Principal®

Product Profile

Overhead Expense Insurance

Learning about Overhead Expense (OE) insurance from Principal® is easy. This product profile outlines the key features you need to know.

How it works

An OE insurance policy helps ensure business owner clients can protect their business if a disability prevents them from working. OE insurance reimburses an owner for business expenses incurred during a disability.

Target market

- Small- to medium-size businesses with:
  - Less than eight owners for fee-for-service businesses
  - Less than four owners for other types of businesses
- Owners:
  - Between the ages of 35 and 55
  - Critical to the continued earning of business income
  - Occupations with little to no manual duties, such as corporate executives, accountants/CPAs, attorneys, business owners, dentists, and medical professionals

Policy benefits

- Non-cancelable (as long as premiums are paid)
- Guaranteed renewable to age 65 or 5 years from the policy date, whichever is later[1]
- Conditionally renewable for life
- Premiums deductible as a necessary business expense

Product and underwriting guidelines

- **Issue ages:** 18-60
- **Occupation classes:** 5A/5A-M, 4A/4A-M, 3A/3A-M, 2A, A*
- **Elimination periods:** 30, 60, or 90 days
- **Benefit factors:**
  - 12, 15[1], 18, 24, or 30[1] times
  - 12, 18, or 24 times in CA, OH, and VT
- **Pricing:** Sex-distinct (unisex in CA, MA, and MT)
- **Simplified underwriting:** Up to age 50 for up to $10,000 /month benefits

Typical covered expenses:

- Employee salaries and benefits (some limitations apply)
- Replacement salary expenses
- Property-based expenses for business operation
- Utilities and phone bills
- Accounting, billing, legal, and collection fees
- Janitorial, security, and maintenance services
- Professional and trade association dues/ subscriptions
- Office supplies and postage
- Real estate taxes

Product and underwriting guidelines, continued

OE maximum issue and participation limits

Occupation classes	Elimination period	Monthly benefit factor				
		12	15[1]	18	24	30[1]
5A/5A-M, 4A/4A-M, and 3A/3A-M	30 Day	$30,000				
	60/90 Day	$50,000	$40,000		$30,000	
2A/A*	30/60/90 Day	$10,000				

*The A occupation class is not available in CA.

Available features

Riders available in most states

- Automatic Increase Option (no cost)
- Benefit Update (no cost)
- Business Loan Protection[1] (cost)
- Residual Disability Benefit (cost)

Riders available in California

- Automatic Benefit Increase (no cost)
- Benefit Update (no cost)
- Return to Work (cost)[2]

Sales programs and discounts

- 10% Selection Occupation
- 10% Association (not available in OH and CA)
- 20% Multi-life[3] (not available in OH)
- Simplified underwriting

Built-in options

- Accounting/Legal Fee Benefit
- Advance Benefit Option[1]
- Carry Forward Feature
- Cosmetic or Transplant Surgery Benefit
- Death Benefit
- Exchange Privilege
- Interrupted Elimination Period
- Presumptive Disability Benefit
- Recovery Benefit (not available in CA)
- Recurring Disability Benefit
- Waiver of Premium Benefit

Starting the conversation with clients

- Get in the door by offering **complimentary business planning services** from Principal that include:
  - **Buy-sell reviews.** Help ensure clients' buy-sell agreements are effective and properly funded.
  - **Informal business valuations**. Provide valuations of clients' businesses to help identify next steps for business continuation planning.
- **Discuss the benefits of having business protection**, which helps them maintain their business value and credit ratings.
  - Reimbursement of key business expenses helps ensure the doors of a business remain open.
  - This type of insurance helps serve as "interruption" protection if an owner becomes too sick or hurt to work.
- When cost is a concern, discuss the **20% Multi-Life Discount.**[3] It's a great way to save money, while getting the protection needed.

  Example: A business owner buys an OE policy and two employees buy Individual Disability Income (DI) insurance policies. The result is a 20% discount for each of them.

  OE + DI + DI = 20% discount[3]

Many owners have taken out loans to enhance their business. Make sure these large obligations are protected with the Business Loan Protection rider.[1]

Let's connect | Contact your local representative.

[1] Not approved in all states. Not available in CA. Go to www.principal.com/distateapprovals for more information.

[2] Only available in CA on Policy HH670 (4A and 5A occupation classes).

[3] Three or more employees with a common employer must purchase individual disability insurance policies from Principal. In OH, only Individual DI insurance and DI Retirement Security receive the discount or count toward the three-person minimum.

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Disability insurance from Principal® is issued by Principal Life Insurance Company, Des Moines, Iowa 50392-0002.

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