



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 Overhead Expense insurance policy helps ensure business owner clients can protect their business if a disability prevents them from working. Overhead Expense 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 in certain states<sup>1</sup>, five years from the policy date, whichever is later)
- 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<sup>1</sup>, 18, 24 or 30<sup>1</sup> times in most states
  - 12, 18 or 24 times in CA
- **Pricing:** Sex-distinct (unisex in CA 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 <sup>1</sup>	18	24	30 <sup>1</sup>
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<sup>1</sup> (cost)
- Residual Disability Benefit (cost)
- Return to Work (cost)

### Riders available in California

- Automatic Benefit Increase (no cost)
- Benefit Update (no cost)
- Return to Work (cost)<sup>2</sup>

### Sales programs and discounts

- 10% Selection Occupation
- 10% Association (not available in OH and CA)
- 20% Multi-life<sup>3</sup> (not available in OH)
- Simplified underwriting

### Built-in options

- Accounting/Legal Fee Benefit
- Advance Benefit Option<sup>1</sup> (not available in CA)
- 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** – to help ensure clients' buy-sell agreements are effective and properly funded.
  - **Informal business valuations** – to 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**<sup>3</sup>. 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<sup>3</sup>**



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



Let's connect.

Contact your local representative.

<sup>1</sup> Not approved in all states. Not available in CA. Go to [www.principal.com/distateapprovals](http://www.principal.com/distateapprovals) for more information.

<sup>2</sup> Only available in CA on Policy HH670 (4A and 5A occupation classes).

<sup>3</sup> 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.



[principal.com](http://principal.com)

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

This information is provided with the understanding that Principal® is not rendering legal, accounting, or tax advice. You should consult with appropriate counsel or other advisors on all matters pertaining to legal, tax, or accounting obligations and requirements.

For producer information only. Not for use with consumers or the public.

Principal, Principal and symbol design and Principal Financial Group are trademarks and service marks of Principal Financial Services, Inc., a member of the Principal Financial Group.

Policy Forms HH702 and HH789

JJ1648-04 | 06/2017 | ©2017 Principal Financial Services, Inc.

**Not FDIC or NCUA insured**

**May lose value • Not a deposit • No bank or credit union guarantee  
Not insured by any Federal government agency**