



Because you asked

# Creditor protection and life insurance

In addition to the income tax benefits of life insurance, life insurance also receives creditor protection under some state laws and the federal bankruptcy code.

### 1. How are life insurance policies protected under federal law?

For policyholders who file for protection under the federal bankruptcy laws, the federal Bankruptcy Code protects the actual insurance element of unexpired life insurance policies owned by a debtor and up to a specified amount (currently \$14,875 — adjusted every three years) of the debtor's aggregate interest in any accrued dividend, interest, or loan value of an unexpired life insurance policy, provided that the insured is either the debtor, debtor's spouse, or an individual of whom the debtor is a dependent. The federal Bankruptcy Code provides that debtors in bankruptcy may choose between either the federal exemptions provided in the Bankruptcy Code or the available state law exemptions for bankruptcy (plus exemptions provided by federal law other than the Bankruptcy Code, such as ERISA). However, some states do not allow the federal bankruptcy exemptions, in which case only the state law exemptions would be available in bankruptcy. The Bankruptcy Act passed in 2005 makes no changes to the state law exemptions for life insurance.

### 2. What are the exemptions available under state law?

Many states provide more extensive exemptions of life insurance than federal law. In addition to the bankruptcy exemptions, many states provide protection for the cash value and death benefit of life insurance in a nonbankruptcy context. However, in most cases, state law exempts only the beneficiary(ies) of the life insurance contract from claims by creditors of the owner or insured of the contract in a nonbankruptcy context. In some states, the exemption for life insurance only covers the family members of the insured. Other states provide an exemption from creditors' claims for the insured and/or owner of the contract, in addition to the beneficiary of the contract. For additional creditor protection, a trust, partnership, or limited liability company (LLC) may be an appropriate vehicle to own a life insurance contract.

The summary below reviews the provisions of every state for exemptions of life insurance from attachment by creditors, beginning with the non-bankruptcy context and then exemptions available in bankruptcy under federal and state law. This summary does not consider state specific case law and/or different interpretations of state statutes (except as noted). The exemptions afforded life insurance generally do not apply (i) to the extent premiums were paid to defraud creditors or (ii) when policy is pledged/assigned to secure a debt. These statutes are subject to change, and the listing below is current through **March 2023** based on the information available. For your reference, citations for the relevant provisions have been included.

## State-specific summaries

Alabama	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of owner and/or insured if payable to someone other than owner or insured. <i>Ala. Code §§6-10-8, 27-14-29.</i></p> <p><b>Cash value:</b> Insured-owner's interest in the "proceeds and avails" (including loan value, dividends, death benefit) wholly protected from insured creditors if spouse and/or children are named as beneficiaries. <i>Ala. Code §6-10-8.</i> If owner of the policy is the "wife of the insured," proceeds and avails also protected from wife's creditors. <i>Ala. Code §27-14-29(b).</i></p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions not available. <i>Ala. Code §6-10-11.</i></p> <p><b>State:</b> State exemptions same as in non-bankruptcy context. <i>Ala. Code §6-10-11.</i></p>
Alaska	
Non-bankruptcy context	<p><b>Death benefit:</b> Death benefit exempt from debts of insured. <i>Alaska Stat. §13.33.101(d).</i> Death benefit considered "earnings, income, cash, or other liquid asset" and are exempt from debts of beneficiaries up to a certain amount (\$1890 per week) if beneficiary was a spouse or dependent of insured. Exemption amount indexed annually. <i>Alaska Stat. §§09.38.030(e) and 09.38.115, &amp; Alaska Admin. Code 95.030(c) and (d).</i></p> <p><b>Cash value:</b> Owner's interest in up to \$500,500 of value of unexpired policy is exempt. <i>Alaska Stat. §09.38.025.</i></p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions limited to certain state law exemptions. <i>Alaska Stat. §09.38.055.</i></p> <p><b>State:</b> State exemptions same as in non-bankruptcy context. <i>Alaska Stat. §09.38.055.</i></p>
Arizona	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from the debts of owner if payable to a person other than the owner or their legal representatives, regardless of whether beneficiary is an individual or a trust. <i>Ariz. Rev. Stat. §20-1131, May v. Ellis, 208 Ariz. 229 (Ariz. 2004).</i> Proceeds received by a surviving spouse or child of the insured are exempt from creditors of such beneficiaries up to \$20,000. <i>Ariz. Rev. Stat. §33-1126.A.1.</i></p> <p><b>Cash value:</b> Exempt in the case of a debtor who, for a continuous unexpired period of two years, has named the insured's surviving spouse, child, parent, brother, sister or other dependent as beneficiary (exempt in proportion to how such beneficiaries are named). <i>Ariz. Rev. Stat. §20-1131 and §33-1126.A.6.</i></p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <i>Ariz. Rev. Stat. §33-1133.</i></p> <p><b>State:</b> State exemptions same as in non-bankruptcy context. <i>Ariz. Rev. Stat. §33-1133.</i></p>

Arkansas	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from the debts of owner if payable to a person other than owner or their legal representatives. <i>A.C.A. §23-79-131</i>. Proceeds received by beneficiary are fully exempt from debts of beneficiary, to the extent permitted by Arkansas Constitution. <i>A.C.A. §16-66-209</i>.</p> <p><b>Cash value:</b> Exempt from debts of owner, to the extent permitted by Arkansas Constitution. <i>A.C.A. §16-66-209</i>. Note, however, in <i>In re Hudspeth</i>, 92 Bankr. 827 (Bankr. W.D. Ark. 1988), Court held that the state exemption afforded to insurance benefits in <i>A.C.A. §16-66-209</i> was unconstitutional because Article 9, Section 2 of Arkansas's Constitution imposes a \$500 limited exemption from creditor claims arising out of a contract debt. In <i>Federal Sav. &amp; Loan Ins. Co. v. Holt</i>, 894 F.2d 1005 (8th Cir. 1990), the Court imposed a \$500 exemption ceiling on life insurance benefits and policies' cash surrender value.</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are available. <i>A.C.A. §16-66-217</i>.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context. <i>A.C.A. §§16-66-217 and 16-66-218(b)(7)</i>. As discussed in the non-bankruptcy context, these exemptions may be capped by the Arkansas Constitution, Article 9, Sections 1 and 2.</p>
California	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt to the extent necessary for support of judgment debtor and spouse/dependents of debtor. <i>Cal. Code of Civ. Proc. §704.100(c)</i>.</p> <p><b>Cash value:</b> Loan value of unmaturing policy exempt from debts of owner to the extent of \$17,075 (\$34,150 if married) (amount adjusted every 3 years). <i>Cal. Code of Civ. Proc. §§704.100(b) and 703.150</i>.</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <i>Cal. Code of Civ. Proc. §703.130</i>.</p> <p><b>State:</b> For state bankruptcy exemptions, one of two options (but not a combination) can be chosen as described below:</p> <p><b>Option 1:</b> Same state exemptions as in non-bankruptcy context.</p> <p><b>Option 2:</b> Unmatured life insurance policy owned by debtor and up to \$17,075 (amount adjusted every 3 years) of debtor's aggregate interest in any accrued dividend or interest under, or loan value of, the policy may be exempted, if the debtor is the insured or a dependent of the insured. <i>Cal. Code of Civ. Proc. §703.140(b)(7) and (8)</i>; see also <i>Cal. Code of Civ. Proc. §703.150</i>.</p>
Colorado	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from the debts of insured when paid to a beneficiary other than insured's estate. <i>C.R.S. §13-54-102</i>.</p> <p><b>Cash value:</b> Exempt up to \$250,000 from debts of insured; except there is no exemption for increases in cash value from extraordinary moneys contributed to the policy during the 48 months prior to the issuance of a writ of attachment, execution or garnishment. <i>C.R.S. §13-54-102</i>.</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <i>C.R.S. §13-54-107</i>.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context. <i>C.R.S. §13-54-107</i>.</p>



Connecticut	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of insured when paid to a beneficiary other than insured's estate. <i>C.G.S.A. §38a-453.</i></p> <p><b>Cash value:</b> The cash surrender value of a life insurance policy issued on a citizen or resident of the state is exempt; up to \$4,000 of accrued dividend, interest, or loan value also exempt. <i>C.G.S.A. §52-352b(19)</i> and <i>(20)</i>.</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are available.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context. <i>C.G.S.A. §38a-453.</i></p>
Delaware	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of owner or insured if payable to someone other than insured, owner or their executors, and from debts of beneficiary. <i>12 Del. C. §1901(c).</i></p> <p><b>Cash value:</b> Delaware provides an exemption for cash value in life insurance, under <i>10 Del. C. §4915.</i> "There shall be exempt from execution or attachment process assets held or amounts payable under any retirement plan, life insurance contract or annuity."</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <i>10 Del. C. §4914(a).</i></p> <p><b>State:</b> State exemptions same as in non-bankruptcy context. <i>10 Del. C. §4914(b).</i></p>
District of Columbia	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of owner and/or insured if payable to someone other than owner or insured who has insurable interest. <i>D.C. Code §31-4716.</i> Death benefit exempt from debts of beneficiary, if debtor was a dependent of the insured and is head of household/family, to the extent necessary for support of debtor-beneficiary and any dependent of debtor. <i>D.C. Code §15-501(a)(11)(C).</i> In other cases, death benefit is exempt from debts of beneficiary up to \$200 (if beneficiary is providing principal support for family) or \$60 (if not providing principal support). <i>D.C. Code §15-503.</i></p> <p><b>Cash value:</b> Unmatured policy is exempt from debts of owner other than a credit insurance contract. <i>D.C. Code §15-501(a)(5).</i></p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are available.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context.</p>
Florida	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of insured if payable to someone other than insured or their estate. <i>Fla. Stat. §222.13.</i></p> <p><b>Cash value:</b> Wholly exempt from debts of owner-insured. <i>Fla. Stat. §222.14.</i></p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions generally not available, except exemptions listed in 11 U.S.C. §522(d)(10). <i>Fla. Stat. §§222.20</i> and <i>222.201.</i></p> <p><b>State:</b> State exemptions same as in non-bankruptcy context. <i>Fla. Stat. §222.20.</i></p>

Georgia	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of insured if payable to someone other than insured or their estate. <i>O.C.G.A. §§33-25-11, 33-27-7.</i></p> <p><b>Cash value:</b> Wholly exempt from debts of owner-insured. <i>O.C.G.A. §33-25-11.</i></p>
Bankruptcy context	<p><b>Federal:</b> Federal bankruptcy exemptions are generally not available. <i>O.C.G.A. §44-13-100(b).</i></p> <p><b>State:</b> State exemptions same as in non-bankruptcy context except only up to \$2,000 of cash surrender value is exempt. <i>O.C.G.A. §§44-13-100(a)(8) and (a)(9).</i> Debtor can also exempt proceeds of insurance policy received on an insured of whom the debtor was a dependent, to the extent reasonably necessary for the support of debtor and any dependents of debtor. <i>O.C.G.A. §44-13-100(a)(11)(C).</i></p>
Hawaii	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from (i) debts of owner and/or insured if payable to insured's spouse, child, parent or other dependent, and (ii) debts of aforementioned beneficiary(ies) under a settlement plan. <i>Haw. Rev. Stat. §431:10-232.</i></p> <p><b>Cash value:</b> Exempt when policy is payable to insured's spouse, child, parent or other dependent. <i>Haw. Rev. Stat. §431:10-232.</i></p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are available.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context. <i>Haw. Rev. Stat. §431:10-232.</i></p>
Idaho	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from (i) debts of owner and/or insured if payable to someone other than owner and/or insured, and (ii) from debts of beneficiary. <i>I.C. §41-1833;</i> see also <i>I.C. §11-604.</i></p> <p><b>Cash value:</b> Exempt when owner is insured or a dependent of insured, except for premiums paid into the life insurance contract within six months of a bankruptcy petition filing. <i>I.C. §11-605(9).</i></p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <i>I.C. §11-609.</i></p> <p><b>State:</b> State exemptions same as in non-bankruptcy context. <i>I.C. §11-609.</i></p>
Illinois	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of insured if payable to insured's spouse, child, parent, or other dependent. <i>215 I.L.C.S. §5/238(a), 735 I.L.C.S. §5/12-1001(f).</i> Death benefit exempt from debts of beneficiary, to the extent reasonably necessary for the support of beneficiary and/or dependents, if beneficiary was a dependent of insured. <i>735 I.L.C.S. §5/12-1001(h).</i></p> <p><b>Cash value:</b> Exempt when policy is payable to or for the benefit of insured's spouse, child, parent or other dependent. <i>735 I.L.C.S. §5/12-1001(f)</i></p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <i>735 I.L.C.S. §5/12-1201.</i></p> <p><b>State:</b> State exemptions same as in non-bankruptcy context.</p>

Indiana	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of insured and their spouse if payable to spouse, child or any relative dependent of insured. <i>Ind. Code §27-1-12-14</i>. If contract includes restrictions on alienation/encumbrance, benefits payable to a person, other than the person providing consideration for the insurance contract, are wholly exempt from such beneficiary's creditors. <i>Ind. Code §27-2-5-1</i>.</p> <p><b>Cash value:</b> Exempt from creditors of insured and insured's spouse when policy is payable to insured's spouse, child, parent or other dependent. Exemption does not include premium paid within one year. <i>Ind. Code §27-1-12-14</i>.</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <i>Ind. Code §34-55-10-1</i>.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context.</p>
Iowa	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of insured if payable to spouse, children or other dependent of insured. <i>Iowa Code Ann. §627.6(6)</i>. Death benefit also exempt up to \$15,000 from the debts of a beneficiary (incurred prior to death of insured), if beneficiary is surviving spouse, child or dependent of insured. <i>Iowa Code Ann. §627.6(6)</i>.</p> <p><b>Cash value:</b> Exempt if beneficiary is spouse, child, or dependent of policy owner, provided that increases in cash value attributable to prior two years are limited to \$10,000. <i>Iowa Code Ann. §627.6(6)</i>.</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <i>Iowa Code Ann. §627.10</i>.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context.</p>
Kansas	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of owner, insured and beneficiary when payable to any person having an insurable interest in insured. <i>K.S.A. §40-414, §60-2313(a)(7)</i>.</p> <p><b>Cash value:</b> Exempt from creditors of owner if policy payable to person having insurable interest in insured, provided policy wasn't issued within the past year. <i>K.S.A. §40-414</i>.</p>
Bankruptcy context	<p><b>Federal:</b> Only federal exemptions provided by 11 U.S.C. 522(d)(10) are available. <i>K.S.A. §60-2312</i>.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context. <i>K.S.A. §60-2312</i>.</p>
Kentucky	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from (i) debts of owner and/or insured if payable to someone other than owner and/or insured, and (ii) from debts of beneficiary that exist at the time the death benefit is payable to beneficiary. <i>K.R.S. §304.14-300</i>.</p> <p><b>Cash value:</b> Wholly exempt from debts of owner. <i>K.R.S. §427.110</i>.</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are available. <i>K.R.S. §427.170</i>.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context.</p>



Louisiana	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of insured, owner or their estates, from claims by their heirs, and from debts of beneficiary. <i>La. Rev. Stat. Ann. §22:912(A)(1)</i>.</p> <p><b>Cash value:</b> Wholly exempt from debts of owner and owner's estate; provided, however, that cash value exempt only up to \$35,000 when judgment/bankruptcy comes within nine months of policy being issued. <i>La. Rev. Stat. Ann. §22:912(A)(1)</i> and <i>(A)(2)</i>.</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <i>La. Rev. Stat. Ann. §13:3881(B)(1)</i>.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context. <i>La. Rev. Stat. Ann. §13:3881(B)(1)</i>.</p>
Maine	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from (i) debts of owner and/or insured if payable to someone other than owner and/or insured, and (ii) from debts of beneficiary. <i>24-A M.R.S. §2428</i>.</p> <p><b>Cash value:</b> Accrued dividend or interest, or loan value, in unexpired policy (except credit life insurance) exempt from debts of owner up to \$5,000, provided insured is the debtor or individual upon whom debtor is dependent. <i>14 M.R.S. §4422(10)</i> and <i>(11)</i>.</p>
Bankruptcy context	<p><b>Federal:</b> Only federal exemptions provided by 11 U.S.C. 522(b)(3)(A) and (B) are available. <i>14 M.R.S. §4426</i>.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context. <i>14 M.R.S. §4426</i>.</p>
Maryland	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of insured if payable to spouse, child or dependent relative of insured. <i>Md. Code Ann., Ins. Law §16-111, Est. and Trust Law §8-115, Court and Jud. Proc. Law §11-504(b)(2)</i>. Death benefit wholly exempt from debts of beneficiary. <i>Md. Code Ann., Court and Jud. Proc. Law §11-504(b)(2)</i>.</p> <p><b>Cash value:</b> Unlimited exemption from debts of owner if beneficiary of policy is spouse, child or dependent relative of insured. <i>Md. Code Ann., Ins. Law §16-111</i>.</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <i>Md. Code Ann., Court and Jud. Proc. Law §11-504(g)</i>.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context. Exemption does not include dividends if debtor elects to receive the dividends in cash. <i>Md. Code Ann., Ins. Law §16-111(b)</i>.</p>
Massachusetts	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of owner if the policy is payable to a beneficiary, other than the owner, with an insurable interest in insured. <i>M.G.L. c. 175, §125</i>. Death benefit exempt from debts of beneficiary if (i) proceeds held by insurer and contract prohibits beneficial interest from being assigned, encumbered or attached by, or in favor of, creditors, or (ii) beneficiary is a "married woman." <i>M.G.L. c. 175, §§119A</i> and <i>126</i>.</p> <p><b>Cash value:</b> Exempt from debts of owner if beneficiary designation is unchanged since issuance. <i>M.G.L. c. 175, §125; In re Sloss</i>, 279 B.R. 6 (Bankr. D. Mass. 2002).</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are available.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context.</p>

Michigan	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from the debts of owner and/or insured if payable to someone other than owner and/or insured. Additional exemption of death benefit when owner is a husband or wife. <i>MCL §500.2207</i>.</p> <p><b>Cash value:</b> Wholly exempt from debts of owner. <i>MCL §500.2207; DC Mex Holdings LLC v. Affordable Land LLC and Dale Fuller</i>, 320 Mich. App. 528 (Mich. Ct. App. 2017). Note, however, that there is precedence in Michigan that could allow creditors to access cash value in a life insurance policy owned by the debtor insured despite <i>MCL §500.2207</i>. See <i>Chrysler First Business Credit Corporation v. Rotenberg v. John Hancock Mutual Life Insurance Co.</i>, 789 F. Supp 870 (1992); and <i>Schenck Boncher &amp; Prasher v. Vanderlaan</i>, 2003 Mich. App. Lexis 2082 (2003).</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are available.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context.</p>
Minnesota	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of owner if payable to someone other than owner. <i>Minn. Stat. §61A.12</i>. Up to \$52,000 of death benefit exempt from debts of beneficiary-spouse or child (increased by \$13,000 for each dependent of surviving spouse or child). <i>Minn. Stat. §550.37(10)</i>.</p> <p><b>Cash value:</b> Up to \$10,400 in cash value exempt from debts of owner if owner is insured or dependent of insured. <i>Minn. Stat. §550.37(23)</i>.</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are available. <i>Minn. Stat. §550.371</i>.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context. <i>Minn. Stat. §550.371</i>. Note: for married persons, special rules may apply re: exemptions available in bankruptcy. See <i>Minn. Stat. §550.371</i>.</p>
Mississippi	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of insured if payable to someone other than insured. <i>Miss. Code Ann. §85-3-11</i>.</p> <p><b>Cash value:</b> Exempt from debts of insured if payable to someone other than insured; provided, however, that only up to \$50,000 of cash value is exempt if premiums paid within 12 months. <i>Miss. Code Ann. §85-3-11</i>.</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <i>Miss. Code Ann. §85-3-2</i>.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context. <i>Miss. Code Ann. §85-3-11</i>.</p>
Missouri	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of owner or beneficiary. <i>Mo. Rev. Stat. §§377.330 and 513.430.1</i>.</p> <p><b>Cash value:</b> Wholly exempt from debts of owner. <i>Mo. Rev. Stat. §§377.330 and 513.430.1(7) and (8)</i>.</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <i>Mo. Rev. Stat. §513.427</i>.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context, except that cash value only exempt up to a maximum of \$150,000. Also, no exemption for cash value if policy was purchased by debtor within one year prior to commencement of bankruptcy. <i>Mo. Rev. Stat. §513.430.1(8)</i>.</p>



Montana	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from the debts of owner and/or insured if payable to someone other than owner and/or insured. <i>Mont. Code Ann. 33-15-511.</i></p> <p><b>Cash value:</b> Wholly exempt from debts of owner. <i>Mont. Code Ann. 25-13-608(k).</i></p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <i>Mont. Code Ann. §31-2-106.</i></p> <p><b>State:</b> State exemptions as provided in <i>Mont. Code Ann. §31-2-106(1).</i></p>
Nebraska	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of insured if payable to someone other than insured's estate. Death benefit exempt from debts of beneficiary if related to the insured by blood or marriage. <i>Neb. Rev. Stat. Ann. §44-371(1)(a).</i></p> <p><b>Cash value:</b> Up to \$100,000 exempt from debts of owner; provided, however, that cash value associated with contributions, premiums, or other payments made within three years not exempt. <i>Neb. Rev. Stat. Ann. §44-371(1)(b).</i></p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <i>Neb. Rev. Stat. Ann. §25-15,105.</i></p> <p><b>State:</b> State exemptions same as in non-bankruptcy context. <i>Neb. Rev. Stat. Ann. §25-15,105.</i></p>
Nevada	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from (i) debts of owner and/or insured if payable to someone other than owner and/or insured, and (ii) from debts of beneficiary. <i>NRS §687B.260.</i></p> <p><b>Cash value:</b> Wholly exempt from debts of owner. <i>NRS §21.090.1(k).</i></p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <i>NRS §21.090.3.</i></p> <p><b>State:</b> State exemptions same as in non-bankruptcy context.</p>
New Hampshire	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of person effecting insurance if payable to someone else with insurable interest. <i>N.H. Rev. Stat. Ann §408.2.</i> Exempt from debts of beneficiary (and beneficiary's children) if beneficiary is married woman. <i>N.H. Rev. Stat. Ann. §408:1.</i></p> <p><b>Cash value:</b> No exemption. <i>N.H. Rev. Stat. Ann. §408.2; In re Monahan</i>, 171 B.R. 710 (Bankr. D.N.H. 1994).</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are available.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context.</p>

New Jersey	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from (i) debts of owner and/or insured if payable to someone other than owner and/or insured, and (ii) from debts of beneficiary. <i>N.J. Stat. Ann. §17B:24-6</i>.</p> <p><b>Cash value:</b> Statute protects “proceeds and avails” of insurance contract when beneficiary is someone other than owner and/or insured. <i>N.J. Stat. Ann. §17B:24-6</i> cash value and dividends were both protected as “proceeds and avails”, in unlimited amounts, by NJ courts in <i>Heritage Bank North v. Ashley Development Corp.</i>, 194 NJ Super. 523 (1984).</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are available.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context.</p>
New Mexico	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of deceased, except by special contract or arrangement in writing. <i>N.M. Stat. Ann. §42-10-5</i>.</p> <p><b>Cash value:</b> Policy insuring life of NM resident or citizen exempt from creditor attachment. <i>N.M. Stat. Ann. §42-10-3</i>.</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are available.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context.</p>
New York	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of insured and/or owner if payable to a third person beneficiary. Exempt from debts of insured if payable to owner who is not the insured. Death benefit also exempt from debts of owner who is spouse of insured. <i>N.Y. Ins. Law, §3212</i>.</p> <p><b>Cash value:</b> Wholly exempt from debts of owner. <i>N.Y. Ins. Law, §3212(b); In re Mesigner</i>, 29 F.2d 158 (2<sup>nd</sup> Cir. 1928). Note, however, that loans taken by a debtor-owner are not protected under the statute because the debtor has full control and disposal of the proceeds. See <i>Tanges v. Schonbrun</i>, 196 N.Y.S. 2d 381 (Nassau County Supreme 1959).</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <i>N.Y. Debt. &amp; Cred. Law, §284</i>.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context. <i>N.Y. Debt. &amp; Cred. Law, §282</i>.</p>
North Carolina	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of insured and/or owner if payable to someone other than insured or owner. <i>N.C. Const. art. X, §5; N.C. Gen. Stat. §§1C-1601(a)(6), 58-58-95, 58-58-115</i>.</p> <p><b>Cash value:</b> Wholly exempt from debts of owner-insured if payable to insured’s spouse and/or children. <i>N.C. Gen. Stat. §58-58-95</i>.</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <i>N.C. Gen. Stat. §1C-1601(f)</i>.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context. <i>N.C. Gen. Stat. §1C-1601(f)</i>.</p>

North Dakota	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of deceased even when payable to deceased, heirs of deceased, deceased's estate, or a trustee of a lifetime or testamentary trust. <i>N.D. Cent. Code §§26.1-33-40, 26.1-33-42, 28-22-03.1.</i></p> <p><b>Cash value:</b> Exempt from debts of owner/insured if payable to insured's spouse, child or dependent relative, up to a maximum of \$8,000. <i>N.D. Cent. Code §§26.1-33-36, 28-22-03.1.</i></p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <i>N.D. Cent. Code §28-22-17.</i></p> <p><b>State:</b> State exemptions same as in non-bankruptcy context. <i>N.D. Cent. Code §28-22-17.</i></p>
Ohio	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of insured if payable to insured's spouse, children, dependent relative, charity, creditor, or trust for benefit of the aforementioned individuals. <i>Ohio Rev. Code Ann. §3911.10, §2329.66(A)(6)(b).</i></p> <p><b>Cash value:</b> "Proceeds and avails" exempt from debts of insured if payable to insured's spouse, children, dependent, relative, charity, creditor, or trust for benefit of aforementioned individuals. Statute does not specify if cash value is included in "proceeds and avails" but case law indicates that it is. <i>Ohio Rev. Code Ann. §3911.10, §2329.66(A)(6)(b); Huntington Natl. Bank v. Winter</i>, 2011-Ohio-1751.</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <i>Ohio Rev. Code Ann. §2329.662.</i></p> <p><b>State:</b> State exemptions same as in non-bankruptcy context.</p>
Oklahoma	
Non-bankruptcy context	<p><b>Death benefit:</b> Wholly exempt from debts of insured and debts of beneficiary. <i>Okla. Stat. Ann. tit. 36 §3631.1.</i></p> <p><b>Cash value:</b> Wholly exempt from debts of insured. <i>Okla. Stat. Ann. tit. 36 §3631.1.</i></p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <i>Okla. Stat. Ann. tit. 31 §1(B).</i></p> <p><b>State:</b> State exemptions same as in non-bankruptcy context.</p>
Oregon	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of owner if payable to someone other than owner. <i>Or. Rev. Stat. §743.046(1).</i></p> <p><b>Cash value:</b> Wholly exempt from debts of insured-owner if payable to someone other than insured's estate. <i>Or. Rev. Stat. §743.046(3).</i></p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are available. <i>Or. Rev. Stat. §18.300.</i></p> <p><b>State:</b> State exemptions same as in non-bankruptcy context. <i>Or. Rev. Stat. §18.300.</i></p>



Pennsylvania	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of insured if payable to spouse, child or dependent relative of insured. <i>42 Pa. Cons. Stat. §8124(c)(6)</i>. May be exempt from debts of beneficiary if proceeds are retained by insurer and policy prohibits assigning proceeds/income. See <i>42 Pa. Cons. Stat. §8124(c)(4)</i>.</p> <p><b>Cash value:</b> “Net amount payable,” which has been interpreted to include cash value, exempt from debts of owner when spouse, child or other dependent relative of the insured is named as beneficiary. <i>42 Pa. Cons. Stat. §8124(c)(6); Plastipak Packaging, Inc. v. DePasquale</i>, 75 F. App’x 86 (3d Cir. 2003). Also exempt from debts of insured-owner, when insured is beneficiary, except amount exceeding an income or return of \$100/month. <i>42 Pa. Cons. Stat. §8124(c)(3)</i>.</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are available.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context.</p>
Rhode Island	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of owner and/or insured if payable to someone other than owner and insured. <i>R.I. Gen. Laws §27-4-11</i>. May be exempt from debts of beneficiary if contract prohibits transfer, anticipation, encumbrance by a beneficiary. <i>R.I. Gen. Laws §27-4-12</i>.</p> <p><b>Cash value:</b> Statute protects “proceeds and avails” of insurance contract when beneficiary is someone other than owner and/or insured. <i>R.I. Gen. Laws §27-4-11</i>. Case law indicates that “proceeds and avails” include unexercised cash surrender value. See <i>Rhode Island Hospital Trust National Bank v. Silverman</i>, 848 F.2d 291 (1st Cir. 1988); <i>In re Soori-Arachi</i>, 600 B.R. 153 (Bankr. D.R.I. 2019).</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are available.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context.</p>
South Carolina	
Non-bankruptcy context	<p><b>Death benefit:</b> Wholly exempt from debts of insured if payable to a beneficiary (other than insured’s estate) where proceeds are for primary benefit of spouse, children or dependents (\$50,000 cap for group insurance benefiting spouse, children or dependents). <i>S.C. Code §§38-63-40(A), 38-65-90</i>. Exempt from debts of beneficiary if proceeds are held by insurer, per agreement, to protect from creditors. <i>S.C. Code §38-63-40(B)</i>.</p> <p><b>Cash value:</b> Exempt from debts of insured if payable for the primary benefit of insured’s spouse, children, or dependents (unless purchased within 2 years of declaring bankruptcy, in which case limited to \$5,375). <i>S.C. Code §38-63-40(A)</i>. But see, <i>In re Sims</i>, 421 B.R. 745, 748 (Bankr. D.S.C. 2010) where court interpreted §38-63-40 as not protecting debtor’s interest in cash surrender value from bankruptcy estate despite the fact that debtor’s spouse was named as beneficiary; however, the Court noted in a footnote that the debtor did not claim the exemptions in S.C. Code §15-41-30.</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <i>S.C. Code §15-41-35</i>.</p> <p><b>State:</b> Death benefit wholly exempt from debts of owner, other than a credit life insurance contract, and exempt from debts of beneficiary if beneficiary was dependent of insured to the extent reasonably necessary for the support of beneficiary and beneficiary’s dependents. <i>S.C. Code §15-41-30(b)(8)</i> and <i>(12)</i>. Up to \$5,375 of cash value is exempt from debts of owner if owner is insured or dependent of insured. <i>S.C. Code §15-41-30(b)(9)</i>.</p>

South Dakota	
Non-bankruptcy context	<p><b>Death benefit:</b> Up to \$20,000 exempt from debts of insured and beneficiaries if payable to insured's spouse and/or children. <i>S.D. Codified Laws §58-12-4</i>. Up to \$10,000 exempt from debts of insured and beneficiary-spouse and/or minor child(ren) if payable to insured's estate. <i>S.D. Codified Laws §43-45-6</i>.</p> <p><b>Cash value:</b> Up to \$20,000 exempt from debts of insured-owner. <i>S.D. Codified Laws §58-12-4</i>.</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <i>S.D. Codified Laws §43-31-30</i>.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context. <i>S.D. Codified Laws §43-31-30</i>.</p>
Tennessee	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of insured if (i) insured died intestate to extent proceeds benefit insured's surviving spouse and/or children; (ii) insured died testate leaving proceeds to estate or to revocable trust, unless specifically charged with debts in the will or trust; or (iii) payable to spouse, children or dependent relative of insured. <i>TCA §§56-7-201, 56-7-203</i>. Death benefit also exempt from debts of insured if owned by insured's spouse and payable to spouse, children or insured's estate. <i>TCA §56-7-202</i>.</p> <p><b>Cash value:</b> "Net amount payable" (which has been determined to include cash value) exempt from debts of owner-insured if payable to insured's spouse, children or dependent. <i>TCA §56-7-203; In re Billington</i>, 376 B.R. 239 (Bankr. M.D. Tenn 2007).</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <i>TCA §26-2-112</i>.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context. <i>TCA §26-2-112</i>.</p>
Texas	
Non-bankruptcy context	<p><b>Death benefit:</b> Wholly exempt from debts of insured and debts of beneficiary. <i>Tex. Ins. Code §§1108.051-.053</i>.</p> <p><b>Cash value:</b> Wholly exempt from debts of insured-owner. <i>Tex. Ins. Code §1108.051</i>.</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are available.</p> <p><b>State:</b> Insurance benefits fully exempt for insured and beneficiary in bankruptcy proceedings. <i>Tex. Ins. Code §1108.051(b)(2)(C)</i>.</p>
Utah	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from: (i) debts of insured if payable to or for the benefit of insured's spouse and/or children, provided contract was in existence for at least a year and (ii) debts of beneficiary if insured was spouse or child of beneficiary, provided debtor-beneficiary owned contract for at least a year. <i>Utah Code Ann. §78B-5-505(1)(a)(xi), (xii)</i>.</p> <p><b>Cash value:</b> Wholly exempt from debts of owner, except payments made within one year of creditor's levy or execution. <i>Utah Code Ann. §78B-5-505(1)(a)(xiii)</i>.</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <i>Utah Code Ann. §78B-5-513</i>.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context.</p>

Vermont	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from (i) debts of insured/owner if payable to someone other than insured/owner, and (ii) debts of beneficiary existing at time policy is made available for their use. <b>8 V.S.A. §3706.</b> Death benefit also exempt from debts of beneficiary, to the extent reasonably necessary for support of beneficiary and dependents, if beneficiary was dependent of insured. <b>12 V.S.A. §2740(19)(H).</b></p> <p><b>Cash value:</b> Unmatured policy exempt from debts of owner. <b>12 V.S.A. § 2740(18); <i>In re Gabelhart</i></b>, 138 B.R. 425 (Bankr. D. Vt. 1992).</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are available.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context.</p>
Virginia	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from (i) debts of insured and/or owner and (ii) exempt from debts of beneficiary if beneficiary is owner, insured, spouse, intended spouse, dependent child or other dependent of insured or owner of policy. <b>Va. Code §38.2-3122.</b></p> <p><b>Cash value:</b> Statute exempts cash value from creditors of insured and owner. <b>Va. Code §38.2-3122.</b></p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <b>Va. Code §34-3.1.</b></p> <p><b>State:</b> State exemptions same as in non-bankruptcy context.</p>
Washington	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from (i) debts of insured and/or owner if payable to someone other than insured/owner, and (ii) debts of beneficiary existing at time policy is made available for their use. Exemptions don't apply if claim is made against proceeds by insured or person "effecting the insurance." <b>R.C.W. §48.18.410.</b> Proceeds from group life insurance policies are exempt from debts of insured and beneficiaries. <b>R.C.W. §48.18.420.</b></p> <p><b>Cash value:</b> Statute protects "proceeds and avails" of insurance contract when beneficiary is someone other than owner and/or insured. Case law indicates that "proceeds and avails" include cash value, holding that creditor access to the cash value "wipe(s) out the protective benefits of the policy." See <b>R.C.W. §48.18.410, <i>In re Elliott</i></b>, 74 Wash.2d 600 (Wash. 1968).</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are available.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context.</p>



West Virginia	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from debts of insured and/or owner if payable to someone other than insured/owner; group policy exempt from creditors of owner/insured and beneficiaries. <i>W. Va. Code §§33-6-27, 33-6-28.</i></p> <p><b>Cash value:</b> Statute protects “proceeds and avails” of insurance contract when beneficiary is someone other than owner and/or insured. Not clear if “proceeds and avails” include cash value. <i>W. Va. Code §33-6-27.</i> Consumer protection laws exempt policy (except accrued dividends) from debts of owner-insured from rent-to-own creditors if payable to insured’s spouse or children. <i>W. Va. Code §46B-6-6.</i></p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <i>W. Va. Code §38-10-4.</i></p> <p><b>State:</b> Death benefit wholly exempt from debts of owner, other than a credit life insurance contract, and debtor may exempt up to \$8,000 of cash value on policy owned by debtor if debtor is insured or dependent of insured. <i>W. Va. §§38-10-4(g) and (h).</i> Exempt from debts of beneficiary if beneficiary was a dependent on the date of insured’s death to the extent reasonably necessary for the support of beneficiary and any dependent of beneficiary. <i>W. Va. Code §38-10-4(k)(3).</i></p>
Wisconsin	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from (i) debts of owner if insured is owner, owner’s dependent or individual on whom owner is dependent and (ii) debts of beneficiary, to the extent reasonably necessary for the support of debtor and debtor’s dependents, if debtor was a dependent of insured. <i>Wis. Stat. Ann. §§815.18(3)(f)(2) and 815.18(3)(i)(1)(a).</i></p> <p><b>Cash value:</b> Up to \$150,000 exempt from debts of owner if policy insures debtor, debtor’s dependents or individual of whom debtor is dependent; exemption limited to \$4,000 if policy was issued within 24 months of action being filed (or money was added to contract within 24 months). The exemption could also be limited, for a policy greater than 24 months old, to the policy value before premiums were paid in the previous 24 months. <i>Wis. Stat. Ann. §815.18(3)(f).</i></p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are available.</p> <p><b>State:</b> State exemptions same as in non-bankruptcy context.</p>
Wyoming	
Non-bankruptcy context	<p><b>Death benefit:</b> Exempt from (i) debts of insured and/or owner if payable to someone other than insured/owner and (ii) debts of beneficiary. <i>Wyo. Stat. Ann. §26-15-129.</i></p> <p><b>Cash value:</b> Wholly exempt from debts of owner if someone other than debtor is named as beneficiary. <i>Wyo. Stat. Ann. §26-15-129; In re Vigil</i>, 74 Fed. Appx. 19 (10th Cir. 2003).</p>
Bankruptcy context	<p><b>Federal:</b> Federal exemptions are not available. <i>Wyo. Stat. Ann. §1-20-109.</i></p> <p><b>State:</b> State exemptions same as in non-bankruptcy context.</p>



**For financial professional use only. Not intended for use with the general public.**

This material does not constitute tax, legal, investment or accounting advice and is not intended for use by a taxpayer for the purposes of avoiding any IRS penalty. Comments on taxation are based on tax law current as of the time we produced the material.

All information and materials provided by John Hancock are to support the marketing and sale of our products and services, and are not intended to be impartial advice or recommendations. John Hancock and its representatives will receive compensation from such sales or services. Anyone interested in these transactions or topics may want to seek advice based on his or her particular circumstances from independent professionals.

Insurance products are issued by John Hancock Life Insurance Company (U.S.A.), Boston, MA 02116 (not licensed in New York) and John Hancock Life Insurance Company of New York, Valhalla, NY 10595.

© 2023 John Hancock. All rights reserved.

MLINY031023694-1

<b>INSURANCE PRODUCTS</b>	<b>MAY LOSE VALUE</b>	<b>NOT A DEPOSIT</b>
<b>NOT BANK GUARANTEED</b>	<b>NOT FDIC INSURED</b>	
<b>NOT INSURED BY ANY GOVERNMENT AGENCY</b>		