



---

---

**WISCONSIN LEGISLATIVE COUNCIL  
AMENDMENT MEMO**

---

---

**2003 Senate Bill 504**

**Senate Substitute Amendment 1  
and Assembly Amendment 2 to  
Senate Substitute Amendment 1**

*Memo published:* March 12, 2004

*Contact:* Joyce L. Kiel, Senior Staff Attorney (266-3137)

**Current Law**

Current law permits certain exemptions from creditor claims, including any unmatured life insurance contract owned by the debtor that insures the debtor, his or her dependent, or a person on whom the debtor is dependent, other than a credit life insurance contract. Also, if the debtor has any accrued dividends, interest, or loan value (aggregate interest) in such life insurance, this aggregate interest is exempted up to a maximum of \$4,000. Current law also exempts from creditor claims certain annuities under s. 815.18 (3) (j), Stats., relating to exemptions for retirement benefits.

**Senate Substitute Amendment 1 to Senate Bill 504 and Assembly Amendment 2 to Senate Substitute Amendment 1**

Senate Substitute Amendment 1 to the bill and Assembly Amendment 2 to Senate Substitute Amendment 1 to the bill do the following:

1. The ***substitute amendment*** provides an exemption for the entire value of such a ***life insurance*** contract and the aggregate interest, but ***only if*** the contract was issued at least 24 months before the earlier of the following (referred to as the “***applicable date***”):
  - a. The date on which the exemption is claimed.
  - b. The date, if any, that the cause of action was filed that resulted in the judgment with respect to which the execution order was issued.

***Assembly Amendment 2*** to the substitute amendment limits the exemption for aggregate interest on such contracts to \$150,000.

2. Provides that if such a ***life insurance*** contract was ***issued*** less than 24 months before the applicable date, the total exemption may not exceed \$4,000.

3. Provides that if such a *life insurance* contract was issued at least 24 months before the applicable date but was *funded* less than 24 months before the applicable date, the exemption is limited to the value of the contract the day before the first funding that occurred less than 24 months before the applicable date *plus* the lesser of:
  - a. The difference between the value of the contract on the applicable date and the value the day before the first funding that occurred less than 24 months before the applicable date; or
  - b. \$4,000.
4. Specifies that the provisions of the bill with respect to *annuities* do not apply with respect to annuities already exempted under s. 815.18 (3) (j), Stats., relating to exemptions for retirement benefits. Subject to this exception, the *substitute amendment* then provides an exemption for the entire value of an *annuity contract* owned by the debtor and insuring the debtor, his or her dependent, or a person on whom the debtor is dependent and the aggregate interest on the contract, but *only if* the contract was issued at least 24 months before the applicable date.

*Assembly Amendment 2* to the substitute amendment limits the exemption for the aggregate interest on such an annuity contract to \$150,000.
5. Provides that if such an *annuity* contract was *issued* less than 24 months before the applicable date, the total exemption may not exceed \$4,000.
6. Provides that if such an *annuity* contract was issued at least 24 months before the applicable date but was *funded* less than 24 months before the applicable date, the exemption is limited to the value of the contract the day before the first funding that occurred less than 24 months before the applicable date *plus* the lesser of:
  - a. The difference between the value of the contract on the applicable date and the value the day before the first funding that occurred less than 24 months before the applicable date; or
  - b. \$4,000.
7. Applies these provisions to exemptions claimed on or after the effective date of the act.

### *Legislative History*

Senate Substitute Amendment 1 to the bill was introduced by Senator Schultz. The Senate adopted the substitute amendment on a voice vote and passed the bill, as amended, on a voice vote. Assembly Amendment 2 to the substitute amendment was offered by Representative Grothman. It was adopted by the Assembly on a voice vote. The Assembly concurred in the bill, as amended, on a voice vote.

JLK:wu