev. Stat. tit. 14, § 4422(15) (a $500 wildcard, which stacks on the insurance exemption); § 4422(16) (the unused-residence spill-over reaches only subsections 3, 5 and 14, paragraph D, and so cannot be applied to life insurance)

Me. Rev. Stat. tit. 14, § 4422 (closing paragraph: the section's dollar figures adjust automatically every three years beginning April 1, 2024 by the CPI-U for the Northeast Region, rounded up to the next $50, the Supreme Judicial Court publishing the three-year adjustment for an April 1 effective date the following year; the next adjustment takes effect April 1, 2027)

Me. Rev. Stat. tit. 14, § 4426 (a debtor may exempt from property of the debtor's estate under 11 U.S.C. only that property exempt under 11 U.S.C. § 522(b)(3)(A) and (B), with a narrow carve-out for a debtor eligible for the § 4422(1)(A-1) residence exemption; Maine is an opt-out state, so the federal exemption list is unavailable)

Me. Rev. Stat. tit. 24-A, § 2428(2) (routes proceeds protection to the lawful beneficiary or assignee and exempts the proceeds from the beneficiary's debts existing when the proceeds are made available, with a fraudulent-premium carve-out; its closing clause contemplates trustee process against the owner's cash surrender value)

Maryland

Md. Code Ann., Ins. § 16-111(a) (the proceeds of a policy of life insurance or under an annuity contract on the life of an individual, made for the benefit of or assigned to the spouse, child, or dependent relative of the individual, are exempt from all claims of the creditors of the individual arising out of or based on an obligation created after June 1, 1945, whether or not the right to change the named beneficiary is reserved or allowed)

Md. Code Ann., Ins. § 16-111(b) (proceeds include death benefits, cash surrender and loan values, premiums waived, and dividends, except dividends the debtor elected after issuance to receive in cash; once the beneficiary gate is met there is no dollar cap)

Md. Code Ann., Ins. § 16-111(c) (the section does not prohibit collecting a debt out of the proceeds of a policy pledged as security)

Md. Code Ann., Ins. § 16-111(d) (a change of beneficiary, assignment or other transfer is valid except a transfer made with actual intent to hinder, delay, or defraud creditors)

Md. Code Ann., Cts. & Jud. Proc. § 11-504(b)(2) (the companion exemption for money payable on sickness, accident, injury or death, including compensation for loss of future earnings; disability income benefits are not exempt against a judgment for necessities contracted for after the disability was incurred)

Massachusetts

Mass. Gen. Laws ch. 175, § 125 (the proceeds of a policy effected by a person on his own life for the benefit of another having an insurable interest are exempt from the creditors of the person effecting the insurance, the beneficiary being someone other than the insured or his legal representatives; the section reaches proceeds and carries no cash value language, so a policy the debtor owns on his own life has no cash surrender value exemption)

Mass. Gen. Laws ch. 175, § 125 (no court, and no trustee or assignee for the benefit of creditors, may elect for the debtor to exercise the right to change the named beneficiary)

Mass. Gen. Laws ch. 175, § 126 (the companion married-woman policy provision)

Mass. Gen. Laws ch. 235, § 34 cl. Fifteenth ($2,500 of cash and deposits on the general exemption schedule, the item an owner's cash surrender value falls back on together with the wildcard)

11 U.S.C. § 522(d)(7), (d)(8) (a Massachusetts bankruptcy filer may elect the federal list: the unmatured life insurance contract itself is exempt without a dollar cap, and its accrued dividends, interest and loan value to $16,850, the figure effective April 1, 2025 and unchanged until April 1, 2028)

Michigan

Mich. Comp. Laws § 500.2207(1) (the proceeds of a policy payable to the wife, husband or children of the insured, or to a trustee for their benefit, including the cash value thereof, are exempt without a dollar cap and are protected during the insured's lifetime; the family beneficiary class is a condition of the exemption)

Mich. Comp. Laws § 500.2207 (premiums paid with intent to defraud creditors inure to the creditors' benefit, and proof of the transfer together with a debt existing at that time is prima facie evidence of intent to defraud)

DC Mex Holdings LLC v. Affordable Land LLC, No. 332439 (Mich. Ct. App. July 25, 2017) (published) (approximately $73,078.91 of universal life cash value held exempt against a $2,500,000 judgment because the policy was payable to the insured's daughter; the denial of the motion to quash the garnishment was reversed)

Equitable Life Assurance Society v. Hitchcock, 270 Mich. 72, 80-81 (1935) (the plain-language construction of the exemption on which DC Mex Holdings rests)

Minnesota

Minn. Stat. § 550.37, subd. 23 ($11,200 of accrued dividends, interest and loan value of unmatured life insurance contracts owned by the debtor, where the insured is the debtor or an individual of whom the debtor is a dependent, effective July 1, 2026)

Minn. Stat. § 550.37, subd. 4a(d)(1) (the Commissioner of Commerce adjusts these amounts and publishes them in an official notice; the $11,200 is 2.8 times the $4,000 original figure, and the next adjustment comes July 1, 2028)

Minn. Stat. § 550.37, subd. 10 (money received by or payable to a surviving spouse or child from insurance payable at the death of a spouse or parent, exempt to $56,000 plus $14,000 for each dependent)

Minn. Stat. § 61A.12, subd. 1 (proceeds payable to a third-party beneficiary are protected from the creditors of the person effecting the insurance, with a fraud-premium clawback that requires written notice to the company before payment)

In re Tveten, 402 N.W.2d 551 (Minn. 1987) (Minn. Stat. § 550.37, subd. 11 held unconstitutional, so that subdivision carries no exemption)

Mississippi

Miss. Code Ann. § 85-3-11(1) (all proceeds, including cash surrender and loan values, inure to the party or parties named as the beneficiaries, free from all liability for the debts of the person whose life was insured, even though that person paid the premiums; a beneficiary need only be named, and no class of beneficiary is excluded)

Miss. Code Ann. § 85-3-11(2) (cash surrender or loan value above $50,000 is not exempt to the extent the excess resulted from premiums, premium deposits or other payments made within twelve months of a writ of seizure, attachment, garnishment or other process, or of a bankruptcy filing; a recent-funding rule rather than a ceiling, so a long-held policy stays exempt in full)

Miss. Code Ann. § 85-3-11(2) (premiums paid in fraud of creditors go to the creditors, the insurer being discharged absent prior written notice specifying the amount claimed; and a creditor holding a valid assignment from the policy owner may recover the secured amount from cash surrender value or proceeds)

Missouri

Mo. Rev. Stat. § 513.430.1(7) (the unmatured life insurance contract itself is exempt without a dollar cap, together with up to $15,000 of matured proceeds for funeral, cremation or burial where the deceased is the beneficiary's spouse, child or parent)

Mo. Rev. Stat. § 513.430.1(8) (accrued dividends, interest and loan value of unmatured contracts owned by the debtor, the insured being the debtor or an individual of whom the debtor is a dependent, exempt with no beneficiary condition and no cap outside bankruptcy, and to an aggregate $150,000 where proceedings under Title 11 are commenced)

Mo. Rev. Stat. § 513.430.1(8) (no amount of any accrued dividend or interest under, or loan value of, such contracts is exempt from any claim for child support)

Mo. Rev. Stat. § 513.430.1(8) (in a Title 11 case no amount is exempt under a contract purchased within one year before commencement of the proceedings)

Montana

Mont. Code Ann. § 25-13-608(1)(k) (the judgment debtor's interest in any unmatured life insurance contracts owned by the judgment debtor is exempt without limitation and without any beneficiary condition)

Mont. Code Ann. § 25-13-608(2) (the child support and spousal maintenance override reaches veterans' and social security benefits, disability benefits and individual retirement account assets, and does not reach paragraph (k), so life insurance stays exempt even against a support debt)

Mont. Code Ann. § 33-15-511(1) (third-party proceeds are protected against the creditors and representatives of the insured, except premiums paid with intent to defraud creditors)

Mont. Code Ann. § 33-15-514(1)(b)-(c) (annuity payments, capped in an internally inconsistent band of $250 to $350 per month as enacted)

Nebraska

Neb. Rev. Stat. § 44-371(1)(a) (proceeds, cash values and benefits are exempt from the claims of creditors of the insured and of the beneficiary if the beneficiary is related to the insured by blood or marriage, the policy being payable on the insured's death to a beneficiary other than the estate of the insured)

Neb. Rev. Stat. § 44-371 ($100,000 is one aggregate ceiling across an individual's interests in the loan values or cash values of all matured and unmatured life insurance contracts and in all proceeds, cash values and benefits accruing under all annuity contracts owned by that individual, so an annuity shares the ceiling)

Neb. Rev. Stat. § 44-371 (three-year lookback: no exemption to the extent values were established or increased through contributions, premiums or other payments made within three years before bankruptcy, or within three years before entry against the individual of a money judgment that thereafter becomes final)

Neb. Rev. Stat. § 44-371 (the exemption is defeated by a written assignment to the contrary obtained by the claimant, and does not run against a judgment creditor of a beneficiary convicted of a crime punishable only by life imprisonment or death)

Nevada

Nev. Rev. Stat. § 21.090(1)(k) (all money, benefits, privileges or immunities accruing or in any manner growing out of any life insurance; the paragraph in its entirety, carrying no dollar cap, no beneficiary class, no premium lookback and no fraud proviso)

Nev. Rev. Stat. § 21.090(1)(l), (m), (r) (the section's only large dollar figures are $605,000 of homestead and $1,000,000 of retirement; no figure attaches to the life insurance paragraph)

Nev. Rev. Stat. § 21.090(3) (the exemptions in 11 U.S.C. § 522(d) do not apply to property owned by a resident of this State unless conferred also by subsection 1, so a Nevada filer takes the state list)

Nev. Rev. Stat. § 687B.290(1), (2) (annuity proceeds and values, exempt without a cap, subject only to a fraudulent-premium exception)

New Hampshire

N.H. Rev. Stat. Ann. § 408:6 (the lawful beneficiary of a life insurance policy or annuity contract death benefit is entitled to its proceeds and all other benefits against creditors and representatives of the insured person, with no cap and no beneficiary class, subject to the statute of limitations and to a clawback of premiums paid in fraud of creditors, with interest)

N.H. Rev. Stat. Ann. § 408:6 (source 2022, 144:1, effective January 1, 2023; the 2022 insurance code rewrite moved this provision from § 408:2, which now carries a certificate-of-authority rule, so a pre-2023 citation to § 408:2 is the same exemption under its old number)

N.H. Rev. Stat. Ann. § 511:2 (the twenty enumerated exemption categories, none of them a life insurance clause, so a debtor who owns a policy on his own life has no state exemption for its cash surrender or loan value)

11 U.S.C. § 522(d)(7), (d)(8) (a New Hampshire bankruptcy filer may elect the federal list: the unmatured life insurance contract itself is exempt without a dollar cap, and its accrued dividends, interest and loan value to $16,850)

New Jersey

N.J. Stat. Ann. § 17B:24-6(a) (the proceeds and avails of a policy go to the lawful beneficiary, assignee or payee against the creditors of the insured, unless that beneficiary, assignee or payee is (1) the insured, (2) the person effecting the insurance, or (3) the executors or administrators of either)

N.J. Stat. Ann. § 17B:24-6(b), (c) (proceeds are exempt from any debt of the beneficiary existing when the proceeds and avails become available for his use, with premiums paid in fraud of creditors clawed back on written notice at the insurer's home office before payment; a facility-of-payment clause counts as payment to a person other than the insured)

Slurszberg v. Prudential Ins. Co., 15 N.J. Misc. 423, 425-31 (Sup. Ct. 1936) (a judgment creditor who bought the insured's rights at an execution sale and demanded the cash surrender value had his complaint stricken: proceeds and avails include cash surrender value, and a creditor cannot exercise the insured's reserved surrender right, which is subordinate to the rights of the beneficiary as against creditors)

Heritage Bank North v. Ashley Development Corp., 194 N.J. Super. 523, 525-26 (App. Div. 1984) (accumulated dividends on the judgment debtor's own-life policies naming his daughters held exempt from execution under § 17B:24-6, endorsing Slurszberg's cash surrender value construction)

Hirko v. Hirko, 166 N.J. Super. 111 (Ch. Div. 1979) (cash surrender value sequestered for alimony arrears, distinguishing Slurszberg, which governs ordinary creditors; support and alimony creditors sit outside the exemption)

New Mexico

N.M. Stat. Ann. § 42-10-3 (the cash surrender value of any life insurance policy, the withdrawal value of any optional settlement, annuity contract or deposit with a life insurance company, and all periodic annuities, indemnities and payments under a life, accident or health policy, annuity contract or deposit are exempt from the owner-insured's own creditors, with no dollar cap and no beneficiary condition, and the exemption holds whether or not the insured or the person protected has the right to change the beneficiary)

N.M. Stat. Ann. § 42-10-3 (the condition is residency, not designation: the policy, contract or deposit must issue upon the life of a citizen or resident of New Mexico, or be made with such a citizen; the one stated forfeiture is a policy, contract or deposit taken out, made or assigned in writing for the benefit of the creditor claiming against it)

N.M. Stat. Ann. § 42-10-5 (the proceeds of any life insurance are not subject to the debts of the deceased except by special contract or arrangement made in writing)

N.M. Stat. Ann. ch. 56, art. 10 (the Uniform Voidable Transactions Act; § 42-10-3 carries no seasoning period or lookback of its own, so the timing of a transfer into a policy is attacked, if at all, under the general voidable-transactions rules)

New York

N.Y. Ins. Law § 3212(a)(1) (cash surrender and loan values sit inside the proceeds and avails the section protects, so the exemption reaches lifetime cash value and not only the death benefit)

N.Y. Ins. Law § 3212(b)(1) (a third person named as beneficiary takes those proceeds and avails against the creditors, personal representatives, trustees in bankruptcy and receivers of the person effecting the insurance, with no dollar cap); § 3212(b)(4)(A) (the insured and the person effecting the insurance are not third persons, so naming yourself or your estate as payee defeats the exemption); § 3212(b)(5) (a reserved right to change the beneficiary does not defeat it)

In re Rundlett, 153 B.R. 126, 131 (S.D.N.Y. 1993), aff'g 142 B.R. 649 (Bankr. S.D.N.Y. 1992) (§ 3212 exempts both the surrender value and the proceeds from the insured's creditors, and from the creditors of a spouse beneficiary where she effectuated the policy; the widow kept $603,097.60 on the two of five policies assigned to her, and $2.9 million of proceeds on the unassigned policies was reachable by her own creditors)

Kaufman v. New York Life Ins. Co., 32 A.D.2d 79 (1st Dep't 1969), aff'd 26 N.Y.2d 878 (1970) (a beneficiary effects the insurance, for purposes of protection against her own creditors, only where policy title was assigned to her)

Wornick v. Gaffney, 544 F.3d 486, 489, 492 (2d Cir. 2008) (a revocable beneficiary of a living insured holds only an inchoate interest, so lifetime cash surrender value does not turn on who effected the policy; the effecting requirement does its work on paid death benefits)

N.Y. Ins. Law § 3212(d)(1) (an annuity is exempt without cap for the annuitant who paid the consideration), (d)(2) (but the court may order the annuity paid in installments to a judgment creditor); § 3212(e)(1)-(2) (premiums paid with actual intent to defraud, plus interest, enure to creditors on prior written notice to the insurer, with no fixed lookback); N.Y. C.P.L.R. 5205(i) (accelerated death benefits and special surrender value stay with the policyowner)

North Carolina

N.C. Const. art. X, § 5 (a policy of insurance on the life of an individual, for the sole use and benefit of his or her spouse, children, or both, is exempt from the insured's creditors with no dollar cap and reaches the policy's lifetime cash value; the exemption holds whether or not the policy reserves to the insured during his or her lifetime any or all rights provided for by the policy)

N.C. Const. art. X, § 5 (the word sole is the gate: a policy payable to a parent, a sibling, a business partner, a trust for the insured, or split with any beneficiary who is neither spouse nor child falls outside the provision entirely; a contingent reversion to the estate if the beneficiary dies first does not cost the exemption)

N.C. Gen. Stat. § 1C-1601(a)(6) (the debtor's statutory exemption schedule claims the constitutional life insurance exemption as one of its items)

N.C. Gen. Stat. § 1C-1601(a)(8) (there is no general annuity exemption; this item reaches only compensation for personal injury, including under a private disability policy or annuity, or for the death of a person on whom the debtor was dependent, and even that is not exempt from related funeral, legal, medical, dental, hospital and health care charges)

North Dakota

N.D. Cent. Code § 28-22-03.1(4) (any unmatured life insurance contract owned by the debtor, other than a credit life insurance contract, is exempt without limit)

N.D. Cent. Code § 28-22-03.1(5) (the cap is on the debtor's aggregate interest, not to exceed $100,000 less any property transferred in the manner specified in 11 U.S.C. § 542(d), in any accrued dividend or interest under, or loan value of, an unmatured contract under which the insured is the debtor or an individual of whom the debtor is a dependent; it is one aggregate ceiling rather than a per-policy allowance, and it is not indexed)

N.D. Cent. Code § 28-22-03.1(5) (the seasoning bar, which operates on the face of the subsection and requires no proof of fraudulent intent: any cash deposit not previously scheduled to be made into a life insurance policy or nonqualified annuity over the previous twelve months is not exempt; the same subsection lets spousal support, child support and a qualified domestic relations order through)

N.D. Cent. Code § 28-22-03.1(7) (the $200,000 per account and $400,000 aggregate figures belong to retirement funds, a separate subsection and a separate asset class; the life insurance ceiling stands independent of pensions and annuities)

N.D. Cent. Code § 26.1-33-40 (avails payable to the deceased, the personal representative, the heirs or the estate are not subject to the decedent's debts except by special contract, but must be inventoried as part of the estate)

Ohio

Ohio Rev. Code § 3911.10 (a life insurance or annuity contract taken out for the benefit of, or made payable by change of beneficiary, transfer or assignment to, the spouse or children, any persons dependent upon the insured, an institution or entity described in § 3911.09(B)(1), any creditor, or a trustee for any of them is held free from all claims of the creditors of the insured person or annuitant, with no dollar cap and on identical terms for annuities)

Ohio Rev. Code § 3911.10 (the protection runs subject to a change of beneficiary if desired, so retaining the power to change the beneficiary does not defeat it; a policy or annuity payable to the insured's own estate, or to a third party who is neither dependent nor within the listed classes, falls outside the section)

Ohio Rev. Code § 3911.10 (premiums paid in fraud of creditors, with interest, inure to their benefit out of the proceeds, with no stated lookback; the insurer is discharged by paying under the contract unless a creditor first gives written notice specifying the claim and the premiums alleged to have been fraudulently paid)

Ohio Rev. Code § 2329.66(A)(6)(b) (the debtor's exemption schedule carries § 3911.10 as one of its items)

Oklahoma

Okla. Stat. tit. 36, § 3631.1(A) (all money or benefits of any kind, including policy proceeds and cash values, to be paid or rendered to the insured or any beneficiary under any life, health or accident policy, any mutual benefit association policy, or any plan or program of annuities and benefits are fully exempt from execution, attachment, garnishment or other process and from all demands in any bankruptcy proceeding, with no dollar cap)

Okla. Stat. tit. 36, § 3631.1(B) (the exemption applies without regard to whether the power to change the beneficiary is reserved to the insured or whether the insured or the insured's estate is a contingent beneficiary, so the state imposes no beneficiary-class condition at all)

Okla. Stat. tit. 36, § 3631.1(A)(3) (the protection follows the money: the benefits cannot be seized or applied to pay any debt of the insured or of any beneficiary either before or after the money is paid or rendered)

Okla. Stat. tit. 36, § 3631.1(C) (three exceptions: premium payments made in fraud of creditors, subject to the applicable statute of limitations; fines imposed for violating a state or federal statute; and a debt of the insured or of a beneficiary secured by a pledge of the policy or its proceeds)

Oregon

Or. Rev. Stat. § 743.046(3) (a policy of life insurance payable to a beneficiary other than the estate of the insured, having by its terms a cash surrender value available to the insured, is exempt from execution issued from any court in the state and from all demands in bankruptcy; the section sets no dollar cap and names no family or dependent class, so any third party qualifies)

Or. Rev. Stat. § 743.046(5) (the insured is not denied the right to change the beneficiary where that right is expressly reserved), (4) (premiums paid in fraud of creditors, with interest, inure to creditors, subject to the statute of limitations and a written notice to the insurer's home office, with no fixed lookback), (6) (the section does not apply to annuity policies)

Or. Rev. Stat. § 18.345 (the general exempt-personal-property statute carries no life insurance line and no annuity line; its $7,500 figure sits in subsection (4), a personal bodily injury item that operates only where the garnishment or execution issues to collect past due support)

Or. Rev. Stat. § 743.049(1)(b) (annuities are metered rather than exempted: the total exemption of periodic annuity benefits stops at $500 per month, the excess being subject to garnishee execution to the same extent as wages and salaries), (1)(c) (the court may order the excess paid; the $500 is fixed and not indexed)

11 U.S.C. § 522(b) (Oregon lets a bankruptcy filer elect the federal exemption list in place of the state list; § 522(d)(7) exempts an unmatured life insurance contract the debtor owns with no cap, and § 522(d)(8) exempts $16,850 of its accrued dividend, interest or loan value for cases filed April 1, 2025 through March 31, 2028)

Pennsylvania

42 Pa. Cons. Stat. § 8124(c)(6) (the net amount payable under any annuity contract or policy of life insurance made for the benefit of, or assigned to, the spouse, children or dependent relative of the insured is exempt, whether or not the right to change the named beneficiary is reserved, and the sentence that follows withdraws that exemption to the extent the judgment debtor is such spouse, child or other relative)

42 Pa. Cons. Stat. § 8124(c)(3) (where the debtor is the beneficiary of his own coverage the exemption is capped: a policy or contract of insurance or annuity issued to a solvent insured who is the beneficiary of it is exempt except as to any part exceeding an income or return of $100 per month; the insured must have been solvent when the policy issued, and the figure is fixed and unindexed)

42 Pa. Cons. Stat. § 8124(c)(5) (group life insurance and its proceeds are exempt without limit), (c)(4) (proceeds retained by the insurer at maturity are exempt only if the policy or a supplemental agreement provides that the proceeds and income are not assignable), (c)(7) (net amounts payable under accident or disability coverage)

Vertonix, Ltd. v. Lyubarsky, Nos. 3787 EDA 2016, 477 EDA 2017, 2943 EDA 2017 (Pa. Super. Feb. 6, 2018) (non-precedential memorandum applying the closing sentence of (c)(6) literally and affirming an order that the insurer surrender the net cash surrender value of two policies because the spouse beneficiary was herself a judgment debtor, which also shows (c)(6) reaching lifetime cash surrender value and not only the death benefit)

Resolute Ins. Co. v. Pennington, 224 A.2d 757 (Pa. 1966) (construing predecessor 40 Pa. Stat. § 517 before the judgment-debtor sentence existed; the Superior Court in Vertonix declined to follow it)

11 U.S.C. § 522(b) (Pennsylvania lets a bankruptcy filer elect the federal exemption list instead of the state one, where § 522(d)(7) exempts the unmatured contract without a cap and § 522(d)(8) exempts $16,850 of its loan value)

Rhode Island

R.I. Gen. Laws § 27-4-11 (the lawful beneficiary or assignee of the policy, other than the insured or the person effecting that insurance or the executors or administrators of either, is entitled to the policy's proceeds and avails against the creditors and representatives of the insured and of the person effecting the insurance, whether or not the right to change the beneficiary is reserved, with a carve-out for premiums paid with intent to defraud creditors, plus interest)

R.I. Hosp. Trust Nat'l Bank v. Silverman, No. PC 1994-1182, 2002 WL 220786 (R.I. Super. Feb. 5, 2002) (proceeds and avails include cash surrender value, exempt in favor of the beneficiary against the insured's creditors, and an unexercised surrender option is no attachable debt a court can compel the owner to exercise; a writ of attachment on an owner-insured's policy and its cash surrender value was dissolved where his wife was sole beneficiary; a trial-level decision, the Rhode Island Supreme Court not having decided the question)

In re Soori-Arachi, 600 B.R. 153, 161 (Bankr. D.R.I. 2019) (§ 27-4-11 protects an insured's beneficiary in the proceeds of an unexercised surrender value against the claims of the insured's creditors, citing Silverman with approval; the annuity before the court fell outside § 27-4-11 entirely)

R.I. Gen. Laws § 27-4-12 (a contractual spendthrift clause is permitted but confined to a beneficiary other than the insured or the purchaser of the annuity, so it cannot shield the owner's own interest)

R.I. Gen. Laws § 9-26-4 (the general list of property exempt from attachment carries no life insurance line and no annuity line; its insurance-adjacent items are (11) individual retirement accounts and annuities under 26 U.S.C. §§ 408 and 408A and (12) plans protected by ERISA, and the wildcard at (16) gives a debtor in bankruptcy an additional $6,500 in any assets, which is the route an annuity's surrender value takes)

In re Soori-Arachi, 600 B.R. 153, 160 (Bankr. D.R.I. 2019) (Rhode Island has not opted out of the federal exemption scheme, so a debtor may claim either the state or the federal exemptions), citing In re Barbera, 285 B.R. 355 (Bankr. D.R.I. 2002)

South Carolina

S.C. Code Ann. § 38-63-40(A) (proceeds and cash surrender values of life insurance payable to a beneficiary other than the insured's estate, in which those proceeds and values are expressed to be for the primary benefit of the insured's spouse, children, or dependents, are exempt from the creditors of the insured with no dollar cap, whether or not the right to change the beneficiary is reserved and whether or not the policy is payable to the insured if the beneficiary dies first; the primary-benefit language is a drafting requirement, not merely a designation)

S.C. Code Ann. § 38-63-40(A)(1) (the seasoning gate: where the insured has filed a petition in bankruptcy within two years of purchasing the insurance, the proceeds or cash surrender value are exempt only as permitted by § 15-41-30)

S.C. Code Ann. § 38-63-40(A)(2) (premiums paid with intent to defraud creditors, and interest on them, sit outside the exemption), (A)(3) (a creditor holding a valid assignment may recover the secured amount with interest from either the cash surrender value or the proceeds), (B) (proceeds may by agreement be held by the insurer exempt from the beneficiary's creditors, a contractual spendthrift option rather than owner protection), (C) (group life proceeds exempt without condition), (D) (accident and disability benefits)

S.C. Code Ann. § 15-41-30(A)(8) (the Title 15 schedule that the two-year gate collapses to exempts the unmatured contract itself), (A)(9) (and caps the debtor's aggregate interest in any accrued dividend or interest under, or loan value of, an unmatured contract at a statutory base of $4,000), (B) (each dollar amount is adjusted every even-numbered year to the Southeastern Consumer Price Index for All Urban Consumers, rounded to the nearest $25, effective July 1 and published in the State Register by the Economic Research Division of the Revenue and Fiscal Affairs Office by March 1; the adjusted figure effective July 1, 2024 was $6,100)

S.C. Code Ann. § 15-41-35 (South Carolina has opted out: no individual may exempt from the property of the estate in any bankruptcy proceeding the property specified in 11 U.S.C. § 522(d) except as expressly permitted by this chapter or by other law of the state)

South Dakota

S.D. Codified Laws § 58-12-4 (the proceeds of a policy of life or health insurance are exempt to the total amount of twenty thousand dollars only, in the absence of any agreement or assignment to the contrary; the exemption inures to the separate use of the insured, a surviving spouse, or children, and applies notwithstanding that the proceeds may be payable directly to the insured; the figure is flat and unindexed)

S.D. Codified Laws § 43-45-6 (a separate $10,000 where the proceeds are payable to the decedent's estate or personal representative and a spouse or minor child survives)

S.D. Codified Laws §§ 58-12-6, 58-12-8 (the annuity branch, capped at $250 per month; the figure is flat and unindexed)

Tennessee

Tenn. Code Ann. § 56-7-203 (the net amount payable under any policy of life insurance or under any annuity contract upon the life of any person, made for the benefit of, or assigned to, the spouse and/or children, or dependent relatives, is exempt from creditors' claims; a family and dependent class, not merely a third party, and no dollar cap)

Tenn. Code Ann. § 56-7-203 (the exemption reaches claims arising out of obligations created after January 1, 1932, and holds whether or not the right to change the named beneficiary is reserved; a policy payable to a non-dependent third party, to a business, or to the insured's estate falls outside the section during the insured's life)

Tenn. Code Ann. § 56-7-201 (on the death of an insured, life insurance payable to the intestate insured's estate benefits the surviving spouse and children and is divided between them according to the statutes of distribution without being in any manner subject to the debts of the decedent; proceeds payable to a testate decedent's estate or to the trustee of the decedent's revocable trust pass as part of the estate or trust but are not subject to the decedent's debts unless specifically charged with them in the will or trust agreement)

Texas

Tex. Ins. Code § 1108.051(a) (covers any benefits, including the cash value and proceeds of an insurance policy, to be provided to an insured or beneficiary under a policy or annuity contract issued by a life, health, or accident insurance company or under an annuity or benefit plan used by an employer or individual)

Tex. Ins. Code § 1108.051(b)(2) (those benefits are fully exempt from garnishment, attachment, execution or other seizure, from application by any legal or equitable process to pay a debt of an insured or of a beneficiary, and from a demand in a bankruptcy proceeding; no dollar cap and no beneficiary condition)

Tex. Ins. Code § 1108.051(b)(2)(B) (the exemption runs against process to pay a debt either before or after the benefits are provided, an express post-payment reach)

Tex. Ins. Code § 1108.053 (the three exceptions: a premium payment made in fraud of a creditor, subject to the applicable limitations period; a debt secured by a pledge of the policy or its proceeds; and a child support lien or levy under Family Code chapter 157)

Utah

Utah Code § 78B-5-505(1)(a)(xiii) (exempts the proceeds and avails of any unmatured life insurance contract owned by the debtor or by a revocable grantor trust the debtor created, with no dollar cap and no beneficiary class, excluding any payments made on the contract during the one year immediately preceding a creditor's levy or execution)

Utah Code § 78B-5-505(1)(a)(xi), (xii) (the death benefit branches require the contract to have been owned by the debtor, or to have been in existence, for a continuous unexpired period of one year)

Utah Code § 78B-5-505(1)(c)(ii) (preserves a secured creditor's interest in a policy assigned or pledged as collateral)

Utah Code § 78B-5-505(4)(a) (removes the (1)(a)(xii) and (xiii) exemptions for an individual held in contempt under § 78B-6-317)

Vermont

Vt. Stat. Ann. tit. 12, § 2740(18) (exempts any unmatured life insurance contract owned by the debtor, other than a credit life insurance contract; no cap, no seasoning period, and no beneficiary class, so the cash surrender value of a debtor-owned policy is protected while the contract is unmatured)

Vt. Stat. Ann. tit. 12, § 2740(19)(H) (once the contract matures, payments under a life insurance contract on a person the debtor depended on are exempt only to the extent reasonably necessary for the support of the debtor and any dependents of the debtor)

Vt. Stat. Ann. tit. 12, § 2740(19)(J) (payments under a pension, annuity, profit sharing, stock bonus, or similar plan on account of death, disability, illness, or retirement, exempt on the same support test)

Vt. Stat. Ann. tit. 8, § 3706(a) (a third-party beneficiary or assignee takes the proceeds and avails against the insured's creditors except in cases of transfer with intent to defraud creditors, with an express clawback of premiums paid with intent to defraud, with interest)

Virginia

Va. Code Ann. § 38.2-3122(A) (defines the protected insurance item to include the cash surrender value, the proceeds, the withdrawal value of any optional settlement or deposit, and all other benefits, indemnities, payments, and privileges of every kind)

Va. Code Ann. § 38.2-3122(B)(1)-(4) (in no case shall a protected insurance item be liable to execution, attachment, garnishment, or other legal process in favor of any creditor of the insured, of a qualifying dependent-class beneficiary, of the person who owns the contract, deposit, or policy, or of the person who effected it, so the owner's own creditors are barred; no dollar cap)

Va. Code Ann. § 38.2-3122(C) (no exemption where the policy or annuity was taken out, made, or assigned in writing for the benefit of the creditor), (D) (premiums paid with intent to defraud creditors, with interest, inure to them)

Va. Code Ann. § 38.2-3122(E) (no exemption for any protected insurance item issued or effected during the six months preceding a voluntary bankruptcy petition, an order for relief or a declaration of insolvency, or a reorganization or liquidation petition; the gate triggers on insolvency proceedings, not on a plain judgment)

Va. Code Ann. § 38.2-3122(F) (the exemption survives a reserved right to change the beneficiary and a contingent interest in the insured, the owner, the annuitant, or their estates)

Washington

Wash. Rev. Code § 48.18.410(1) (the lawful beneficiary, assignee, or payee of a life insurance policy, other than an annuity, effected by any person on his or her own life or on the life of another in favor of a person other than himself or herself takes the proceeds and avails against the creditors of the insured)

Wash. Rev. Code § 48.18.410(3)(a) (the exemption is denied to any claim to or interest in the proceeds or avails by or on behalf of the insured, or the person so effecting the insurance, or their administrators or executors, in whatever capacity the claim is made or the interest is asserted)

Wash. Rev. Code § 6.15.010(1)(d)(ii) (the general personal property catch-all: in a bankruptcy case, any other personal property not to exceed $10,000 in value), (iii)(A) (other than in a bankruptcy case, other personal property not to exceed $3,000 in value)

Wash. Rev. Code § 6.15.050(8) (presupposes that a Washington debtor may exempt property under 11 U.S.C. § 522(d), so the federal schedule stands as an alternative)

Wash. Rev. Code § 48.18.430(1)(b) (annuities: the total exemption of benefits presently due and payable under all annuity contracts is capped at $3,000 per month, the excess subject to garnishee execution as wages are, and the cap is not indexed), (c) (the court may order a further just and proper portion of the excess paid to a judgment creditor)

West Virginia

W. Va. Code § 38-10-4(g) (the bankruptcy schedule exempts any unmatured life insurance contract owned by the debtor, other than a credit life insurance contract, with no dollar cap)

W. Va. Code § 38-10-4(j)(3) (exempts all life insurance proceeds paid to the debtor as a beneficiary, any annuities, and any annuities or life insurance policies owned by the debtor which are payable to someone other than the debtor, including any applicable cash surrender value; also uncapped)

W. Va. Code § 38-10-4(k) (solely for the purpose of applying 11 U.S.C. § 522(b)(2) in a federal bankruptcy proceeding, and only to the extent otherwise allowed by applicable federal law, an individual debtor domiciled in the state may exempt from the bankruptcy estate the property specified under 11 U.S.C. § 522(d)), (l) (the 2023 amendments apply to bankruptcies filed on or after their effective date)

W. Va. Code § 33-6-27(a) (outside bankruptcy the insurance code protects only the beneficiary or assignee, other than the insured or the person so effecting such insurance)

W. Va. Code § 38-8-1 (the general personal property exemption schedule that applies outside bankruptcy; it carries no life insurance item)

Wisconsin

Wis. Stat. § 815.18(3)(f)2. (exempts the unmatured life insurance or annuity contract itself, owned by the debtor and insuring the debtor, the debtor's dependent, or an individual of whom the debtor is a dependent, other than a credit life insurance contract, plus the debtor's aggregate interest not to exceed $150,000 in value in any accrued dividends, interest, or loan value of all such contracts; one ceiling across the three, and it is not indexed)

Wis. Stat. § 815.18(3)(f)3.a. (a contract issued less than 24 months before the applicable date is capped at $4,000)

Wis. Stat. § 815.18(3)(f)3.b. (a contract issued at least 24 months but funded less than 24 months before the applicable date is limited to the value of the contract the day before that first funding, plus the lesser of $4,000 or the difference between that value and the value of the contract on the applicable date)

Wis. Stat. § 815.18(3)(f)1. (the applicable date is the earlier of the date the exemption is claimed and the date the cause of action that produced the judgment was filed, so the clock runs from the complaint)

Wis. Stat. § 815.18(8) (marital property rights: each spouse is entitled to and may claim the exemptions under the section, each up to the specified maximum, combinable in the same property or applied to different property, so a married couple has $300,000)

Wis. Stat. § 815.18(4) (tracing: property traceable to property that would be exempt under the section, in the form of cash proceeds or otherwise, is not exempt unless expressly provided for in the section, and paragraph (f) provides no tracing)

Wyoming

Wyo. Stat. Ann. § 26-15-129(a) (where a policy is executed in favor of a person other than himself, or is assigned or made payable to that person, the lawful beneficiary or assignee, other than the insured or the person executing the insurance or the executors or administrators of the insured, is entitled to its proceeds, including death benefits, cash surrender and loan values, premiums waived and dividends, against the creditors and representatives of the insured and of the person executing the policy; no dollar cap, but dividends the debtor has actually elected to receive in cash after issuance and transfers made with intent to defraud creditors are carved out)

Wyo. Stat. Ann. § 26-15-129(b) (premiums paid with intent to defraud creditors, with interest, inure to them on written notice to the insurer's home office specifying the claim), (c) (a facility-of-payment clause makes the policy payable to another)

In re Vigil, 272 B.R. 306, 308 (Bankr. D. Wyo. 2002) (owner-insured spouses, each the other's beneficiary; their claimed exemptions in cash surrender value were denied because the statute specifically precludes an exemption by the insured or the person executing the policy, the owner)

Michaels v. Zubrod (In re Michaels), 282 B.R. 234, 238-40 (B.A.P. 10th Cir. 2002) (affirming Vigil; the 2001 amendment adding cash surrender and loan values to proceeds did not create an owner exemption, the section excluding the insured, the person executing, and their executors and administrators, and protecting beneficiaries and assignees only once their property rights have vested; a beneficiary of a living insured holds a mere expectancy that is not estate property and cannot be exempted)

Novosel v. Sun Life Assur. Co., 49 Wyo. 422, 57 P.2d 110 (1936) (the Wyoming decision Michaels relied on for the rule that a beneficiary of a living insured holds a mere expectancy)

Federal law

11 U.S.C. § 522(d)(7) (the federal schedule exempts any unmatured life insurance contract owned by the debtor, other than a credit life insurance contract, with no dollar cap, so a filer on the federal list keeps the policy itself without limit)

11 U.S.C. § 522(d)(8) (the federal schedule caps the accrued dividend or interest under, or loan value of, an unmatured life insurance contract owned by the debtor at $16,850 for cases filed April 1, 2025 through March 31, 2028; the paragraph reaches only a contract under which the insured is the debtor or an individual of whom the debtor is a dependent, and the figure is reduced by any amount of property of the estate transferred in the manner specified in § 542(d))

11 U.S.C. § 104; 90 Fed. Reg. 8941 (Feb. 4, 2025), corrected at 90 Fed. Reg. 10643 (Feb. 25, 2025) (the triennial Judicial Conference adjustment that moved the § 522(d)(8) amount from $14,875 to $16,850, against a statutory base of $8,000, effective April 1, 2025; the cycle has run unbroken at 2007, 2010, 2013, 2016, 2019, 2022 and 2025, and the next adjustment falls April 1, 2028)

11 U.S.C. § 522(d)(5) (the federal wildcard, $1,675 plus up to $15,800 of any unused § 522(d)(1) homestead exemption, on the same April 1, 2025 through March 31, 2028 window, adjusted by the 2025 notice from $1,475 and $13,950 against a statutory base of $800 plus $7,500)

11 U.S.C. § 522(d)(11)(C) (uncapped and support tested: the debtor's right to receive, or property traceable to, a payment under a life insurance contract that insured the life of an individual of whom the debtor was a dependent on the date of that individual's death, to the extent reasonably necessary for the support of the debtor and any dependent of the debtor; this is the federal rule for death benefit proceeds in a dependent beneficiary's own bankruptcy, and its sibling § 522(d)(11)(D) is capped at $31,575 on the same cycle)

11 U.S.C. § 522(b)(2), (b)(3)(A)-(B) (the exemption election: the debtor takes either the federal § 522(d) list under paragraph (2) or the state and local law exemptions under paragraph (3)(A)-(B), and the § 522(d) list is available unless the State law applicable to the debtor under paragraph (3)(A) specifically does not so authorize, which is why a state statute that merely restricts which state exemptions apply in bankruptcy is not an opt-out; nineteen states and the District of Columbia, twenty jurisdictions, leave the choice open, New York, Pennsylvania and Texas among them)

26 U.S.C. § 6332(b) (the special rule for life insurance and endowment contracts: a levy served on the insurer, without surrender of the contract document, is a demand for the amount the taxpayer could have had advanced on the ninetieth day after service and is itself the exercise of the taxpayer's right to that advance, and the insurer pays that amount over 90 days after service of notice of levy, the notice certifying that a copy was mailed to the taxpayer's last known address; the measure is the cash loan value available by advance rather than a forced surrender, so the contract stays in force, increased by any non-automatic advance, with contractual interest, made on or after the insurer had actual notice or knowledge of the lien under § 6323(i)(1); satisfaction is without prejudice to a civil action to enforce the lien against the contract)

26 U.S.C. § 6334(c) (notwithstanding any other law of the United States, including section 207 of the Social Security Act, no property or rights to property are exempt from levy other than the property specifically made exempt by § 6334(a), whose list carries no life insurance cash value item, so a state exemption does not block federal tax collection)

The full chart and its analysis are on alperlaw.com.