

**Dated: March 09, 2026
The following is ORDERED:**



A handwritten signature in black ink, appearing to read "Denise E. Barnett".

**Denise E. Barnett
UNITED STATES BANKRUPTCY JUDGE**

**UNITED STATES BANKRUPTCY COURT
WESTER DISTRICT OF TENNESSEE
WESTERN DIVISION**

In re:

WINTER CRAIGEN,
Debtor.

Case No. 24-22321-DEB
Chapter 7

BRIAN MATTHEW GLASS,
Plaintiff,

vs.

Adv. Proc. No. 24-ap-00135

**WINTER CRAIGEN and
COLUMBUS LIFE INS. CO.,**
Defendants.

**MEMORANDUM OPINION AND ORDER
GRANTING MOTION FOR SUMMARY JUDGMENT**

This adversary proceeding came before the Court on the Chapter 7 trustee's, ("Plaintiff's") *Motion for Summary Judgment*,¹ in which Plaintiff is seeking turnover of the "cash surrender value" of the life insurance policy. After reviewing the record, the Court grants Plaintiff's Motion for Summary Judgment.

I. FACTUAL AND PROCEDURAL BACKGROUND

On May 16, 2024, Winter Craigen ("Ms. Craigen") filed her voluntary petition that commenced this chapter 7 case.² Plaintiff was appointed to serve as the Chapter 7 trustee. On November 7, 2024, Ms. Craigen filed her Amended Schedule A/B listing her interest in a life insurance policy with a cash surrender value of \$15,889.27.³ Ms. Craigen did not file an amended Schedule C to claim the cash surrender value in the insurance policy as exempt.

Neither Ms. Craigen nor Columbus Life Insurance Company filed responses to Plaintiff's *Motion for Summary Judgment*.

II. DISCUSSION

Plaintiff seeks to recover and liquidate the cash surrender value of the insurance policy on behalf of the Chapter 7 estate, relying on Tenn. Code Ann. § 56-7-203. Ms. Craigen did not claim the cash surrender value of the life insurance policy as exempt on her Schedule C and has not filed an amended Schedule C. Further, Ms. Craigen does not have any dependents nor a spouse, either of which are required to claim the exemption under section 56-7-203. As such, the Chapter

¹ Pl. Mot. for Summary J., Adv. Proc. ECF No. 36. Winter Craigen and Columbus Life Insurance Company were given the opportunity to submit written responses to Plaintiff's motion for summary judgment. Neither party submitted written responses by the deadline outlined in the *Order Scheduling Deadlines for Summary Judgment*. (Adv. Proc. ECF No. 34).

² Debtor's Voluntary Petition, ECF No. 1.

³ Am. Schedules A/B, ECF No. 42.

7 trustee asserts that the cash surrender value of Ms. Craigen’s life insurance policy is not exempt.

A. Summary Judgment Standard

Federal Rule of Bankruptcy Procedure 7056 incorporates Federal Rule of Civil Procedure 56, which governs summary judgment.⁴ Under Rule 56(a), after a movant shows there is “no genuine dispute as to any material fact and the movant is entitled to a judgment as a matter of law,” the court must grant summary judgment.⁵ The court must view all evidence in the “light most favorable” to the non-moving party.⁶

B. Failure to Claim Exemption

Upon filing a bankruptcy petition, a debtor’s property becomes property of the bankruptcy estate.⁷ A debtor may claim certain exemptions, limiting property available to be distributed to creditors. Section 522(l) provides that the debtor “shall file a list of property that the debtor claims as exempt . . .”⁸ The term “shall” in section 522(l) requires the debtor to file a Schedule C indicating the property that debtor wishes to exempt from liquidation in the bankruptcy case, if any.⁹ Consequently, if a debtor fails to claim an asset as exempt on Schedule

⁴ Fed. R. Bankr. P. 7056 (2026).

⁵ *Id.*

⁶ *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 587 (1986) (quoting *U.S. v. Diebold, Inc.*, 369 U.S. 654, 655 (1962)) (discussing summary judgment standard).

⁷ 11 U.S.C. § 541(a)(1) (2026).

⁸ 11 U.S.C. § 522(l) (2026); *see also* Fed. R. Bankr. P. 4003(a) (“A debtor *must* list the property claimed as exempt under § 522 on Form 106(C) filed under Rule 1007”) (emphasis added). Section 522 refers to a “list,” which is currently commonly known as a Schedule C. *See Schwab v. Reilly*, 560 U.S. 770, 779-80 (2010) (noting that Schedule C indicates which property debtor is claiming as exempt).

⁹ 11 U.S.C. § 522(l).

C as required under section 522(*l*), the asset is not shielded from liquidation by a chapter 7 trustee.¹⁰

Here, Ms. Craigen did not claim the cash surrender value of the life insurance policy as exempt. Ms. Craigen's Schedule C¹¹ listed a vehicle, household items, and two bank accounts as exempt and did not include the cash surrender value of the life insurance policy as exempt.¹² Further, in her Answer to the Chapter 7 Trustee's Complaint,¹³ Ms. Craigen admitted she had not listed the life insurance policy's cash surrender value in her schedules and stated, "Debtor would aver that she has amended her schedules and claimed an exemption for this policy."¹⁴ Ms. Craigen filed Amended Schedule A/B¹⁵ to include the life insurance policy and its cash surrender value, but failed to file an amended Schedule C.¹⁶ The Court finds and concludes that Ms. Craigen's failure to claim the life insurance policy's cash surrender value as exempt results in this asset being available to be liquidated for the benefit of the chapter 7 estate.¹⁷

C. Exemption of Cash Surrender Value of Life Insurance Policy.

¹⁰ See *Biondo v. Gold, Lange, Majoros & Smalarz, P.C. (In re Biondo)*, 59 F.4th 811, 814-15 (6th Cir. 2023) ("[M]any cases, though not all of them, say that a debtor 'claims' an exemption when she unambiguously identifies particular property as exempt.") (citing *Moldo v. Clark (In re Clark)*, 266 B.R. 163, 170 (9th Cir. B.A.P. 2001) (stating that is mandatory under subsection 522(*l*) that a debtor file a list of properly claimed as exempt); and *Barroso-Herrans v. Lugo-Mender (In re Barroso-Herrans)*, 524 F.3d 341, 345 (1st Cir. 2008)).

¹¹ Debtor's Voluntary Petition, ECF No. 1.

¹² *Id.*

¹³ Debtor's Ans. to Pl. Compl., Adv. Proc. ECF No. 23.

¹⁴ *Id.*

¹⁵ Debtor's Am. Schedule A/B, ECF No. 42.

¹⁶ Pl. Mot. for Summary J., Adv. Proc. ECF No. 36

¹⁷ See 11 U.S.C. § 522(*l*); (requiring debtor to file a list of property they claim as exempt); *In re Biondo*, 59 F.4th 811, 814-15 (6th Cir. 2023) (stating that a debtor must designate property claimed as exempt). See also 11 U.S.C. § 541(a)(1) (providing that all property of the debtor becomes property of the estate unless otherwise excluded or exempt).

Had Ms. Craigen filed an amended Schedule C to include the life insurance policy's cash surrender value, such claim of exemption would not be allowed based on the record of this case and proceeding. Subsection 522(b)(2) contains an "opt-out" provision, which permits states to substitute its own exemption statutes for the exemption provisions in section 522(d).¹⁸ Tennessee residents may not utilize the exemptions listed under section 522(d) as the state has "opted out" of the federal exemption provisions.¹⁹ Section 56-7-203 of the Tennessee Code applies in determining whether cash surrender value of a life insurance policy is exempt.²⁰ Life insurance proceeds are exempted from the insured's creditors if the proceeds are for the benefit of the insured's spouse, children, or a dependent relative.²¹

¹⁸ 11 U.S.C. § 522(d). Debtors may exempt certain legal or equitable interests from the bankruptcy estate, which protects such property from reach of the debtor's creditors. 11 U.S.C. § 522(c). However, Debtors may not use the exemptions provided under section 522(d) if the applicable state law explicitly prohibits use of section 522(d). 11 U.S.C. 522(b)(2).

¹⁹ Tenn. Code Ann. § 26-2-112 (1980). *See Jane B. Forbes, Trustee v. Elizabeth Hayes Lucas (In re Lucas)*, 924 F.2d 597, 599 n.4 (6th Cir. 1991) ("Tennessee is one of a substantial number of states which has opted out of the federal scheme.").

²⁰ Tenn. Code Ann. § 56-7-203 states:

The net amount payable under any policy of life insurance or under any annuity contract upon the life of any person made for the benefit of, or assigned to, the spouse or children, or dependent relatives of the persons, is exempt from all claims of the creditors, including execution, attachment, seizure, and garnishment, of the person arising out of or based upon any obligation created after January 1, 1932, whether or not the right to change the named beneficiary is reserved by or permitted to that person. Use of exempt funds does not change the classification of the funds used from exempt to nonexempt.

Tenn. Code Ann. § 56-7-203 (2025).

²¹ Tenn. Code Ann. § 56-7-203 (2025). *See William L. Newport, Trustee v. Marion Thurman (In re Thurman)*, 127 B.R. 401, 403 (M.D. Tenn. 1991) (explaining that the Tennessee State Legislature's enactment of section 56-7-203 was meant to protect the value of an insured's life insurance policy while the insured is still alive and is specifically applicable only when the policy was for the benefit of the spouse, children, and dependent relatives).

Ms. Craigen, a Tennessee resident, the owner and insured of the life insurance policy at issue²² is required to claim exemptions under Tennessee laws.²³ As previously discussed, Ms. Craigen did not claim as exempt the cash surrender value of her life insurance policy. Even if she did, the record on summary judgment does not support allowing a claim of exemption for the cash surrender value of her life insurance policy. Ms. Craigen's Schedules I and J (signed under penalty of perjury) shows that she does not have dependents and is not married.²⁴ The Court has no record refuting the Plaintiff's contentions. Accordingly, the cash surrender value of Ms. Craigen's life insurance policy would not meet the requirements of section 56-7-203 of the Tennessee Code. Therefore, in viewing the material facts in the light most favorable to Ms. Craigen, even if the exemptions were properly claimed, the Court concludes that Plaintiff's motion for summary judgment should be granted disallowing a claim of exemption of the cash surrender value of Ms. Craigen's life insurance policy.

III. CONCLUSION AND ORDER

For the reasons stated above, the Court finds and concludes Plaintiff's Motion for Summary Judgment should be granted. Accordingly, it is **ORDERED**:

Plaintiff's *Motion for Summary Judgment* (Adv. Proc. ECF No. 36) is **GRANTED**.

²² Debtor's Voluntary Petition, ECF No. 1.

²³ 11 U.S.C. § 522(b)(2) (2026); Tenn. Code Ann. § 26-2-112 (2025).

²⁴ Debtor's Voluntary Pet., ECF No. 1.

Copy of Memorandum Opinion and Order to be served on:

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