



Learning about the Business Loan Protection rider from Principal® is easy. This product profile outlines the key features you need to know.

## How it works

The Business Loan Protection (BLP) rider is available for an additional cost on Overhead Expense (OE) insurance policies (HH789 and HH702)<sup>1</sup> from Principal. It helps business owner borrowers continue to pay their business-related loans if they become totally disabled and cannot work.

### Business owner advantages

In the event of a total disability, business loan protection helps:

- Keep the business open and operating.
- Create goodwill with customers and stakeholders.
- Uphold the business owner’s financial obligation to the lender and maintain financial health.

### Target market

- Owners of small- to medium-size businesses
- Ages 35 to 55
- Often sold to accountants/CPAs, attorneys, engineers, dentists and medical professionals

## Premiums

Premium rates depend on several factors. Consider this example:

### \$250,000 loan payable over 15 years

Age	Monthly BLP rate	
	Male	Female
35	\$24	\$65
40	\$35	\$84
45	\$51	\$100
50	\$75	\$113

## Product and underwriting guidelines

- **Issue ages:** 18-60
- **Occupation classes:** 5A/5A-M, 4A/4A-M, 3A/3A-M
- **Elimination periods:** 30, 60, 90, 180 and 365 days
- **Benefit maximum:** Up to \$2 million
- **Maximum benefit issue limit (monthly):** up to \$20,000, based on the amount of the monthly loan payment, rounded to the nearest dollar
- **Maximum participation limit (monthly):** The amount of the monthly loan obligation
- **Benefit period:** End of the financial obligation or earlier (three-year minimum), up to 30 years maximum, may not exceed the loan termination date or the age 65 policy anniversary
- **Types of loans considered for coverage:<sup>2</sup>** Term, balloon<sup>3</sup>, variable rate<sup>4</sup>, commercial mortgage, lease financing and loans for working capital or increase in inventory

Assumptions: Michigan resident, \$0 Overhead Expense Insurance benefit, 30-day Elimination Period, 5A occupation class, non-tobacco, \$1,389 monthly benefit.

## Available features

### Sales programs

- Fully underwritten
- Association<sup>5</sup>
- Simplified underwriting
- Multi-life<sup>6</sup>
- Standard issue

### Discounts

- 10% Select Occupation
- 10% Association
- 20% Multi-Life<sup>6</sup>

### Built-in flexibility

- Benefits can be assigned to the financial institution holding the loan.
- Clients can purchase an Overhead Expense policy with a zero dollar benefit if they just want the BLP rider for loan protection. No additional riders are available.

## Starting the conversation with clients

- **Establish a referral arrangement with local lenders –** Approach staff at local banks and credit unions about the BLP rider. Explain that by working with you, they can manage their loan risk by transferring it to Principal—without adding to their administrative burden.
- **Review your book of business and look for current clients who have purchased OE insurance –** If clients have OE, but have not added BLP, follow up with them. Perhaps their situations have changed, making this coverage more appealing.
- **Make it affordable –** Take advantage of Principal discounts, such as the Multi-life discount.<sup>5</sup> Business owners and employees can purchase individual disability insurance (IDI) at a 20% discount when three or more employees with a common employer purchase any combination of our IDI policies, including the BLP rider.

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

The OE policy can be issued with a zero-dollar benefit. The BLP rider is available for an additional cost.

<sup>2</sup> It does not cover the following loans: line of credit, credit card, revolving line of credit, interest only, family or investment (loans that solely finance an investment).

<sup>3</sup> Balloon loans are written for a specific number of years, with a balloon payment at the end of the period. These loans may be amortized over a longer period of time. The BLP rider covers the amount of the payment for the contractual time period as stated in the loan agreement (minimum of three years) rather than the amortized payment over the longer time period.

<sup>4</sup> Variable interest rate loans can result in fluctuations in the monthly loan payment. The eligible monthly BLP amount is calculated using the lowest interest rate stipulated in the loan agreement.

<sup>5</sup> Not approved in all states; not available in California. Go to [www.principal.com/distateapprovals](http://www.principal.com/distateapprovals) for more information.

<sup>6</sup> Available when three or more employees with a common employer purchase IDI from Principal.



[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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This is a general description of this rider; it is not the rider and does not modify or change the provisions of any policy or rider. May not be available in all states and with all occupation classes.

**Not FDIC or NCUA insured**

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

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