

Employer insuring life of  
employee.

MODERN ANNOTATED FORMS OF AGREEMENT

Employment Agreements

8. That, as it is deemed mutually advantageous to the parties hereto that the First Party shall take out a policy of insurance upon the life of the Second Party, it is hereby further agreed:

(a) That the Second Party agrees forthwith to apply for and take out insurance in the sum of fifty thousand (\$50,000) dollars in one of the standard insurance companies approved by the First Party, and authorized to do business in the State of New York; that the annual premium for such insurance shall be paid by the First Party; and the Second Party agrees to have the proceeds of such insurance made payable to the First Party.

(b) That the Second Party agrees either to assign the said policy or to arrange that the said policy shall provide that the same shall not be subject to change of beneficiary.

(c) That the proceeds of said insurance shall be used and applied, as follows:

(1) That the First Party shall deduct the amount of all premiums paid by it on account of the said insurance policy, without interest;

(2) That, out of the remaining proceeds, the First Party shall have the right to exercise or adopt either of the following plans:

(aa) To pay over the balance thereof to the wife of the Second Party, except as otherwise provided in "(bb)" hereof; or

(bb) The First Party may retain the said balance, so long as it shall see fit, but for a period not to exceed twenty (20) years; and, during the period of such retention, the First Party agrees to pay to the wife of the Second Party a sum equal to seven (7%) per cent. on the said amount, payable in equal quarter-annual payments after the receipt of the proceeds from the insurance company; and, at the expiration of the said twenty (20) years, or earlier period, as the First Party may elect, the said net balance shall be paid to the said wife of the Second Party. If, however, his wife shall predecease the Second Party, then, unless otherwise provided in and by the last will and testament of the Second Party, as duly admitted to probate, the said payment or payments shall be made share and share alike, to the children of the Second Party and to the children of any deceased child or children of the Second Party, the children of any such deceased child to take the portion such deceased child would be entitled to if living.

9. That the First Party may, as it sees fit:

(a) Borrow upon the said policy or pledge the said policy in any form, or upon any terms, that it may deem necessary, but the First Party agrees that, upon the death of the Second Party, it will liquidate said loan or loans except as to the amount of the premiums paid, or except as otherwise provided in the next succeeding subdivisions; or

(b) Reduce the amount of the said insurance by surrendering part of the said insurance and taking a paid-up policy and continuing the same for a smaller sum; or

(c) Surrender the entire policy and take a paid-up policy; or

(d) In case of the surrender of the whole or part of the said policy, and the taking out of a paid-up policy, or in case of the surrender of its cash surrender value, the First Party agrees, upon the death of the Second Party, to hold the net proceeds, at all times, subject to the provisions of subdivision "(2)" of paragraph "3" hereof.

10. (a) That the provisions hereof with respect to the insurance shall be deemed to be divisible and severable from the provisions herein contained relating to the employment hereunder.

(b) That the First Party shall have the right to exercise any of the privileges set forth in paragraph "9" hereof, though the business relations between the First Party and the Second Party shall be discontinued, whether during the term of this agreement, or during any renewal or extension thereof, or during the term of any other agreement.

11. That the Second Party agrees to execute, acknowledge and deliver any and all instruments that may be deemed by the First Party necessary in the premises.

12. That this contract shall be construed according to the laws of the State of New York.