



# BUSINESS OVERHEAD EXPENSE DISABILITY INSURANCE



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INTERNATIONAL UNDERWRITERS

## Business Overhead Expense

Unfortunately, there is not a switch with which one can turn off business expenses at a time of disability. After pouring your life's work into building a business, nothing would be worse than watching it crumble when a disability strikes. Business insurance known as Business Overhead Expense is the solution to prevent a successful business from experiencing severe financial hardships a disability may entail.

Business Overhead Expense disability insurance is one of the greatest safety nets available to the American business owner. The coverage provides vital reimbursement for the monthly liabilities for which an owner is responsible in case of that owner's total or partial disablement. If an insured were to suffer a disability due to accident or illness, the insurance company would pay benefits to cover the business' incurred monthly expenditures until the insured was able to return to work or until the benefit period had expired. Business Overhead Expense coverage keeps a business afloat so that daily work activities continue and employees remain employed until the owner is able to either return to work or effectively transfer or sell the business.



# Why Disability Insurance

Business Overhead Expense insurance provides a cash flow allowing a firm to stay financially afloat while the business owner recovers from a disability. Common monthly business expenses include:

1. Rent;
2. Electricity, telephone, heating and water;
3. Laundry and maintenance services;
4. Property, liability, and mal practice insurance;
5. Taxes on business premises owned and used by the insured;
6. Interest payments on business mortgage and other debts;
7. Compensation of employees, including payroll taxes and contributions for benefits;
8. Leasing costs;
9. Other expenses approved by Underwriters which are considered by the Internal Revenue Services as legitimate tax deductible expenses to the company and not excluded elsewhere.

By reimbursing a firm for its ongoing expenses, the cash flow from a Business Overhead Expense plan provides stability and security for a firm so that it may:

- Retain clientele by allowing for the continuation of service
- Retain trained employees
- Allow personal disability plan benefits be used for personal reasons as intended.



## Definition of Total Disability

The definition of total disability is a true “own occupation” definition.

Total disability means that solely due to sickness or an injury, you are not able to perform the substantial and material duties of your occupation, even if you are at work in another occupation.

Your occupation means the occupation (or occupations, if more than one) in which you are gainfully employed for the majority of the time during the 12 months prior to the time you become disabled. If you have limited your occupation to the performance of the substantial and material duties of a single specialty, underwrites will deem that specialty to be your occupation provided that your industry widely recognizes that occupation as a specialty.



# Policy Features

## Monthly Benefits

Monthly benefits will commence following the elimination period and will continue as long as the insured remains totally disabled, but no longer than the maximum benefit period. In the event of multiple separate claims, each claim will have a full benefit period eligibility.

## Carry Over Benefits

This feature adjusts benefits for the normal fluctuations of monthly expenses. In a given month, if the total maximum monthly benefit is not needed due to fewer expenses for that month, the unused benefits roll over to future months and will continue to roll over until they are used or the maximum monthly benefit period has been reached, whichever occurs first. If the expenses in a given month are greater than the maximum monthly benefit, those unreimbursed expenses roll over to future months until which time they are reimbursed or the end of the maximum monthly benefit period, whichever occurs first.

# Optional Riders

## Residual Rider

The Residual Benefit Rider provides a benefit to the insured as long as the insured is engaged in their own occupation, but has experienced at least a 15% reduction in Business Income. A benefit equal to the difference between the income and the expenses will be reimbursed on a dollar for dollar basis, but not to exceed the maximum monthly benefit amount of the plan or a benefit period longer than the maximum benefit period of the plan.

## Salary Replacement Rider

In an effort to provide salary to hire a temporary replacement for the disabled business owner, an additional monthly benefit can be secured up to a maximum of \$10,000 per month, but not to exceed the actual salary of the insured. This benefit is designed to free up additional cash flow in an effort to continue to maintain client services.

# Disability Basics

## Term of Insurance

Term of insurance is the period of time that the policy is non-cancellable. The terms of the policy nor the premium can be altered by the insurance carrier, provided you pay your premium on time.

## Elimination Period

Elimination period is the time which must pass after the date of the injury or sickness, prior to the loss payee receiving benefits. A variety of elimination periods are available.

## Benefit Period

The benefit period is the number of months that benefits are payable during a period of disability. Benefit periods may range from one month to 24 months.

## Loss Payee

All disability benefits from the policy will be paid to the designated loss payee.

## Owner

Owner or policy owner is the person or entity that has the right to request modifications to the policy.

## New Term of Insurance

A new term of insurance may be offered at the expiry date, subject to underwriting.

## Premium Mode

Premium payments may be made on a monthly, quarterly, semi-annual, annual or single premium basis. All premium payments are available on an electronic transfer or credit card deduction. And certain premium modes may be paid by check.

## Grace Period

A grace period of thirty-one days applies to any premium installment payment.

## Waiver of Premium

Following the initial premium payment, if you become totally or residually disabled for more than 90 days, the policy will waive any future premium amount due, for as long you remain totally or residually disabled.

# Policy Provisions

## Presumptive Disability

If due to a sickness or injury the insured has totally lost: the use of both hands, or both feet, or one hand and one foot, or the sight of both eyes, or the hearing of both ears, or the ability to speak, the elimination period will be waived and the monthly benefit will be paid for the entire benefit period or as long as the loss exists.

## Rehabilitation Benefit

Underwriters may offer financial assistance for a rehabilitation program if they are paying benefits under this policy and if they approve the program in advance. The terms of a rehabilitation program, related expenses and total disability benefits during this program, will be subject to mutual agreement.

## Transplant Benefit

If the insured donates an organ after the policy has been in force for at least six months, any total disability resulting from the surgery will be considered an illness.

## Recurrent Disabilities

If after a period of total disability the insured returns full-time to work, and within six months the insured is once again totally disabled, he/she can elect to continue the previous claim without the need for a new elimination period or choose to have a new elimination/benefit period. Once a period of six months has elapsed from returning to work, any new claim will have a new elimination and benefit period.





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This is not intended to be a complete outline of coverage. Actual wording may change without notice.  
Underwriters reserve the right to modify terms and conditions at time of underwriting.

