

1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

As Engrossed: H2/13/23

A Bill

HOUSE BILL 1313

5 By: Representatives Hudson, *Miller*
6

For An Act To Be Entitled

8 AN ACT TO AMEND THE EXEMPTIONS OF LIFE INSURANCE
9 PROCEEDS FROM ACTIONS BY CREDITORS AND
10 REPRESENTATIVES; AND FOR OTHER PURPOSES.
11

Subtitle

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14 TO AMEND THE EXEMPTIONS OF LIFE INSURANCE
15 PROCEEDS FROM ACTIONS BY CREDITORS AND
16 REPRESENTATIVES.
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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21 SECTION 1. Arkansas Code § 23-79-131(a)(1), concerning the exemption
22 of life insurance proceeds from actions by creditors and representatives, is
23 amended to read as follows:

24 (a)(1)(A) If a policy of insurance is effected by any person on his or
25 her own life or on another life in favor of a person other than himself or
26 herself or, except in cases of transfer with intent to defraud creditors, if
27 a policy of life insurance is assigned or in any way made payable to the
28 person, the lawful beneficiary or assignee of the policy, other than the
29 insured or the person effecting the insurance or executors or administrators
30 of the insured or the person effecting the insurance, shall be entitled to
31 its proceeds and avails against the creditors and representatives of the
32 insured and those of the person effecting the policy whether or not the right
33 to change the beneficiary is reserved or permitted and whether or not the
34 policy is made payable to the person whose life is insured, if the
35 *beneficiary or assignee shall predecease such a person.*

36 (B) As used in this subsection, "proceeds and avails"



1 means:

2 (i) The cash surrender value of a life insurance
3 policy;

4 (ii) The proceeds of a life insurance policy;

5 (iii) The withdrawal value of any optional
6 settlement or deposit with any company made under the terms of a life
7 insurance policy; and

8 (iv) All other benefits, indemnities, payments, and
9 privileges, of every kind from a life insurance policy.

10 (C) The exemption provided in subdivision (a)(1)(A) of
11 this section applies to:

12 (i) Garnishment, attachment, execution, or other
13 seizure;

14 (ii) Seizure, appropriation, or application by a
15 legal or equitable process or by operation of law to pay a debt or other
16 liability of an insured or of a beneficiary, either before or after the
17 benefits are provided; and

18 (iii) A demand in a bankruptcy proceeding of the
19 insured or beneficiary.

20 (D) The exemption provided in subdivision (a)(1)(A) of
21 this section does not apply to:

22 (i) A debt of the insured or beneficiary secured by
23 a pledge of the insurance policy or the proceeds of the insurance policy;

24 (ii) A child support lien or levy; or

25 (iii) A claim by the Department of Human Services
26 against an estate under § 20-76-436.

27 (E) For purposes of the limitation on the personal
28 property exemption stated in Arkansas Constitution, Article 9, § 2, "personal
29 property" does not include life insurance proceeds that are payable:

30 (i) To a beneficiary other than the insured,
31 including without limitation a charitable organization that qualifies as an
32 exempt organization under 26 U.S.C. § 501(c)(3), as it existed on January 1,
33 2023;

34 (ii) For a permitted business use; or

35 (iii) To the spouse, children, or dependents of the
36 insured.

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/s/Hudson