



Legal Note – Life Insurance Cash Surrender Value – Florida Protection

Florida protects the cash surrender value of certain life insurance policies. Unlike the Federal protections described in last month's legal note, Florida protects cash values only from creditors of the insured. Therefore if a spouse or business associate owns the policy (on a different insured), the cash value of the policy is not protected from creditors of the policy owner.

If therefore protecting the cash value of a large life insurance policy is the goal, the Florida insured must own the policy.

Note that proceeds of a policy (distributed upon the death of the insured) are also exempt from creditors of the insured. Unlike the Federal protection, the proceeds are not, however, protected from creditors of the beneficiary. One potential means of avoiding creditors of a beneficiary would be to place the insurance policy (and its proceeds) in a trust benefiting the intended recipient.

Insurance coverage should, of course, form only part of a complete estate and asset protection plan developed by a seasoned professional.