

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2013

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SENATE BILL 540

Short Title: Modify Exemptions/Fraternal Ins. Benefits. (Public)

Sponsors: Senator Clodfelter (Primary Sponsor).

Referred to: Judiciary II.

April 1, 2013

A BILL TO BE ENTITLED

AN ACT AMENDING THE EXEMPTION LAWS AND CONFORMING THE STATUTE GOVERNING THE ATTACHMENT OF INSURANCE BENEFITS PAID BY FRATERNAL BENEFIT SOCIETIES TO THAT FOR LIFE INSURANCE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 1C-1601 reads as rewritten:

"§ 1C-1601. What property exempt; waiver; exceptions.

(a) Exempt property. – Each individual, resident of this State, who is a debtor is entitled to retain free of the enforcement of the claims of creditors:

...

(8) Compensation for bodily personal injury, including compensation from private disability policies or annuities, or compensation for the death of a person upon whom the debtor was dependent for support, but such compensation is not exempt from claims for funeral, legal, medical, dental, hospital, and health care charges related to the accident or injury giving rise to the compensation.

...

(d) Recent purchases. – The exemptions provided in subdivisions (2), (3), (4), and (5) of subsection (a) of this section are inapplicable with respect to tangible and intangible personal property purchased by the debtor less than 90 days preceding the initiation of judgment collection proceedings or the filing of a petition for bankruptcy, unless the purchase of the property is directly traceable to the liquidation or conversion of property that may be exempt and no additional property was transferred into or used to acquire the replacement property."

SECTION 2 . G.S. 58-24-85 reads as rewritten:

"§ 58-24-85. Benefits not attachable.

No money or other benefit, charity, relief or aid to be paid, provided or rendered by any society, shall be liable to attachment, garnishment or other process, or to be seized, taken, appropriated or applied by any legal or equitable process or operation of law to pay any debt or liability of a member or beneficiary, or any other person who may have a right thereunder, either before or after payment by the ~~society~~society, but any such money or other benefits, when made payable to the estate of the member insured, shall constitute a part of the estate of such member available for the payment of debts."

SECTION 3. This act becomes effective October 1, 2013, with Section 1 applying to claims arising, and Section 2 applying to benefits paid or payable, on or after that date.

