



InsuredSupport.com

InsuredSupport® Marital Settlement Agreement Insurance

Program Manual for Family Law Attorneys

Marital settlement agreement supplemental unemployment insurance

Insuring child & spousal support monthly obligations against qualifying periods of unemployment

V4 (2-5-2018)

Table of Contents

History of InsuredSupport® Marital Settlement Agreement Insurance	2
The Unique Developmental, Actuarial & Underwriting Challenges of MSAI	2
How MSAI Benefits are Actuarially Controlled for Financial Soundness	3
MSAI Attorney/Client and Media Services	4
Why There Are Two Policy Forms	5
Responsible Party Eligibility Underwriting Requirements	5
Responsible Party Minimum Income Eligibility Requirements	6
InsuredSupport®MSAI Policy Premium Rates (Illustration Only)	6
InsuredSupport®MSAI Objectives	7
Sample MSAI inclusion language for a Marital Settlement Agreement	8
MSAI Client Waiver Form and Purpose	10
About Us	11

History of The Marital Settlement Agreement Insurance Program

In 1976, while Director of Marketing for Balboa Insurance Company, responsible for the development of new insurance products, and attending law school at the same time at the University of La Verne College of Law, our CEO Richard Zizian was given a challenge by his family law instructor.

Commissioner Kraig Zappia, Superior Court Commissioner, Family Law Division, San Bernardino County, California proposed to Richard the concept of an affordable, fair and equitable insurance solution that would protect men, women and children of divorced families against the risk of unemployment. Life insurance had become a standard process in divorce marital settlement agreements and it was her desire that unemployment insurance could someday be as readily available.

She had great compassion for families that had financial challenges that impacted the wellbeing of the children and dependent spouses. Her belief was that most obligors (mostly dads back then) had the best of intentions and desire to meet their family support obligations, but often lacked the means to pay, as a result of unexpected periods of unemployment.

She challenged Zizian to create a product that would address this worthy cause; true insurance that covered child and spousal support because, it would not only benefit all parties and the children, but society as a whole would benefit in many ways from such coverage.

As straightforward as the challenge may have appeared back then, as a result of the unique actuarial and underwriting challenges that occur within divorcing and divorced families, it took Zizian more than 40 years to secure a national underwriting commitment from a major insurance company to underwrite the program. Through years of patience, perseverance and research, Zizian, in concert with SterlingRisk and Great American Insurance Company, the insurance industry leader in private supplemental unemployment insurance, integrated marital settlement agreement insurance into the Great American IncomeAssure® Program. Zizian, SterlingRisk and Great American are pleased to offer InsuredSupport® MSAI, the nation's first Marital Settlement Agreement Supplemental Unemployment Insurance Program for child and spousal support obligations.

The Unique Developmental, Actuarial & Underwriting Challenges of MSAI

Every insurance policy has premium rates, benefits, terms, conditions, limitations and exclusions. These provisions must strike a balance between affording as much coverage as possible to the consumer, without jeopardizing the financial viability of the insurance product. The desired result of all insurance is a quality benefit for the consumer, at a fair, affordable price, and a resulting reasonable underwriting profit for the underwriting insurance company. Underwriting profit consists of the earned premium remaining after losses have been paid and administrative expenses have been deducted. For the reasons set forth below, achieving actuarial soundness for the MSAI program re-



quired a focus on and mitigation of the following risk factors typically associated with underwriting and insuring in a divorced family environment.

The psychological impact and distraction of a divorce can have a significant impact on one's job performance, job stability and job retention, especially in the earlier months of the divorce process. Pre-existing family financial and job stability challenges (which are often contributing factors to divorce).

Contentious custody and support issues that can prove to be challenging issues for many years. Adverse selection where coverage is only purchased when job loss is highly probable, expected or known.

Fraud and self-inflicted causation for termination of employment to receive benefits. The economy and the local, regional and national economic conditions that impact employment. The unemployment exposures by trade and employment categories.

The MSAI policy conditions discussed on the following page, were (i) developed to help mitigate the above noted risk factors, and (ii) to tailor-make the MSAI coverage so that it is available to those that need the coverage the most. MSAI is not available to everyone, by design, to maintain long-term availability and viability of the Program for average families who need financial assistance during life's critical periods.



How MSAI Benefits are Actuarially Controlled for Financial Soundness

W2-Employed: The insured Responsible Party must be a W2-Wage earner. The preferred insured for the MSAI market are wage earners who have child and spousal support obligations where regular, measurable, income can be verified.

Minimum/Maximum Benefit Range: The range of support begins at a low of \$450 to a high of \$9,000 per month. Support obligations above and below these amounts expose the program to a higher risk profile. The underwriting range is designed to capture and cover the vast majority of typical divorces that occur in America today where "critical period" supplemental income can truly address the intent and purpose of the marital settlement agreement obligations.

Initial Six -Month Vesting Period: There is a 6 month coverage eligibility vesting period, beginning on the policy issuance date for a period of 6 consecutive months until benefit eligibility begins. The greatest exposure an insurance company faces on any insurance product is "adverse selection." Adverse selection occurs when an applicant purchases insurance knowing of a high probability of a claim of loss event under an insurance policy, without disclosing

the facts to the insurance company. In a divorce setting, actuarial soundness dictates the need for a reasonable waiting period to assure the long term financial viability of the Program.

Unemployment Eligibility: One of the historical challenges of supplemental income insurance has been the determination between voluntary and involuntary loss of employment. After years of experience, it was determined that the best benchmark for determining eligible loss of employment would be to mirror the state requirements in the domiciliary state of the insured party. MSAI has adopted the same standard. If the Responsible Party qualifies for state unemployment benefits, that qualification serves as a triggering eligibility event for the MSAI program, subject to the other terms and conditions set forth in the policy.

MSAI Attorney/Client and Media Services

MSAI Policy Premium Quotations Online	www.maritalsettlementinsurance.com or www.insuredsupport.com
Policy Issuance and Printing Online	www.maritalsettlementinsurance.com or www.insuredsupport.com
Coverage/Benefit/Premium Questions Help Desk	Toll Free: 888-593-8752
Attorney Registration:	To receive periodic newsletters and program updates: <ul style="list-style-type: none"> • Go to www.maritalsettlementinsurance.com • Click on Contact Us Tab • Complete the information form and submit
Attorney/Family Law Bar Program Inquires Press-Media Inquires	<ul style="list-style-type: none"> • Zizian & Associates 619-236-0569 • info@insuredsupport.com • Marketing Division – Richard Zizian 619-236-0569 • Program Administration – Mike Stevenson 310-418-5505
Policy Coverage Questions	SterlingRisk 888-593-8752
Policy Renewal Questions	SterlingRisk 888-593-8752
Policy Claims	SterlingRisk 888-593-8752
Program Documents Online (www.maritalsettlementinsurance.com) (www.insuredsupport.com)	<ul style="list-style-type: none"> • MSAI Sample Policies (2 formats) • MSAI Brochure • MSAI Frequently Asked Questions • MSAI Attorney Program Manual • MSAI Inclusion Form and Attorney-Client MSAI Waiver Form

Why There Are Two Policy Forms

The majority of States have the same type of State unemployment benefits, therefore Policy form #3-16 is applicable in most states, however there are several states that have shorter period of State unemployment benefits where the policy has to provide for “extended benefits” to reach our intended 24 weeks of coverage. This requires us to use different policy language for policies with extended term options.

Alabama	Iowa	New Hampshire	Tennessee
Arizona	Kentucky	New Jersey	Texas
Arkansas	Louisiana	New Mexico	Utah
California	Maine	New York	Vermont
Colorado	Maryland	North Dakota	Virginia
Connecticut	Massachusetts	Ohio	Washington
Delaware	Minnesota	Oklahoma	West Virginia
District of Columbia	Mississippi	Oregon	Wisconsin
Idaho	Montana	Pennsylvania	Wyoming
Illinois	Nebraska	Rhode Island	
Indiana	Nevada	South Dakota	Not available in Alaska or Hawaii



Florida
Georgia
North Carolina
Missouri
Michigan
Kansas
South Carolina



Responsible Party Eligibility Underwriting Requirements

1. Employment Type	Full-Time, W2 wage earner (not self-employed)
2. Full-Time Hours	30 or more hours per week.
3. Single Employer	Working for one employer only
4. Job Security (at time of application)	No known pending or fixed termination dates No termination notices issued by employer No reason to know or expect termination
5. Minimum Annual Wage Requirement (Varies by state: See Next Page)	Meets the minimum annual wage requirement set forth on the following page

Responsible Party Minimum Income Eligibility Requirements

1. The Obligated party must earn at least the minimum annual wage, or more, as set forth in the chart below.
2. The minimum annual wage requirement varies by state.

Alabama: \$40,000	Kentucky: \$41,200	North Dakota: \$49,800
Alaska: Coverage Not Available	Louisiana: \$40,000	Ohio: \$41,400
Arizona: \$40,000	Maine: \$40,000	Oklahoma: \$43,200
Arkansas: \$44,100	Maryland: \$42,400	Oregon: \$47,400
California: \$44,000	Massachusetts: \$57,900	Pennsylvania: \$50,000
Colorado: \$46,700	Michigan: \$40,000	Rhode Island: \$49,500
Connecticut: \$51,300	Minnesota: \$54,200	South Carolina: \$40,000
Delaware: \$40,000	Mississippi: \$40,000	South Dakota: \$40,000
Florida: \$40,000	Missouri: \$40,000	Tennessee: \$40,000
Georgia: \$40,000	Montana: \$45,100	Texas: \$44,300
Hawaii: Coverage Not Available	Nebraska: \$40,000	Utah: \$43,000
Idaho: \$40,000	Nevada: \$40,600	Vermont: \$42,000
Illinois: \$41,400	New Hampshire: \$42,200	Virginia: \$40,000
Indiana: \$40,000	New Jersey: \$54,700	Washington: \$53,800
Iowa: \$40,600	New Mexico: \$40,400	West Virginia: \$41,900
Kansas: \$45,500	New York: \$40,400	Wisconsin: \$40,000
	North Carolina: \$40,000	Wyoming: \$42,400

MSAI Policy Premium Rates (Illustration Only)

The premium rates for MSAI are predicated upon:

1. Annual Income of the Responsible Party. (income is only used for qualification. Rates do not vary by income.
2. The combined total (weekly or monthly) amount for child and spousal support.
3. The Coverage Benefit Period (Fixed at 24 weeks per year, in all states).
4. Occupation/Industry of the Responsible Party
5. Domiciliary state of the Responsible Party

Due to the combination of rating factors above, there are over 2,000 applicable premium rates for

MSAI, therefore we can only provide a sample illustration of a hypothetical case. We have selected a typical divorce.

State Where the Responsible Party Lives	e.g. California
Annual W2 Income of the Responsible Party	\$75,000
Occupation	Financial Services Industry
Total Weekly Support Obligation	\$220 week = (X 4.3 wks.) = \$946 per month in support benefits
Total per Occurrence Maximum benefit	\$220 X 24 weeks = \$5,280
Total Monthly Premium* (* Rates vary by state, income and occupation)	\$ 21.79 per month (\$258.00 Annually) = 4.88%

InsuredSupport® MSAI Objectives

1. To provide support payments during period of qualifying unemployment to prevent an accumulation of unpaid support obligations upon the Responsible Party.
2. To provide “true” insurance coverage so that there is no obligation on the part of the Responsible Party to reimburse anyone for the payments made on their behalf.
3. To minimize the enforcement exposure upon the Responsible Party for non-payment of support obligations for covered involuntary reasons.
4. To provide assurances to the Recipient Party that a dependable financial resource is available when the Responsible Party is experiencing periods of qualifying unemployment.
5. To provide a first-of-a-kind solution to help support-dependent families bridge life’s “critical periods.”

Sample MSAI provisions for a marital settlement agreement

Illustrative Language

[Illustrative Language Guide]

[Adding MSAI Coverage Requirement to a Marital Settlement Agreement]

Child [and/or Spousal] Support Obligation Supplemental Unemployment Insurance:

Subject to Husband Wife qualifying for coverage under the insurance company's underwriting rules, it is agreed that Husband Wife shall purchase Marital Settlement Agreement IncomeAssure® Supplemental Unemployment Insurance Coverage ("MSAI") from Great American Insurance Company, to cover the weekly monthly support obligations set forth in this Agreement for the term of such support obligations.

The policy shall have six (6) month Vesting Period beginning on the effective date of _____ for a period of six (6) months. Benefits payable there under being paid directly to [_____] Name _____ Husband Wife, as the Designated Beneficiary under the MSAI policy.

The amount of MSAI Supplemental Unemployment Insurance coverage shall equal the total of the weekly monthly child/spousal support obligation of \$_____. In the event the total support obligation is subsequently increased or decreased, during the term of this Agreement, the coverage shall be adjusted to match the support obligation next due. The coverage selected shall have a two (2) week Elimination Period and a twenty-four (24) week Benefit Period

The MSAI insurance premium shall be paid quarterly, semi-annually, annually by Husband Wife in a timely manner to keep the coverage in force at all times a child/spousal support obligation exists under this Agreement.

It is agreed that any enforcement provisions of this Agreement shall be secondary and subject to a condition precedent that all insurance benefits under the MSAI coverage have first be exhausted before the implementation of any enforcement provisions set forth herein, except for known conditions where no coverage benefits are applicable as set forth in Section 8 below.

The parties acknowledge that the MSAI coverage does not completely cover the support obligations under this Agreement and that Husband Wife shall be responsible for that portion of the support coverage not covered by MSAI insurance.

MSAI insurance benefits shall be paid directly to the Designated Beneficiary above, who has been endorsed to the MSAI policy. The insurance company will pay the benefits directly to the Designated Beneficiary's bank account provided to the insurance company at the time of the filing of a claim.

It is agreed that any support enforcement provisions set forth in this Agreement shall first be subordinated, in whole or in part, to the benefits payable under the MSAI policy. The known conditions of the policy that will not be covered, and where enforcement provisions shall be in full force and effect are;

Vesting Period: During the Policy Effective Date and the Coverage Eligibility Date, is a 6 month Vesting Period where no MSAI coverage is provided and Husband Wife shall remain obligated to pay support obligations without benefit of MSAI insurance coverage. The Vesting Period is only applicable to the first year of MSAI policy coverage.

There is no Vesting Period in subsequent renewal years.

Maximum Monthly Amount/Maximum Benefit Per Occurrence: MSAI benefits will cover the stated monthly benefit as set forth on the Declarations Page of the MSAI Policy for up to a maximum of 24 weeks per occurrence. If the support obligation is greater than the stated benefit stated on the Declarations Page, Husband Wife shall be responsible for payment of the difference between the covered amount and the support payment obligation.

Elimination Period: To qualify for coverage under MSAI Husband Wife must (2) remain unemployed for an initial two week period after the expiration of the Eligibility Period, and (ii) be eligible to receive and actually receive the first State unemployment compensation benefit payment. Husband Wife shall remain obligated to pay support obligation during uncovered periods of MSAI coverage.

Renewal Eligibility: Husband Wife shall be responsible for completing the annual MSAI Policy renewal application form. Each year, Husband Wife shall be responsible for providing the other party with a copy of the MSAI Renewal Certificate as proof of coverage. If for any reason the MSAI Policy is not renewed, Husband Wife shall be responsible for payment of support obligations without the benefit of insurance as set forth herein.

Cancellation or Non-Renewal: Husband Wife acknowledge that purchasing, paying for, and renewing the MSAI Policy in an integral part of this Marital Settlement Agreement, and the voluntary or involuntary cancelling or non-renewal of the MSAI is (i) a noticeable and reportable event, and (ii) may be a violation of the terms of the Agreement. Husband Wife shall be required to notify the other in writing, either through their respective attorney or directly within 30 days prior to the expiration date of the MSAI Policy. In the event of cancellation or non-renewal of the MSAI the insurer shall notify both the Husband and Wife.

Note: Marital Settlement Agreements and provisions relating to MSAI coverage should only be prepared by a licensed family law attorney.



Sample Attorney - Client MSAI Waiver Form

WAIVER OF OPTION TO INCLUDE MARITAL SETTLEMENT AGREEMENT INVOLUNTARY UNEMPLOYMENT INSURANCE IN MY AGREEMENT

I _____, am the client of _____ (Attorney at Law) :

I understand that I have an option to self-apply for Marital Settlement Agreement Insurance (“MSAI”) to cover the child and/or spousal support payments set forth in my Marital Settlement Agreement against qualifying period of involuntary unemployment. I am the support [] Responsible Party, [] Recipient Party under the Agreement).

My attorney has advised me of the legal and financial benefits that could be afforded to me by purchasing Marital Settlement Agreement Insurance and having MSAI insurance requirements included in my Agreement. I have elected not to apply for coverage at this time. Additionally, I have instructed my attorney not to put any requirements for MSAI insurance in the Agreement. I realize that I have the right to apply and self-purchase MSAI at any time in the future, however purchasing MSAI without inclusion of MSAI terms and conditions in my marital settlement agreement would not make the requirement of insurance mandatory or enforceable in the future.

I have read and understand the foregoing information and hereby waive my option to (i) self-purchase MSAI at this time, (ii) have MSAI provisions included in my agreement and (iii) I hold my attorney harmless from any and all legal and financial consequences which I may incur for not securing MSAI coverage and including it in my marital settlement agreement as recommended by my attorney.

complete name

—
Client Signature

Date: _____

About US

About the Zizian Agency:

Richard S. Zizian JD, the inventor of InsuredSupport® MSAI, has 49 years of experience in the insurance and risk management industries. He is nationally and internationally recognized for developing unique, first-of-a-kind, insurance and risk management solutions in a wide variety of industries, including consumer protection, manufacturing, solar, wind, sanitation, security, power transmission and warranty solutions. Mr. Zizian will spearhead the marketing of the MSAI Program.

About SterlingRisk:

SterlingRisk is one of the nation's top 25 privately held insurance brokers and adheres to the highest standards of professionalism and client service. It has earned the AICPA Service Organization Control Reports® prestigious SSAE 16 compliance ratings and is working toward the SSAE 16 certification. SterlingRisk also has been awarded the Best Practice Designation by The Target Markets Program Administrators Association (TMPAA) after completing an evaluation process developed by the Target Markets Board of Directors in consultation with the Association's Carrier Partners. In addition, they are a member of the Better Business Bureau.

About Great American Insurance Group

Great American Insurance Group's roots go back to 1872 with the founding of its flagship company, Great American Insurance Company. Based in Cincinnati, Ohio, the operations of Great American Insurance Group are engaged primarily in property and casualty insurance, focusing on specialty commercial products for businesses, and in the sale of traditional fixed and fixed-indexed annuities in the retail, financial institutions and education markets. Great American Insurance Company has received an "A" (Excellent) or higher rating from the A.M. Best Company for more than 100 years (most recent rating evaluation of "A+" (Superior) affirmed May 12, 2016). The members of Great American Insurance Group are subsidiaries of American Financial Group, Inc. (AFG), also based in Cincinnati, Ohio. AFG's common stock is listed and traded on the New York Stock Exchange under the symbol AFG.

Policies are underwritten by Great American Insurance Company, an authorized insurer in all 50 states and DC. Coverage is summarized. Not available in Alaska or Hawaii. Refer to the actual policy for a full description of applicable terms, conditions, limits and exclusions. Great American Insurance Group, 301 E. Fourth St., Cincinnati, OH 45202.



InsuredSupport.com