

EVEREST REINSURANCE COMPANY

SALARYGAP® INSURANCE RIDER for Independent Contractors and Self-Employed

This SALARYGAP 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.

SALARYGAP® 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 SALARYGAP.

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 total Average Monthly Income Loss Ratio, as shown in the Schedule Page, of Your income that occurs after the Involuntary Unemployment Insurance Vesting Period, as shown on the Schedule Page, and lasts as long as the Waiting Period, as shown on the Schedule Page 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;
- 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; or

- natural disaster – interruption of work- lasting more 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, 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 Salary Gap 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 a qualifying Salary Gap as described within the **Rider** and it is equal to the Monthly Insurance Benefit Amount for Disability times the Salary Gap Benefit Ratio, as shown in the Schedule Page.

SALARYGAP Benefit Ratio

The SALARYGAP Benefit Ratio is a percentage of the Disability Benefits, as shown in the Schedule Page.

SALARYGAP Eligibility Months

The SALARYGAP Eligibility Months is the number of months following the Waiting Period, as shown in the Schedule Page, to find re-employment.

SALARYGAP Eligibility Period

The SALARYGAP Eligibility Period, begins on the day after satisfying the Waiting Period for a qualifying Involuntary Unemployment event and ends after a number of months have elapsed equal to the SALARYGAP Eligibility Months, as shown on the Schedule Page.

Salary Gap

Salary Gap occurs if:

- you are Involuntarily Unemployed while the **SALARYGAP Rider** is in force;
- and you secure qualifying Replacement Employment during the SALARYGAP Eligibility Period;
- and the difference between the Average Monthly Income immediately before Involuntary Unemployment and the new Average Monthly Income for the Replacement Employment is at least the Salary Gap Reduction Ratio, as shown in the Schedule Page, times the Average Monthly Income immediately before Involuntary Unemployment.

Replacement Employment

Replacement employment means at least thirty (30) hours of work per week for at least 90 consecutive days with the same employer or as an Independent Contractor or Self-Employed.

SALARYGAP Insurance Vesting Period

The SALARYGAP Insurance Vesting Period is shown in the Schedule Page. It is the number of days following the Policy Effective Date, wherein any claim that is incurred is not eligible for benefits.

Waiting Period

The Waiting Period is shown in the Schedule Page. It is the number of consecutive days following a qualifying Involuntary Unemployment event immediately before the SALARYGAP Eligibility Period begins.

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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 Page, for a qualifying Salary Gap 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 Benefit issued to You under any one (1) or more policies with Us exceeds the aggregate 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.

SALARYGAP® PROVISIONS

SALARYGAP Benefits

When You experience a qualifying Salary Gap, We will pay the benefits, as shown in the Schedule Page, as follows:

- If you become Involuntarily Unemployed You must find Replacement Employment within Your SALARYGAP Eligibility Period and experience a Salary Gap while this **Rider** is in force;
- Your commencement of SALARYGAP benefits starts once the definition of Salary Gap has been satisfied. Benefits may or may not be retroactive to the starting date of the Replacement Employment as shown in the Schedule Page;
- Benefits may be assigned;
- Monthly Insurance Benefits for a Salary Gap will stop when Monthly Insurance Benefits have been paid for the entire Maximum Benefit Period or Lifetime Aggregate Maximum Benefit, as shown in the Schedule Page or, if earlier on the date You no longer experience a Salary Gap;
- Each month of continuous Salary Gap will be calculated from the date Salary Gap began to the same date in each subsequent month. For periods of Salary Gap that are less than one (1) month, We will consider each day of Salary Gap to be 1/30th of a month and the Monthly Insurance Benefit will be prorated accordingly;
- SALARYGAP Monthly Insurance Benefits will be reduced as necessary so that SALARYGAP benefits plus salary, wages or contracting income from replacement employment, plus any residual government sponsored unemployment benefits shall not exceed the Average Monthly Income immediately before Involuntary Unemployment started; or
- If You incur a qualifying Disability event and a qualifying Salary Gap event, only one benefit will be paid, and it will be the larger of the two benefit amounts.

MONTHLY BENEFIT

Recurrent Periods of Salary Gap

You are eligible for SALARYGAP benefits if you experience a new Involuntary Unemployment event followed by a new Replacement Employment event occurring during a new SALARYGAP Eligibility Period. If You experienced a qualified Salary Gap 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 qualified Salary Gap You are required to satisfy 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 qualified Salary Gap, the current period of Salary Gap will be considered a continuation of the previous period and no new Waiting Period is required. Benefits will resume on the incurred date of

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the new Salary Gap and will not be paid retroactively to the return to work date of the prior Salary Gap event.

- And if You have not exceeded the Maximum Benefit Period or the Lifetime Aggregate Maximum Benefit, as shown in the Schedule Page.

SALARYGAP® EXCLUSIONS

This **Rider** excludes benefits for SALARYGAP:

- 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 SALARYGAP Insurance Vesting Period, as shown on the Schedule Page. During the SALARYGAP Insurance Vesting Period, as shown on 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;
- 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).

SALARYGAP® 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 have a qualified Salary Gap beyond the SALARYGAP Insurance Vesting Period and the Waiting Period until the Maximum Benefit Period ends or, if earlier, the date You are no longer have a Salary Gap.

You must give Us written proof of loss at Our home office or at Our authorized agency office for loss from Salary Gap within ninety (90) days after the end of the Benefit Period for which We are liable.

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**.

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Payment of Claims

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

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**.

SALARYGAP® 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 this **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 Disabled or 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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