

**::: MassMutual**

*BETTER THAN EVER FOR BOE*



# **MassMutual's NEW** Business Overhead Expense (BOE) Disability Insurance

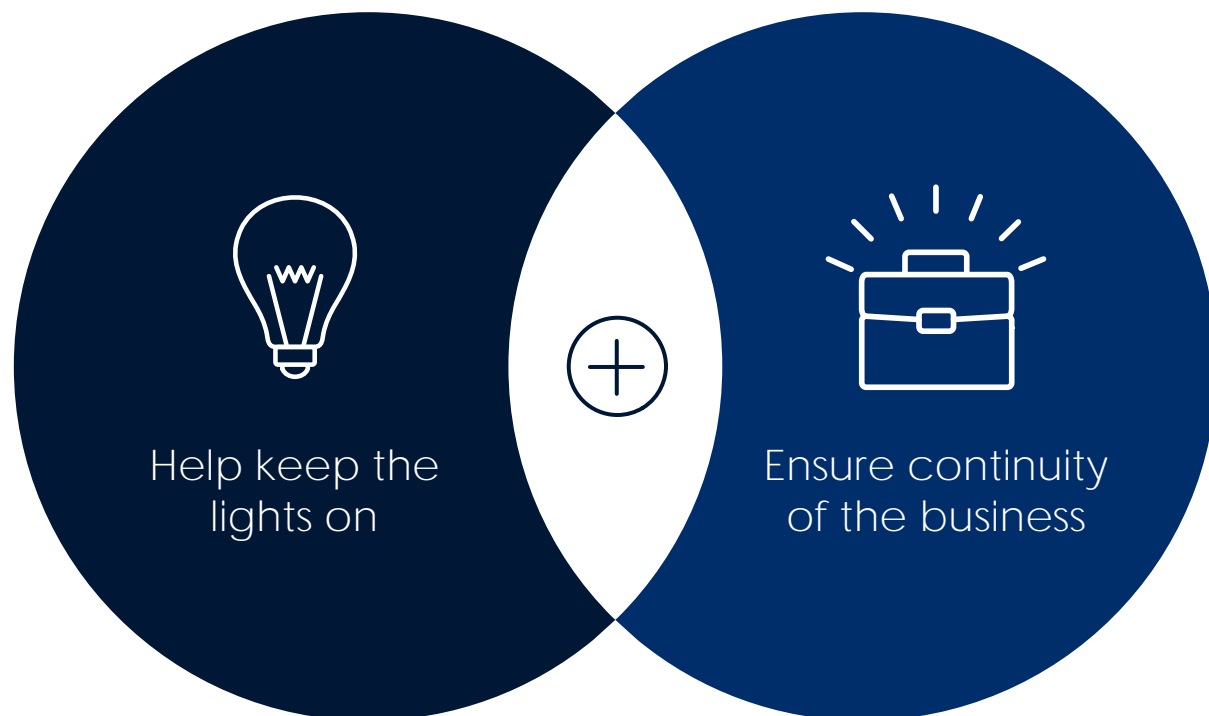
State variations will apply, and the policy is not available in CA, MT, AND NY.

Only brief descriptions of the policy and riders are provided. If there is a conflict between these descriptions, the terms of the policy and riders will govern.

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# What Is BOE?

Designed to:



## Covered Expenses Included (but are not limited to)



Certain Employees' salaries and benefits



Rent



Certain interest payments



Utilities



Cost to lease equipment

# How does BOE help?

## BOE CAN



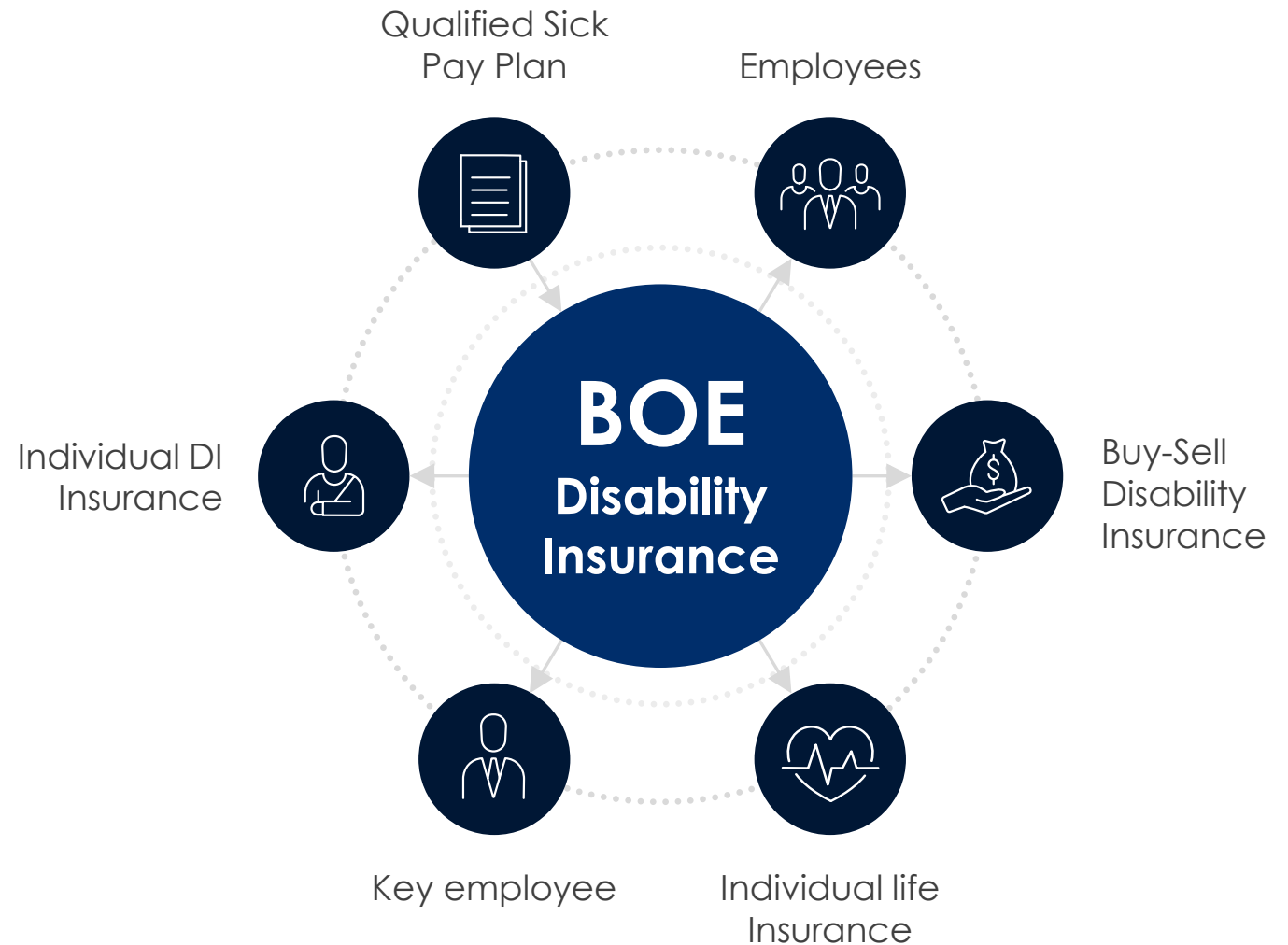
Help Preserve the Value  
of the Business



Help Promote  
Employee Loyalty

# Why BOE?

## Your Door Opener



# Why BOE?

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Your Door Opener

## BOE Sold with Other Products

95%

Multiple Product Sale

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17x

2-3 Product Sales vs BOE Only

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3x

4 Product Sales vs BOE Only

MassMutual. 2023 Sales.

# Why BOE? HYPOTHETICAL EXAMPLE

10X Your Business



# Businesses  
1



# Business Owners  
1



# Employees  
10

Policy Type	BOE	IDI	Life	IDI	Life
# Policies Sold	1	1	1	5	2

10  
Policies

# Why BOE?

## Tax Considerations



Premiums are generally tax deductible as a business expense.



Benefits paid under the policy are taxable.



Benefits are used to reimburse business costs, which are generally tax-deductible.

# Why MassMutual BOE?

- ✓ Some of the highest base protection you can offer your clients
- ✓ Some of the highest loan protection under the Business Loan Protection Rider
- ✓ Some of the highest overall protection
- ✓ 4 ways to increase future protection
- ✓ One of the most competitively priced
- ✓ Potential Dividends\*

\* Currently, with the sale of a new BOE policy, dividends are illustrated to become payable annually after the 5th policy year (6th policy year for FL.) Dividends are not guaranteed.



# PROTECTION

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# Base Protection

Protection limits from the base policy you can offer your clients

Occ Class	Monthly Benefit	Benefit Period
5A, 5P, 4A, 4P, 4D 3A, 3P, 3D	\$35,000	24-month
	\$45,000	18-month
	\$60,000	12-month
2A, A		24-month
	\$15,000	18-month
		12-month



## Business Loan Protection Rider

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Some of the highest  
business loan protection  
your clients can get<sup>1</sup>

<sup>1</sup> Available for an additional cost.

Some of the Highest Business Loan  
Protection Your Clients Can Get:

# Up to \$25,000

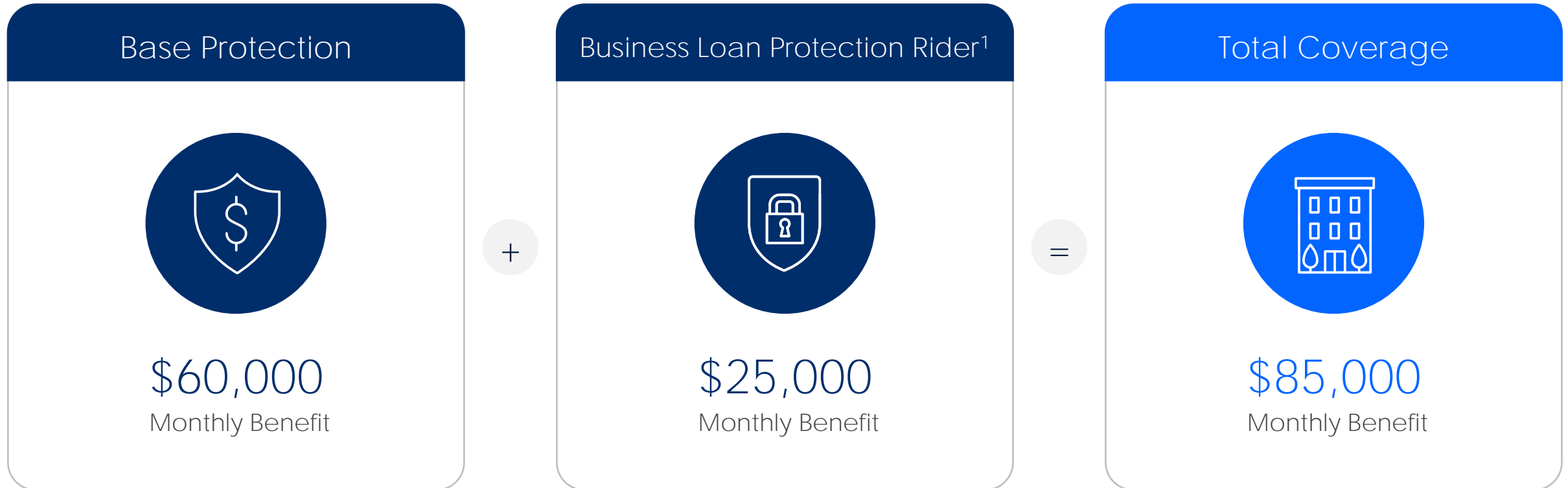
Monthly Benefit

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Issue Amount does not count toward  
I&P Limits

# Overall Protection

Some of the Highest Overall Protection Your Clients Can Get:



<sup>1</sup> Available for an additional cost.

# BUSINESS LOAN PROTECTION RIDER

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# Business Loan Protection Rider

3

Multiple  
BLPRs Simultaneously

## > Business Loan Protection Rider<sup>1, 2</sup> (BLPR)

- Provides a monthly reimbursable benefit to repay certain business loan debt paid by the Insured while Totally Disabled.
- Up to three BLPRs can be attached to one BOE policy

## Available for Occupation Classes

3A

3D

3P

4A

4D

4P

5A

5P

<sup>1</sup> Available for an additional cost.

<sup>2</sup> Business Loan Protection Rider coverage is not a form of Credit Insurance. Reimbursable benefits are not paid directly to the Lender, may not equal the loan's minimum payment(s) required, and do not guarantee against loan default. MassMutual is not a party to any loan agreement between the Insured and the Lender.

# Business Loan Protection Rider

25K

One of the Highest  
Monthly Benefits in  
the Industry

- ① **Elimination Periods:** 30, 60, 90, 180, or 365 days
- ① **Benefit Terms:** Any year from 3 through 30
- ① **Monthly Benefit Amount:** \$500 - \$25,000
- ① Maximum monthly benefit cannot exceed an aggregate of \$25,000 if policy has more than one BLPR
- ① Issue Amount does not count toward I&P Limits
- ① A BOE policy with a \$100 Total Disability benefit (base) with only the Business Loan Protection Rider(s) attached is available

# Business Loan Protection Rider

HYPOTHETICAL EXAMPLE.



Year 1  
BOE Policy



Year 3  
Business Loan  
Protection Rider



Year 5  
Business Loan  
Protection Rider



Year 7  
Business Loan  
Protection Rider



# Business Loan Protection Rider

How It Works When Totally Disabled



# FUTURE PROTECTION

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# Help Protect Future Expenses



Future Insurability  
Option Rider<sup>1</sup>



Benefit  
Increase Rider



Automatic Benefit  
Increase Rider



Right To Apply

<sup>1</sup> Available for an additional cost.

# 4

Only carrier to  
offer all four

# Future Insurability Option Rider (FIO)<sup>1</sup>



Allows the policy owner to increase benefits for covered disability business overhead expenses annually.



At issue a “pool” amount is chosen that is available during annual option periods to purchase new coverage.



Increases require financial underwriting only. Insured must be actively at work and not disabled.

<sup>1</sup> Available for an additional cost.

When FIO is attached, the Benefit Increase Rider is not available.

# Benefit Increase Rider (BIR)

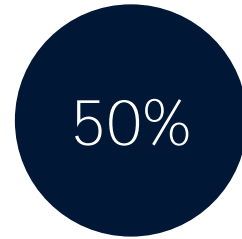
This no cost rider allows the policy owner to increase the amount of monthly disability coverage under the Total Disability Benefit and Partial Disability Rider So long as they financially qualify, is actively at work and is not disabled.



Must apply for coverage increase & rider renewal every 3 years



Increases apply to the Total Disability Maximum Monthly Benefit & Partial Disability Rider



Policy owner must accept at least 50% of any eligible coverage increase



Cannot be added back to the policy if it terminates

When BIR is attached, the FIO rider is not available.

# BIR – Additional Benefit Option

If Insured Increases Business Ownership 20% or More



Can be exercised up to **6 months** before the coverage end date



Application must be submitted within **90 days** of the qualifying event



Normal requirements for BIR + proof of qualifying event



# Future Protection

## Automatic Benefit Increase Rider



If attached to the policy, this no-cost rider allows the **automatic** annual purchase of benefits for 5 consecutive years, **without** evidence of **medical** or **financial** insurability. The insured must not be disabled.

**IMPORTANT:** The Rider will terminate if the owner does not accept and pay for two (2) consecutive annual increase options.

## Right to Apply



**Built-in** feature providing opportunity to apply to additional **fully underwritten** coverage to the same policy.

# CUSTOM PROTECTION & NOTABLE FEATURES

# Accumulation Benefit

Capitalized terms are defined terms in the policy. Definitions can be found in the policy specimen. State variations may apply.



If the Monthly Reimbursable Benefit in any one month of Total Disability is less than the Maximum Monthly Benefit, the unused portion of benefit will be applied to the Covered Disability Business Overhead Expenses in a later month of the same period of Total Disability when Covered Disability Business Overhead Expenses exceed the Maximum Monthly Benefit.



The Covered Disability Business Overhead Expenses in any one month of Total Disability may be greater than the Maximum Monthly Benefit. If so, any excess expenses will be considered in a later month of the same period for Total Disability, when the Covered Disability Business Overhead Expenses are less than the Maximum Monthly Benefit.

In no event will the Monthly Reimbursable Benefit for any one month of Total Disability exceed the Maximum Monthly Benefit for Total Disability plus the Accumulation Benefit.

We will pay Monthly Reimbursable Benefits beyond the Maximum Benefit Period until the first of the following occurs: (i) benefits paid for Total Disability equal the Maximum Aggregate Benefit Amount or (ii) 6 months have elapsed since the end of the Maximum Benefit Period.

# Partial Disability Protection

## Partial Disability Rider (PDR)<sup>1</sup>

- ③ Provides a benefit during eligible periods of [Partial Disability](#).
- ③ The insured is partially disabled if due to sickness or injury they meet [duties](#) or [time](#) requirements; AND has a [loss of business income](#) of at least [15%](#); and the insured is under a Doctor's Care.
- ③ The Loss of Business Income will be considered 50% of Pre-Disability Business Income during the [first 6 months](#) which a reimbursable benefit is payable (unless the actual % its higher).
- ③ If the Insured's Loss of Business Income is [more than 75%](#) of Pre-Disability Business Income, the Insured's Loss of Business Income will be considered to be [100%](#) of Pre-Disability Business Income for that month.

<sup>1</sup> Available for an additional cost.

# Partial Disability Protection – Hypothetical Example



Meet  
Mike

➤ Occupation: Tech Firm Owner

➤ Elimination Period: 90 Days

➤ Monthly Pre-Disability Business Income: \$50,000

➤ Maximum Monthly Partial Disability Rider Benefit: \$25,000

Month	1-3	4-6	7-9	10-12	Total
Monthly Business Income	\$30,000	\$30,000	\$20,000	\$12,000	N/A
Monthly Business Income Loss	\$20,000	\$20,000	\$30,000	\$38,000	N/A
Percentage Business Income Loss	40%	40%	60%	76%	N/A
Monthly Benefit	\$0 Elimination Period	\$12,500 Guaranteed 50% of PDR Benefit	\$15,000 Actual Loss	\$25,000 Full Benefit	\$157,500

# Salary Replacement Protection



## Salary Replacement Rider <sup>1,2</sup>

<sup>1</sup> Available for an additional cost.

<sup>2</sup> Not available for 2A and A occupation classes.

- REIMBURSES CERTAIN SALARY EXPENSES for employing a person(s) to perform the duties of the Insured's profession or position during a period of eligible Total Disability.
- Maximum benefit is 50% of the total base monthly benefit.
- the person(s) employed (i.) must not be the insured's spouse, a member of their family, or a member of the insured's spouse's family; (ii.) must be in the same occupation as the insured; (iii.) must not be employed by the business at the time the insured's becomes disabled (as defined in the policy); (iv.) and must not be an owner of the business.

# PRICE

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# Pricing

Compares the new BOE pricing to the old pricing for:

> Total Disability (Base)

> Partial Disability

> Salary Replacement

## Average rate change by occupation and elimination period.\*

Occupational Class	30 Day Elimination Period	60 Day Elimination Period	90 Day Elimination Period
5P	-24%	-15%	-2%
5A	-28%	-20%	-8%
4P	-24%	-15%	-2%
4A	-24%	-15%	-2%
4D	-24%	-15%	-2%
3P	-24%	-15%	-2%
3A	-15%	-5%	+9%
3D	-24%	-15%	-2%
2A	0%	0%	0%
A	0%	0%	0%

\* Averages shown compare the BOE-01 policy forms to the BOE-24 policy forms that are/were available in each state except CA, FL, MA, NM, or NY. This material may not be reproduced, shown, or otherwise communicated or quoted to customers, prospects or members of the public, nor used in written form as sales literature.

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# Occ Class Upgrades

3P TO 4P

4P TO 5P

3D TO 4D

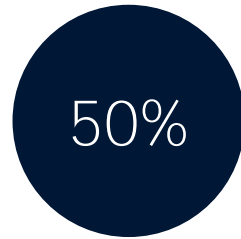
4D TO 5P (since no 5D exists)

# DIVIDENDS

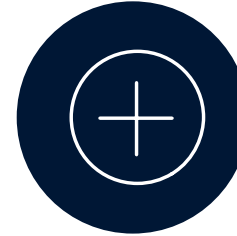
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# Clients Can Participate in MassMutual's Success

As a mutual life insurance company, MassMutual does not have shareholders. Instead, the company operates for the benefit of our policyowners, members, and other customers. Participating products, like BOE, may be eligible to receive a dividend<sup>1</sup> each year.



MassMutual is required to pay to policyowners 50% of surplus via dividends and claims.



While not guaranteed, the potential for dividends is an added benefit to a BOE policy on top of the protection it provides.

<sup>1</sup> Currently, with the sale of a new BOE policy, dividends are illustrated to become payable after the 5th policy year (6th policy year for FL). Dividends are not guaranteed. Any dividends that may be allocated are projected to be paid in cash to the premium payor at a rate of 10% of premium annually. Actual dividends may be paid at a rate that is higher or lower than projected. No Dividends will be paid on the policy fee or substandard portion of the premiums.

# UNDERWRITING GUIDELINES

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# Underwriting Guidelines

## New Age/Amount requirements

Business Overhead Expense		
Medical Requirements <sup>1</sup>		
Monthly benefit <sup>2</sup>	Attained Ages	
	18-45	46-60
Up to \$5,000	CMI+	CMI+
\$5,001 – \$20,000	CMI+	CMI+ Blood Profile/Urine Physical Measurements
Greater than \$20,000	Tele-CMI Blood Profile/Urine Physical Measurements	Tele-CMI Blood Profile/Urine Physical Measurements

<sup>1</sup> In Puerto Rico, regardless of Monthly Benefit or Attained Age, the Medical Requirements are Tele-CMI, Blood Profile/Urine & Physical Measurements.

<sup>2</sup> Base Policy + Salary Replacement Rider (SRR) + Business Loan Protection Rider (BLPR), if applicable.

## New FIO Pool and Exercise Amounts

Minimum FIO Pool Issue Amount	\$500
Maximum FIO Pool Issue Amount	<ul style="list-style-type: none"> <li>• Issue Age 18–50 = 3 x base up to the maximum issue limit</li> <li>• Issue Age 51–55 = 50% x base up to the maximum issue limit</li> </ul>
Minimum Exercisable Amount	\$100
Maximum Exercisable Amount	Age 18–45 = 3X base benefit Age 46–50 = 1X base benefit Age 51–60 = 0.5 x base benefit

## Joshua Lubas, CLTC, ALHC – Head of MMSD Life & Disability Insurance Distribution – 413-234-0985

		Title	Phone	Email	Territory
1	Erika Adkins CA insurance license #0F27119	Business Development Director	310-857-9098	EAdkins29@MassMutual.com	AK, AZ, CA, CO, HI, NM, NV, UT
2	Bryan Orr	Managing Director	312-972-6350	BOrr60@MassMutual.com	AL, AR, IA, ID, IL, IN, KS, KY, LA, MI, MN, MO, MS, MT, ND, NE, OH, OK, OR, SD, TN, TX, WA, WI, WV, WY
	Christopher MacDonald	Internal Wholesaler	413-213-4812	CMacdonald63@MassMutual.com	
3	Vincent Seaha, CFP®, CLU®, MBA®	Managing Director	704-430-9410	VSeaha@MassMutual.com	CT, DC, DE, FL, GA, MA, MD, ME, NC, NH, NJ, NY, PA, PR, RI, SC, VA, VT
	Micky Cope	Internal Wholesaler	413-213-4845	MCope12@MassMutual.com	
<b>MMSD Disability Support</b>					
	Sydney Williams	Sales Support Specialist	413-213-4815	SWilliams37@MassMutual.com	National Support
	Bret Pajer, Noelle Werbicki, Hope Cortis, John Craddock	Relationship Managers		MMSDclientservices@MassMutual.com	National Support – Client Experience and Service

For all other territories and immediate assistance:

## MassMutual Strategic Distributors Sales Desk 1-800-601-9983



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State variations will apply, and the policy is not available in CA, MT, AND NY.

The information provided is not written or intended as specific tax or legal advice. MassMutual, its subsidiaries, employees and representatives are not authorized to give tax or legal advice. Individuals are encouraged to seek advice from their own tax or legal counsel.

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Business Overhead Expense (policy form IS-BOE-24 et al., and ICC24-IS-BOE in certain states including North Carolina) is issued by Massachusetts Mutual Life Insurance Company (MassMutual®), Springfield, MA 01111-0001.