



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<sup>®</sup> is issued by Principal Life Insurance Company, Des Moines, Iowa 50392-0002.

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Policy Forms HH702 and HH789

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