

Involuntary Unemployment Insurance

Involuntary unemployment insurance (IUI) is a single premium credit insurance product that will pay the bank a monthly payment in the event an insured customer becomes involuntarily unemployed during the period of coverage. IUI will typically cover a certain number of years with a maximum monthly benefit payable.

IUI provides real protection for:

- Individual or mass layoff
- General Strike
- Termination by employer
- Unionized labor disputes
- Lockout

The monthly benefit will be paid directly to the bank to be applied to the insured customer's account. Although IUI covers up to a limited number of years, the maximum number of monthly benefits will differ depending on the term of insurance. An example of how a benefit schedule can look is noted below.

TERM OF COVERAGE	MAXIMUM NUMBER OF BENEFITS PAYABLE
12 – 15 months	12 monthly benefits
16 – 21 months	13 monthly benefits
22 – 27 months	14 monthly benefits
28 – 33 months	15 monthly benefits
34 – 39 months	16 monthly benefits
40 – 45 months	17 monthly benefits
46 – 60 months	18 monthly benefits

The advantages of IUI are noted below:

- Customer's loan payment will be made while they are out of work
- Cost is not related to occupation
- Helps protect customer's savings
- Protects customer's credit rating
- Covers monthly payments up to a specified limit
- Pays benefits directly to the lender
- Typically there are no age restrictions

Certain requirements for eligibility are common.

The customer has a debt agreement with the bank that has periodic payments of substantially equal payments.

The applicant is the primary debtor under the debt agreement. Applicants for IUI must certify that they are working for wages or profit for 30 hours per week or more on the effective date of coverage.

Applicant for IUI must be employed for a certain number of days prior to the effective date for wages or profit in a non-seasonal occupation; for the same employer; and not be self employed or an independent contractor.

Not be controlling stockholder of his/her employer

Certain qualifications for benefits are normal.

Customer must be insured under this plan at the time of involuntary unemployment.

Customer must be involuntarily unemployed for more than a certain number of days.

(Retroactive Coverage)

Customer must also provide proof of registration with the State Employment Commission; and or a recognized employment agency.

Typical exclusions are:

- Voluntary forfeiture of employment income
- Quitting
- Retirement
- Loss of employment due to disability caused by accident, sickness, disease or pregnancy
- Loss of employment due to willful misconduct or criminal misconduct
- Seasonal or temporary unemployment
- Self-employed individuals

The IUI premium is typically regulated by State and the rate is typically a rate per \$100.00 of initial indebtedness. The refund formula is normally Pro Rata and a minimum refund may apply.