

Overhead Expense Insurance

Principal® Overhead Expense (OE) insurance can help business owners protect their business in the event of a disability. This product profile outlines the key features you need to know.

How it works

An OE insurance policy helps reimburse a business owner for business expenses incurred during a disability. This coverage helps owners keep the business running when they're too hurt or sick to work.

Target market

- Small and midsize businesses with:
 - Less than eight owners for fee-for-service businesses
 - Less than four owners for other types of businesses
- Owners:
 - Ages 35–55
 - Critical to the continued operation and livelihood of the business
 - Occupations such as executives, accountants/CPAs, attorneys, and dental and medical professionals

Policy benefits

- Non-cancelable (as long as premiums are paid)
- Guaranteed renewable to age 67
- Conditionally renewable for life
- Premiums deductible as a necessary business expense

Product and underwriting guidelines

- **Issue ages:** 18-60 (18-66 for multi-life cases)
- **Occupation classes:** 2A/2D/2M and above
- **Elimination periods:** 30, 60, or 90 days
- **Benefit periods:** 12, 18, or 24 months
- **Pricing:** Sex-distinct
- **Maximum issue/participation limit:** \$50,000 /\$100,000

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

Available features

Endorsements & riders (available in most states)

- Annual Increase (no cost)
- Benefit Increase (no cost)
- Residual Disability & Recovery Benefit (cost)

Sales programs and discounts

- Association or Affiliation: up to 10% (5% for medical occupations)
- Multi-life: 20%

Built-in options

- Accounting/Legal Fee Benefit
- Advance Benefit Option
- Carry Forward Feature
- Death Benefit
- Exchange Privilege
- Interrupted Elimination Period
- Presumptive Disability Benefit
- Reasonable Accommodation Benefit
- Recurring Disability Benefit
- Transplant 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 **Multi-Life Discount**. 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 up to a 20% discount for each of them.

Many owners have taken out loans to enhance their business. You can help them meet their loan obligation in the event of a disability with Principal® Business Loan Expense insurance.



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