

# EVEREST REINSURANCE COMPANY

## INVOLUNTARY UNEMPLOYMENT INSURANCE RIDER for Independent Contractors and Self-Employed

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This Involuntary Unemployment Insurance Rider (hereinafter referred to as “**Rider**”) is part of the Disability Insurance Policy (hereinafter referred to as “**Policy**”) to which it is attached. It is issued in consideration of the application and payment of the required premium.

Benefits are subject to all terms and conditions of the **Policy** to which it is attached.

This **Rider** does not waive, alter, or extend any provisions or limitations of the **Policy** except to the extent stated below.

### INVOLUNTARY UNEMPLOYMENT DEFINITIONS

When used in this **Rider**, the following words and phrases have the meaning given.

#### **Actively at Work**

Your contracts require at least thirty (30) hours of work per week which You were considered an Independent Contractor or Self-Employed and You have done so for at least the Actively At Work period, as shown in the Schedule Page, immediately prior to the Policy Effective Date and on a continuous basis for wages or profit, excluding temporary paid or unpaid absences during which You are considered an Independent Contractor or Self-Employed;

Self-Employed means a person working for income coming directly from his or her own business, trade, profession or a partnership (a company or entity in which the individual has a ten percent (10%) or greater equity or ownership interest will be regarded as his or her own business).

#### **Average Monthly Income**

Average Monthly Income is equal to the monthly average of Your total earned income for the Look Back Period, as shown in the Schedule Page, and includes all forms of compensation.

#### **Benefit Type**

Benefit Type includes occurrences of all **Policy** and **Rider** benefits including Involuntary Unemployment.

#### **Insured (called “You” or “Your”)**

The named Insured on the application for this **Rider**.

#### **Involuntary Unemployment/Involuntarily Unemployed**

Involuntary Unemployment/Involuntarily Unemployed means Your loss of at least the Average Monthly Income Loss Ratio, as shown in the Schedule Page, of Your income from one of the following causes:

- layoff – a suspension of employment contract(s), which continues more than the Waiting Period, as shown in the Schedule Page;
- strike – an authorized, unionized labor dispute and organized labor stoppage, that continues more than the Waiting Period, as shown in the Schedule Page, by a chartered or previously organized trade or labor union, through the coalition of its members (which may include the Insured), to obtain higher wages, shorter hours of employment, better working conditions or some other concession from the Insured’s employer, by the employees stopping work at a pre-concerted time, which involves a combination of persons and not a single individual. Non-union collective bargaining is not included in this definition; or
- lockout – the Insured’s contracting employer’s discharge of employees and Independent Contractors or Self-Employed (including the Insured) or temporary closing of a place of employment by the

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Insured's contracting employer(s), in response to organized employee activity, which continues more than the Waiting Period, as shown in the Schedule Page;

- natural disaster – interruption of work lasting longer than the Waiting Period, as shown in the Schedule Page, which causes a termination or suspension of Your employment contract(s) or otherwise prevents You from honoring the terms of Your employment contract(s);
- total involuntary loss of Your business interest; or
- involuntary bankruptcy, Chapter 7, of Title 11 of the United States Bankruptcy Code.

#### **Lifetime Aggregate Maximum Benefit**

This coverage provides for a Lifetime Aggregate Maximum Benefit multiple, as shown in the Schedule Page. The Lifetime Aggregate Maximum Benefit amount payable is equal to the Maximum Benefit Amount times the Maximum Benefit Period, as each is shown in the Schedule Page, times this multiple and includes all **Policy** and chosen **Rider(s)** benefit payments made for all Benefit Types.

#### **Maximum Benefit Period**

The Maximum Benefit Period is shown in the Schedule Page. It is the longest period of time for which We will pay a benefit for continuous Involuntary Unemployment from a single occurrence while the **Rider** is in force.

#### **Monthly Insurance Benefit Amount**

The benefits are shown in the Schedule Page. It is the amount We will pay for each occurrence of qualifying Involuntary Unemployment as described within the **Rider** and it is equal to the Monthly Insurance Benefit Amount for Disability times the Involuntary Unemployment Benefit Ratio, as shown in the Schedule Page.

#### **Involuntary Unemployment Insurance Vesting Period**

The Involuntary Unemployment Insurance Vesting Period is shown in the Schedule Page. The Involuntary Unemployment Vesting Period is the number of consecutive days following the Policy Effective Date wherein any claim that is incurred is not eligible for benefits. A claim is considered "incurred" on the day of the event causing Involuntary Unemployment.

#### **Waiting Period**

The Waiting Period is shown in the Schedule Page. It is the number of consecutive days following a qualifying event before benefits begin. Benefits begin 1 day following the end of the Waiting Period. Benefits may or may not be retroactive to the incurred date of the qualifying event, as shown in the Schedule Page.

### **MONTHLY INSURANCE BENEFIT AMOUNT**

This benefit provides You a defined Monthly Insurance Benefit Amount for up to the Maximum Benefit Period, as shown in the Schedule Page, for a qualifying Involuntary Unemployment event.

The total aggregate Monthly Insurance Benefit Amount for this coverage cannot exceed the lesser of Your Maximum Benefit Amount, as shown in the Schedule Page, or 60% of Your Average Monthly Income for the Look Back Period, as shown in the Schedule Page, immediately prior to the incurred date of a qualifying event, from the occupation shown in the application. If the total aggregate Monthly Insurance Benefit Amount issued to You under any one (1) or more policies with Us exceeds the Maximum Benefit Amount, Your coverage under the **Rider** will be reduced to the Maximum Benefit Amount and a proportionate share of any premium charge for the excess coverage will be refunded to You or coverage will be cancelled and the full amount of premium charged will be refunded less any claims paid.

There is also a Lifetime Aggregate Maximum Benefit, as shown in the Schedule Page, and is described in the Definitions section.

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## INVOLUNTARY UNEMPLOYMENT PROVISIONS

### Invuntary Unemployment Benefits

When You are Involuntarily Unemployed through no voluntary actions of Your own, We will pay the benefits, as shown in the Schedule Page, as follows:

- You must become Involuntarily Unemployed while this **Rider** is in force;
- You must remain Involuntarily Unemployed for the Waiting Period, as shown in the Schedule Page. Benefits begin 1 day following the Waiting Period, as shown in the Schedule Page. Benefits may or may not be retroactive to the incurred date of the qualifying event, as shown in the Schedule Page;
- Benefits may be assigned;
- Monthly Insurance Benefits for Involuntary Unemployment will stop when the Monthly Insurance Benefits have been paid for the entire Maximum Benefit Period shown in the Schedule Page or, if earlier, on the date You are no longer Involuntarily Unemployed;
- For Monthly Insurance Benefits, each month of continuous Involuntary Unemployment will be calculated from the date Involuntary Unemployment began to the same date in each subsequent month. For periods of Involuntary Unemployment that are less than one (1) month, We will consider each day of Involuntary Unemployment to be 1/30<sup>th</sup> of a month and the Monthly Insurance Benefit will be pro-rated accordingly;
- Involuntary Unemployment Insurance Benefits will be reduced as necessary so that Involuntary Unemployment benefits plus all government and/or private unemployment benefits shall not exceed the Average Monthly Income from employment held immediately prior to the incurred date of a qualifying event, from the occupation shown in the application; or,
- If You incur a qualifying Disability event and a qualifying Involuntary Unemployment event, only one benefit will be paid and it will be the larger of the two benefit amounts.

## MONTHLY BENEFIT

### Recurrent Periods of Involuntary Unemployment

You are eligible for benefits from a new Involuntary Unemployment event if You have returned to work from an Involuntary Unemployment event for which You have been paid benefits and:

- If You have been Actively at Work for at least twelve (12) months since returning to work from the last period of Involuntary Unemployment, and You have satisfied a new Waiting Period, as shown in the Schedule Page; or
- If You have been Actively at Work for less than twelve (12) months since returning to work from the last period of Involuntary Unemployment, the current period of Involuntary Unemployment will be considered a continuation of the previous period and no new Waiting Period is required. Benefits will resume on the incurred date of the new unemployment and will not be paid retroactively to the return to work date of the prior unemployment event;
- And You have not exceeded the Maximum Benefit Period or the Lifetime Aggregate Maximum Benefit, as shown in the Schedule Page.

## INVOLUNTARY UNEMPLOYMENT EXCLUSIONS

This **Rider** excludes benefits for Involuntary Unemployment:

- for a seasonal worker, meaning: a person whose occupation can be carried on only during certain seasons or defined portions of the year and where the customary period of employment is less than one thousand (1,000) hours during the calendar year;
- occurring in the Involuntary Unemployment Insurance Vesting Period, as shown in the Schedule Page. During the Involuntary Unemployment Insurance Vesting Period, as shown in the Schedule Page, at Your option following the denial of a claim, this **Rider** can be cancelled for a full refund of premium;
- due to a voluntary forfeiture of salary, wages, employment income, or independent contracting income;
- if Self-Employed, voluntary resignation or divestiture of business interest;

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- due to the contractual expiration of an employment or engagement contract;
- if an Independent Contractor, voluntary resignation or retirement;
- due to termination as a result of cause or willful misconduct (a transgression of some established and definite rule of action, a forbidden act or omission, or an act or omission involving dishonesty, or a dereliction of duty, active or passive, which is willful in character and beyond simple negligence), excessive absenteeism or tardiness, or criminal misconduct (unlawful behavior as determined by Local, State or Federal law); resulting directly or indirectly from any dishonest, fraudulent or criminal act; due to a circumstance known by the Insured prior to the Policy Effective Date; or
- due to war or any act of war (declared or undeclared).

## **CLAIM PROVISIONS**

### **Notice of Claim**

You must give Us notice of claim within thirty (30) days after any loss which is covered by this **Rider** occurs or starts, or as soon after that as is reasonably possible. Notice, with sufficient information to identify You, will be deemed notice to Us if given to Us at: Everest Reinsurance Company, or to Our authorized agent.

### **Claim Forms**

When We get Your notice of claim, We will send claim forms for filing proof of loss. If You do not receive such forms within fifteen (15) days after said notice, You may submit a written statement within the time fixed in this **Rider** for filing proof of loss, which provides the nature and extent of the loss for which a claim is made.

### **Time for Filing Proof of Loss**

Timely Proof of Loss is required prior to any benefit payment. We are liable for benefits at the end of each month while You are Involuntarily Unemployed beyond the Involuntary Unemployment Insurance Vesting Period and the Waiting Period until the Maximum Benefit Period ends or, if earlier, the date You are no longer Involuntarily Unemployed.

You must give Us written proof of loss at Our home office or at Our authorized agency office for loss from Involuntary Unemployment within ninety (90) days after the end of each month You are claiming You are Involuntarily Unemployed.

If You cannot reasonably give Us proof of loss within such time, We will not deny or reduce a claim if You give Us proof as soon as possible. We will not pay benefits in any case if proof is delayed for more than one (1) year.

### **Time of Payment of Claims**

Subject to written proof of loss, We will pay the Insurance Benefit Amount due under the terms of this **Rider**.

### **Payment of Claims**

We will pay the Insurance Benefit Amount under this **Rider** to the Insured named in the Schedule Page or an assignee if selected.

Any accrued benefits unpaid upon Your death will be paid to Your estate.

If We are to pay benefits to Your estate or to a person who is incapable of giving a valid release, We may pay up to \$1,000.00 to a relative by blood or marriage whom We believe is equitably entitled. This good faith payment satisfies Our legal duty to the extent of that payment.

### **Legal Actions**

No one can bring an action at law or equity under this **Rider** until sixty (60) days after written proof has been furnished as required by this **Rider**. In no case can an action be brought against Us more than three (3) years after written proof must be furnished.

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**Misstatement of Age**

If Your age has been misstated, the benefits will be what the premium paid would have bought at the correct age. If We would not have issued this **Rider** at Your correct age, there will be no insurance and We will owe only a refund of all premiums paid for the period not covered by this **Rider**.

**GENERAL PROVISIONS****Consideration**

We have issued this **Rider** in consideration of the representations in Your application and payment of the first premium. A copy of Your application is attached and is a part of the **Policy**.

**Effective Date of Insurance**

Insurance takes effect on the Policy Effective Date shown in the Schedule Page. This **Rider** starts on the Policy Effective Date at 12:01 AM standard time in the place where You live.

**Entire Contract; Changes**

The **Policy, Rider(s)**, application form and attached papers, if any, is the entire contract of insurance. No change in this **Rider** will be valid unless it has been endorsed on or attached to the **Policy** in writing by an executive officer of Everest Reinsurance Company.

No agent has the authority to change this **Rider** or waive any of its provisions.

**Incontestable**

This **Rider** will be incontestable as to the statements contained in the application after it has been in force for a period of two (2) years during Your lifetime. We will exclude from the calculation of the two (2) year period any period of time during which You are Involuntarily Unemployed if such is related to a misstatement in the application. No claim for Involuntary Unemployment, as defined in the **Rider**, that begins after this period of time will be reduced or denied because a disease or physical condition existed prior to the Policy Effective Date.

**Conformity with State Laws**

Any provision of this **Rider** which, on the Policy Effective Date, is against the laws of the state in which You reside on such date is hereby amended to conform to the minimum requirements of such laws.

This **Rider** takes effect with the **Policy** to which it is attached.

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