

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1313

Bill Subtitle: TO AMEND THE EXEMPTIONS OF LIFE INSURANCE PROCEEDS FROM ACTIONS BY CREDITORS AND REPRESENTATIVES.

Basic Change :

Sponsor: Rep. Hudson

HB1313 amends existing law providing that life insurance proceeds are exempt from actions for collection of debts of the insured, an assignor, or a beneficiary of the insurance policy and are payable to the beneficiary or assignee of the policy. The bill clarifies that the exemption extends to various actions for collection of debts including garnishment, execution, legal or equitable process, and demand in a bankruptcy proceeding of the insured or beneficiary. However, such life insurance proceeds would not be exempt from collection for a debt of the insured or beneficiary secured by a pledge of the policy or its proceeds or for a lien or levy for a child support debt.

Revenue Impact :

None.

Taxpayer Impact :

Taxpayers would benefit from clarity of the collection tools from which life insurance proceeds are exempt from collection while providing an avenue for collection of debts secured by the insurance proceeds and for child support debt.

Resources Required :

None.

Time Required :

None.

Procedural Changes :

None.

Other Comments :

None.

Legal Analysis :

None.