

IN THE UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

No. 94-40788

IN THE MATTER OF: WILMA JOY YOUNG,

Debtor.

LOAN RECOVERY SYSTEMS II LP and
LOAN RECOVERY SYSTEMS I, LP,

Appellants-Cross-Appellees,

versus

WILMA JOY YOUNG,

Appellee-Cross-Appellant.

Appeal from the United States District Court for the
Eastern District of Texas
(4:94 CV 104)

(October 4, 1994)

Before JOLLY and BENAVIDES, Circuit Judges, and SHAW*, District
Judge.

E. GRADY JOLLY, Circuit Judge:**

On July 29, 1993, Wilma Joy Young, the appellee/cross-
appellant, filed voluntary bankruptcy under Chapter 7 of the United

*United States District Judge, Western District of Louisiana,
sitting by designation.

**Local Rule 47.5 provides: "The publication of opinions that
have no precedential value and merely decide particular cases on
the basis of well-settled principles of law imposes needless
expense on the public and burdens on the legal profession."
Pursuant to that Rule, the court has determined that this opinion
should not be published.

States Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Texas. Young elected to claim the state, rather than the federal, exemptions as provided in 11 U.S.C. § 522(b)(2)(A).

Relevant to this appeal, Young claimed as exempt from her creditors \$1,982,805.63 in paid-out life insurance proceeds deposited into an access account. As of the date Young filed bankruptcy, the account had earned approximately \$242,468.97 in interest. Young also claimed as exempt \$11,234.79 in life insurance proceeds deposited into an access account. As of the date of bankruptcy, this account earned \$1,234.79 in interest. Additionally, Young holds two life insurance policies naming her as the insured and her two adult children as beneficiaries. These policies have cash surrender values of approximately \$95,000. Young claimed the cash surrender values of these policies as exempt. Finally, Young claimed as exempt \$30,000 in various personal property, including household furnishings, jewelry and clothing.

Loan Recovery Systems I, L.P., and Loan Recovery Systems II, L.P. (collectively, "LRS"), the appellants/cross-appellees, objected to these exemptions. On April 1, 1994, however, the bankruptcy court overruled LRS's objections to Young's exemptions. The court held that Young was entitled to claim as exempt the total paid-out insurance proceeds, including any interest earned on these proceeds, the cash surrender values of the unmatured insurance

policies, and the itemized personal property. With regard to the paid-out insurance proceeds, the court held that Article 21.22 of the Texas Insurance Code provided an unlimited exemption for the proceeds of a life insurance policy, and, furthermore, that interest earned on these proceeds was exempt as the product of a valid exemption. Next, the court held that the cash surrender values of the unmaturred policies were exempt under Article 21.22 of the Texas Insurance Code. Finally, the bankruptcy court held that these monies did not count to exhaust the \$30,000 personal property exemption allowed in § 42.002 of the Texas Property Code. LRS appealed this decision to the United States District Court for the Eastern District of Texas. On August 3, 1994, the district court upheld the decision of the bankruptcy court in all respects, with one exception. In partially reversing the bankruptcy court, the district court held that although the total cash surrender values of the unmaturred life insurance policies were exempt under the Texas Insurance Code, these monies applied to exhaust the personal property exemption allowed in the Texas Property Code. Therefore, Young could not claim as exempt an additional \$30,000 in personal property.

LRS appeals the district court's decision affirming the bankruptcy court. It argues that the life insurance proceeds, the interest earned on these proceeds, and the cash surrender values of the unmaturred life insurance policies are not proper exemptions under Texas law. Young cross-appeals the district court's decision

reversing the bankruptcy court and argues that the cash surrender values should not apply towards and exhaust the personal property exemption of the Texas Property Code.

After a careful study of the briefs and review of relevant parts of the record, we find it unnecessary to write further on this case because we fully agree with the bankruptcy court opinion; we would simply repeat much of what the bankruptcy court has already said, and we would not say it any better or any clearer.¹ Accordingly, we REVERSE that part of the district court's judgment holding that the cash surrender values of the unmaturred insurance policies operate to exhaust the separate personal property exemption found in § 42.002 of the Texas Property Code. In all other respects, we AFFIRM the judgment of the district court.

AFFIRMED in part; REVERSED in part.

¹The decision of the bankruptcy court is produced and attached to this opinion as Appendix "A" and is adopted as the opinion of this court.