

OVERHEAD EXPENSE

DISABILITY INSURANCE
TO COVER REIMBURSEMENT
FOR OVERHEAD EXPENSES

BUSINESS
PRODUCTS



GUARDIAN®

Reimbursement for Business Expenses in the event of Disability

You've worked hard to establish your business and to provide exceptional service to your customers. Your presence in the office is crucial to the smooth operation of your business – from overseeing staff to generating the income that funds your day-to-day expenses.

If you became disabled, you may be unable to provide the essential services your customers expect, and you may not be able to provide the leadership that your employees need. Your revenue would likely decline, but your expenses would probably stay the same – or may even increase. How long could you afford to continue meeting your financial obligations? As your day-to-day expenses add up, you might be forced to consider drastic measures like terminating employees, taking on debt or even closing your business. However, there is another option – one that enables you to cover your ongoing overhead expenses and keep the business running so you have a viable business to return to.

Overhead Expense Disability Insurance can help you protect the future of your business by:

- Paying ongoing expenses such as rent, utilities and taxes
- Paying up to 80% of the salary of your temporary replacement
- Paying the salary and benefits of your employees
- Making interest and installment payments on loans
- Preserving the continuity of the business that will retain your customers

Overhead Expense Disability Insurance is a cost-effective solution.

Overhead Expense Disability Insurance is a cost-effective way to ensure that your business can meet its ongoing expenses during a period of disability. Protecting your business from financial loss is important whether you eventually return to work or decide to sell your business.

Just as individual disability income insurance can help you pay your living expenses while you recover from a serious injury or illness, Overhead Expense Disability Insurance can help you to keep your business up and running.

The Benefits of Protecting Your Business with Overhead Expense Disability Insurance:

Policyholders are reimbursed for 100% of actual covered business expenses each month, up to a maximum monthly benefit amount. Guardian's Overhead Expense Disability Insurance provides high-quality coverage that can't be cancelled as long as premiums are paid. The policy includes these desirable features:

- True "own-occupation" coverage, which enables you to be considered totally disabled if you are unable to perform the duties of your occupation
- Guaranteed renewable to age 65 – as long as your premiums are paid
- As long as you are working full-time and are responsible for business expenses, you can continue coverage to age 75
- Choice of Benefit Periods – 12, 18 or 24 months

- **Choice of Waiting Periods** before benefits begin – 30, 60 or 90 days
- **Coverage for all the normal, necessary, and customary expenses** incurred to run your business – including mortgage payments or rent, utilities, salaries, taxes, interest on debt, loan payments and more
- **Reimbursement for 80% of the salary paid to someone of your profession to fill in for you**, for up to six months following a **total disability***
- **Carry-over Provision** – accommodates fluctuating monthly expenses by allowing any unused portion of your maximum monthly expense benefit to be made available for use in months when expenses exceed the maximum monthly benefit
- **Extension of Benefits** – allows payments to continue beyond the maximum benefit period (but not to exceed two times the number of months in that period) if the benefits paid are less than the maximum monthly overhead expense benefit
- **You can enhance your coverage with Optional Riders**
 - **Residual Overhead Expense Benefit**** for Injury and Sickness Rider – offers coverage during a partial disability to reimburse the difference between current expenses and current gross monthly revenue (up the monthly benefit maximum)
 - **Future Purchase Option Rider** – gives you the option to apply for increases to your coverage each year to help your benefits keep up with inflation and any corresponding increase in your expenses, without the need to provide additional proof of medical insurability (available until age 55)

Overhead Expense Disability Insurance offers several tax advantages.**

- Premium payments are tax-deductible as a reasonable business expense
- Overhead Expense benefits received during your disability are taxable upon receipt; however, they are used to pay business-related expenses which are tax-deductible, so the net tax impact is neutral

Next Steps

- Use the worksheet to assess your monthly business expenses
- Ask your financial advisor or insurance representative about Overhead Expense Disability Insurance
- Compare the cost of the policy vs. the cost to your business or personal savings if you had to continue paying business expenses while you were disabled
- Complete an application

* Except as described above, coverage does not include salaries, fees, drawing account, or other remuneration for you, or any other member of your profession, or compensation for a member of your immediate family who was not a full time employee within 60 days prior to onset of a period of total disability.

** Partial Overhead Expense Benefit in CA.

** This publication is provided as a courtesy by Berkshire Life Insurance Company of America and does not modify the provisions of any policy. It is offered for the purpose of education and information only and is not intended to constitute tax or legal advice. For information on your specific situation, please consult your personal legal or tax advisor.

What monthly business expenses will you need to cover?

	Amount
Rent	<input type="text"/>
Electricity	<input type="text"/>
Telephone	<input type="text"/>
Heat	<input type="text"/>
Water	<input type="text"/>
Laundry	<input type="text"/>
Employee salaries	<input type="text"/>
Employee benefits	<input type="text"/>
Real estate taxes	<input type="text"/>
Property insurance	<input type="text"/>
Interest on debt	<input type="text"/>
Depreciation	<input type="text"/>
Rent or lease expense of furniture or equipment	<input type="text"/>
Legal and professional services	<input type="text"/>
Other fixed overhead expenses	<input type="text"/>
Salary for your replacement	<input type="text"/>

Total

▷ **Disability due to illness or injury is far more common than you may think. Keep your business up and running while you recover with cost-effective Overhead Expense Disability Insurance.**



Disability income products and Policy Form 4100 underwritten and issued by Berkshire Life Insurance Company of America, Pittsfield, MA, a wholly owned stock subsidiary of The Guardian Life Insurance Company of America (Guardian), New York, NY. Policy Form NC82 in Montana provided by Guardian. Product provisions and features may vary from state to state.

This policy provides disability insurance only. It does not provide basic hospital, basic medical or major medical insurance as defined by the New York State Insurance Department. The expected benefit ratio for this policy is 50%. This ratio is the portion of future premiums that the company expects to return as benefits, when averaged over all people with this policy.

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GUARDIAN[®]

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Individual Disability Insurance

Keep Your Business Open



Help cover your business expenses

You work hard to attract and keep your clients. Your door is always open. The idea of telling them to do business with someone else probably never crossed your mind. However, it could come to that, if you became too sick or hurt to work.

- Could your business survive without you and your income for a month, six months, more than a year?
- Who would pay the office expenses (rent, salaries, utilities, etc.)?
- Would you have to turn clients away?
- If you had to close the business temporarily, could you return to your current location?
- Would you lose your key employees?

Keep your clients

Overhead Expense insurance from Principal Life Insurance Company provides:

- Expense reimbursement to help pay the immediate costs of keeping your business open until you are able to return to work.
- Flexibility. Your Overhead Expense insurance policy is designed with your business' special needs in mind.
- Coverage when you need it. As long as you continue paying premiums, your policy cannot be cancelled or premiums increased before you reach age 65 – even if you have a change in income, occupation or health.

What are the odds?

If you're disabled, everyday expenses can chip away at the foundation of your business. Those unpaid expenses could force you to close your doors – permanently.

Illness or injury can strike anybody at any time. Take a look at the numbers...

Chances of disability lasting three months or longer (before age 65)

AGE	1 OWNER	2 OWNERS	3 OWNERS
27	41.9%	66.3%	80.4%
37	38.7%	62.4%	77.0%
47	32.4%	54.4%	69.2%
57	19.6%	35.4%	48.0%

Commissioner's Individual Disability Table B-Equally Weighted
30-day Elimination Period

Protect your business

Don't let the inability to keep up with overhead expenses force you to close your doors. Keep your business running smoothly with Overhead Expense insurance from Principal Life Insurance Company.



WE'LL GIVE YOU AN EDGE®

Principal Life Insurance Company, Des Moines, Iowa 50392-0002
www.principal.com

Disability insurance has limitations and exclusions. For costs and complete details of coverage, contact your Principal Life financial representative.

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Professional **Overhead** Expense Insurance Policy Highlights

HOW DOES MY POLICY PAY?

The maximum monthly Disability Benefit we will issue you is based on your covered overhead business expenses and your type of business. During disability, you will receive the difference between your covered overhead expenses and your monthly gross income, up to your Maximum Monthly Benefit. You must have a restricted ability to perform the substantial and material duties of your regular occupation or have at least a 20% loss of time in the number of hours worked, have covered overhead expenses in excess of monthly gross income by at least \$200, and be under the appropriate care of a doctor. Total disability is never required. If you are working part-time due to a disability and you qualify for disability benefits, you are guaranteed a minimum benefit of at least 50% of your Maximum Monthly Benefit for the first six months. *Ask me what your maximum monthly benefit would be.*

WHEN WILL I START TO RECEIVE MY BENEFITS?

You choose the elimination period. Once you are determined to be disabled under the terms of the policy, you'll receive benefits for the month after the elimination period is satisfied. We will require monthly evidence of covered overhead expenses and monthly gross income before providing benefits. The elimination period is the "waiting period." No benefits are paid for this period.

HOW LONG WILL I RECEIVE MY BENEFITS?

There is no limit on the length of time you may receive benefits if you are disabled under the terms of the policy and have satisfied the elimination period. Benefits are paid until your maximum aggregate benefit has been paid. *Ask me what your maximum aggregate benefit would be.*

WILL MY POLICY BE CANCELED OR MY PREMIUMS CHANGED?

No. Your policy is non-cancelable and has guaranteed premium rates to age 65. This means we cannot change or cancel your policy, except for non-payment of premiums, or increase the premiums before you reach age 65, regardless of changes in your income, occupation or health. After age 65, you may conditionally renew your policy annually for the rest of your life as long as you are working full-time and meet the requirements. After age 65, if the policy is renewed, your premium will change based on your age at renewal.

POLICY FEATURES

These benefits are automatically built into your policy:

Carry Forward Features – If your covered overhead expenses differ from the Maximum Monthly Benefit, you may carry forward unreimbursed expenses and unused benefits to a later month during your Continuous Disability. This feature gives you the opportunity to collect benefits up to your Maximum Aggregate Benefit without regard to the length of time disabled.

Exchange Privilege – You may exchange your policy for a disability income policy before age 60. The exchange will be based on current underwriting guidelines but without medical evidence of insurability. Premiums will be based on current rates, your attained age and occupation. This is advantageous if you ever leave your business but still need disability income protection.

Legal Fee Benefit – You’ll receive up to \$3,000 for legal expenses incurred in the termination of your business due to disability. This benefit is paid in addition to all other policy benefits and helps cover the extra expenses associated with the business dissolution.

Presumptive Disability Benefit – You will receive reimbursement of your covered overhead expenses immediately if you permanently lose the power of speech, hearing in both ears, sight in both eyes, or use of both hands or feet, or one hand and one foot. The elimination period and doctor’s care requirement are automatically waived. Benefits begin to accrue immediately and continue as long as the loss continues and until the maximum aggregate benefit is paid. The monthly benefit will be 100% of your covered overhead expenses, up to your maximum monthly benefit, regardless of any gross income you earn.

Replacement Salary Expense Benefit – If you hire a replacement to perform your duties during the time you are receiving disability benefits, the difference between the replacement’s salary and the monthly gross income generated by the replacement will be included as a covered overhead expense.

Special Death Benefit – Benefits will be paid for up to three months if you die after satisfying the elimination period while receiving disability benefits. This helps your survivors meet business obligations that continue to be incurred after your death.

Waiver of Premium Benefit – After you’re disabled for the lesser of 90 days or the elimination period, your premiums are waived. We’ll refund the premiums paid for coverage after the disability began and continue to waive all future premiums that become due during your continuous disability.

POLICY RIDERS

Available, subject to underwriting guidelines, to be added to your policy:

Automatic Benefit Increase – This **no-cost** rider automatically increases your coverage every year for five years **without submitting evidence of insurability** based on the change in the Consumer Price Index for all Urban Consumers (CPI-U), with a minimum guaranteed increase of at least 4% compounded and a maximum of 10% compounded.

Benefit Update Rider – This **no-cost** rider allows you to increase your coverage to the maximum amount you are eligible for every three years **without providing evidence of medical insurability**. Benefit Update provides flexibility as your expenses increase without proving good health!

Return to Work Rider – Even if you recover from disability and return to your regular work full-time, benefits will be paid until your maximum aggregate benefit is exhausted as long as you continue to have covered overhead expenses in excess of monthly gross income due to your prior disability. This helps cover expenses as you rebuild your business or practice. This rider is available to certain occupations.

All features, provisions and riders may not be available in all states, with all occupation classes and in conjunction with each other. They may also be subject to state variations and require an additional premium. Please read your policy carefully for exact definitions in your state. Disability insurance has limitations and exclusions. For costs and complete details of coverage, contact your Principal Life representative.

WE UNDERSTAND WHAT YOU’RE WORKING FOR SM



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