

Issuing Insurer:

The Education Insurance Corporation of Illinois,
an Illinois Stock Insurance Company
3400 West Stonegate Blvd., Suite 2113
Arlington Heights, IL 60005

Form 1-12 (rev. 04/19/22)

AMERICAN DREAM INSURANCE COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V – Definitions.

SECTION I – COVERAGES

COVERAGE A – INCOME SHORTFALL

1. Insuring Agreement

After the close of the "coverage period," we will, on behalf of the insured, pay to each eligible "claimant" his or her "cumulative income shortfall". The amount we will pay is limited as described in Section III – Limits Of Insurance.

2. Exclusions

None.

SECTION II – WHO IS AN INSURED

The Named Insured shown in the Declarations is the sole insured.

SECTION III – LIMITS OF INSURANCE

1. The applicable Limits of Insurance shown in the Declarations and the rules below fix the most we will pay to each eligible "claimant".
2. The applicable Limits of Insurance and Deductibles are the amounts listed in the Declarations that correspond to the "academic major" recorded in the "claimant's" undergraduate diploma. Together, they determine the maximum we will pay as follows:
 - a. The applicable Deductible is subtracted from the "cumulative income shortfall".
 - b. If the amount in Paragraph a above is greater than zero, we will pay the lesser of that amount or the applicable Limit of Insurance.

SECTION IV – CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured will not relieve us of our obligations under this Coverage Part.

2. Binding Arbitration

- a. If the parties agree, any controversy, dispute, claim or question arising out of or relating to this policy,

including its interpretation, performance or non-performance by any party thereto or any breach thereof (hereinafter, collectively "Controversy") may be referred to and resolved by three (3) arbitrators through private, confidential arbitration. Such arbitrators shall be disinterested, neutral individuals who have experience and qualifications in the subject matter of the Controversy. The arbitration shall be conducted in Chicago, Illinois, or in the county where the insured is located, unless otherwise agreed by both parties.

- b. One (1) arbitrator shall be chosen by each party, and the third arbitrator by the two (2) arbitrators so chosen. If either party refuses or neglects to appoint an arbitrator within 30 days after receipt of written notice from the other party requesting it to do so, the requesting party may choose a total of 2 arbitrators who shall choose the third. If the arbitrators fail to select the third arbitrator within 10 days after both have been named, either party may apply to the Circuit Court of Cook County, Illinois, the United States District Court for the Eastern District of Illinois, or to the state or federal court that have jurisdiction over the county where the insured resides for appointment of a third arbitrator from the court's panel of distinguished neutrals. In the event of the death, disability or incapacity of any arbitrator, a replacement shall be named pursuant to the process which resulted in the selection of the arbitrator to be replaced. The arbitrators may refrain from following the strict rules of law, and shall make their decision with regard to the custom and usage of the insurance business as of the effective date of this Policy. The majority decision of the panel shall be final and binding on all parties. Judgment may be entered upon the award of the arbitrators in any court of competent jurisdiction. Each party shall bear all its own costs and fees and the costs and fees of its appointed arbitrator, and the parties shall equally share the costs and fees of the third arbitrator and of the arbitration. Except as otherwise specified above, the arbitration shall be conducted in accordance with mutually acceptable commercial arbitration rules.

3. Cancellation

This policy is not cancellable by you or by us.

4. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

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5. Death And Disability

- a. In the event of the “claimant’s” death before the end of the “coverage period”, and upon receipt of the death certificate from the designated beneficiary, we will pay to the designated beneficiary the amount equal to the Group Premium Per Student shown in the Declarations as a complete satisfaction of any obligation we may have to the deceased or his or her estate under this Coverage Part.
- b. In the event the “claimant” becomes disabled before the end of the “coverage period” and is unable to maintain “full-time employment”, we will pay to the “claimant” the amount equal to the Group Premium Per Student shown in the Declarations as a complete satisfaction of any obligation we may have to the “claimant under this Coverage Part.

6. Duties In The Event Of A Claim

- a. The “claimant” must see to it that we are notified as soon as practicable that the “cumulative income shortfall” may result in a claim. In all events, we must be notified no later than 30 days after the “claimant” has either filed with the United States Internal Revenue Service the tax return for the fifth and final year of the “coverage period” or ascertained that no filing is necessary due to the income falling below the threshold necessary for filing.
- b. For the calendar year beginning after the “claimant” has received a bachelor’s degree and for every calendar year thereafter and through the final calendar year comprising the “coverage period”, the “claimant” must send us the tax return filed with the United States Internal Revenue Service and any other documentation necessary to ascertain the “earned income” for that calendar year.
- c. The “claimant” must send us the official final transcript showing the “academic major” and the date of attainment.
- d. The “claimant” must certify all of the following in order to be eligible to submit a claim for payment:
 - (1) The “claimant” has obtained a bachelor’s degree from the insured no later than six (6) years after commencing the undergraduate studies, excluding from the six-year limit all academic years during which the “claimant” was serving in the armed forces or in a temporary position, not exceeding two (2) years, with a non-profit or nongovernment organization;
 - (2) During the “coverage period”, the “claimant” was not employed in a position where the “claimant’s” compensation included, or would have included, one per cent (1%) or more in company equity;
 - (3) During the “coverage period”, the “claimant” was not employed outside the United States;
 - (4) During the “coverage period”, the “claimant” maintained or “sought full-time employment”;

- (5) The “claimant” has not received a disability payment under Paragraph 5.b above;
- (6) The “claimant” is a citizen or a lawful permanent resident of the United States; and
- (7) The “claimant” has no felony convictions.

7. Examination Of Your Books And Records

We may examine and audit your books and records insofar as they relate to this policy at any time during the policy period and for up to three (3) years afterward.

8. Our Obligation To Remind “Claimants” of Coverage

Within 30 days of learning that a “claimant” has satisfied the graduation requirement under Paragraph 6.d.1 above, and within 30 days of the end of each calendar year constituting the “coverage period”, we will notify the “claimant” of their right to file a claim under this Coverage Part.

9. Other Insurance

- a. You may have other insurance subject to the same plan, terms, conditions, and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
- b. If there is other insurance covering the same loss or damage, other than that described in Paragraph a above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

10. Premiums

- a. The first Named Insured shown in the Declarations is responsible for the payment of all premiums.
- b. The first Named Insured shown in the Declarations will be the payee for any return premiums we pay.
- c. The premium shown in the Declarations is estimated based on the number of “claimants” expected at policy inception. After enrollment has been finalized, and the number of “claimants” has been fixed, you will submit to us the final number of “claimants”. We will then either issue a refund or submit an invoice for the additional premium due.

11. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

12. When We Do Not Renew

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If we decide not to renew this Coverage Part, we will mail to the Named Insured shown in the Declarations written notice of the nonrenewal not less than 60 days before the expiration date.

Proof of mailing will be sufficient proof of notice.

SECTION V – DEFINITIONS

1. “Academic major” means the undergraduate major or major field recorded in the “claimant’s” undergraduate diploma. In the event that the diploma lists more than one major, the “academic major” is the major with the highest coverage level shown in the Declarations. Any minor field of study, certificate, or other similar non-major completions noted in the diploma do not impact the definition of the “academic major”.
2. “Claimant” means anyone from the select group of high schools, as specified by the insured, or anyone else otherwise selected by the insured, who enrolls as a first-year student during the policy period shown in the Declarations in an undergraduate degree program offered by the insured.
3. “Coverage period” means the first five full calendar years (i.e., January 1 through December 31) beginning with January 1 immediately after the “claimant’s” attainment of a bachelor’s degree. The following are excluded from the coverage period:
 - a. Calendar years during which the “claimant” is enrolled in a postgraduate degree program;
 - b. Calendar years during which the “claimant” is serving in a temporary position, not exceeding two (2) years, with a non-profit or nongovernment organization, including without limitation programs such as AmeriCorps, Peace Corps, Teach for America, and religious missions; and
 - c. Calendar years during which the “claimant” is serving in the armed forces.

Calendar years that comprise the “coverage period” need not be consecutive.

4. “Cumulative income shortfall” is calculated by comparing the “claimant’s” applicable Covered Income shown in the Declarations and “earned income” during the “coverage period” as follows:
 - a. The cumulative “earned income” is the sum of “earned income” during the first four years of the “coverage period” plus the greater of:
 - (1) “Earned income” during the fifth and final year of the “coverage period”;
 - (2) “Earned income” during the fourth year of the “coverage period”; or
 - (3) The sum of “earned income” amounts from the first four years, divided by four (4), and then multiplied by 1.03, rounded to the nearest cent.
 - b. If the cumulative “earned income” during the “coverage period” exceeds the Covered Income, the “cumulative income shortfall” is zero.

- c. If the cumulative “earned income” is lower than the Covered Income, the “cumulative income shortfall” is the difference between the Covered Income and the cumulative “earned income” during the “coverage period.”

Example 1

When:	The Covered Income is:	\$200,000
	The “earned income” is:	\$180,000

The “cumulative income shortfall” is \$20,000 (\$200,000 minus \$180,000).

Example 2

When:	The Covered Income is:	\$200,000
	The “earned income” is:	\$201,000

The “cumulative income shortfall” is \$0 (\$200,000 is greater than \$200,000).

5. “Earned income” means all wages, salaries, bonuses, commissions, tips, and net earnings from self-employment. It does not include any income from a passive source, meaning, but not limited to, income from passive investments, savings accounts, bond interest, alimony, stock dividends, inheritance, or any other source of income unrelated to employment.
6. “Full-time employment” means employment on average of at least 30 hours of service per week or 130 hours of service per month.
7. “Seek full-time employment” means, during every period of unemployment exceeding two (2) weeks, a weekly effort by the “claimant” to obtain “full-time employment”, where the effort would satisfy the “actively seeking work” condition for unemployment benefits, as defined by the Illinois Unemployment Insurance Act, 820 ILCS 405/500. In addition to certifying compliance with this requirement, the “claimant” may be asked to present tangible evidence of such efforts. This evidence may include, without limitation, written or electronic responses to job postings, proof of the “claimant’s” resume or electronic job profile posted in a suitable forum, receipt of unemployment benefits from the State of Illinois or any other jurisdiction, etc.