

# Business Overhead Protector<sup>SM</sup>

Individual Disability Business Overhead Expense Insurance Policy Summary



Not for use in California.

Standard Insurance Company  
Individual Disability Income Insurance



# Summary Of Base Policy Provisions

## Policy Renewability And Premiums

Your coverage is noncancelable and guaranteed renewable to the termination date<sup>1</sup> as long as the premium is paid on time. We cannot change any feature of your policy, including its premium, until the termination date. The policy ends at that time unless you ask that it be continued under the Renewal Option.

## Renewable For Life (Renewal Option)

You may ask to continue the policy beyond the termination date if you are: working at least 30 hours per week, responsible for business expenses, and not disabled at the time of your request. Only the total disability benefit will be available and the premium may change. Benefits are limited and are payable for limited periods under the Renewal Option.

## Total Disability Benefit

After the commencement date and during your continuous total disability, we will reimburse your covered business expenses up to the policy maximums. The commencement date is the first day of your disability that you are eligible for benefits. You are totally disabled if, because of your injury or sickness, you are unable to perform the substantial and material duties of your regular occupation (your occupation at the time your disability begins) and you are under the care of a physician.

## Covered Expenses

These are your share of business expenses incurred or allocable in your regular occupation on or after the commencement date that are ordinary and necessary in the generation of your business or profession.

### Covered Expenses Include:

- Salaries, fees, wages, benefit payments and employment taxes for employees
- Rent and lease payments for furniture, equipment and premises
- Utility costs including phone, electricity, heat and water
- Laundry, janitorial and maintenance service costs

<sup>1</sup> The normal termination date is the policy anniversary on or next following the insured's 65th birthday.

- Property, liability, malpractice and business insurance premiums
- Professional, trade and association dues
- Business property taxes
- The greater of depreciation or principal payments on business loans on business property
- Interest on business debt existing on the day your disability begins
- Legal, accounting and similar business fees

### Some Expenses Are Not Covered, Such As:

- Compensation to a family member not employed in your business during the 60-day period prior to your disability
- Bonus, incentive compensation, profit sharing and commission payments
- Cost of sales and inventory
- Travel and entertainment expenses
- Income and excise taxes for you or your business
- Expenses covered by any other insurance contract
- Expenses of any capital equipment purchased after the date of your disability

For certain risks, compensation paid to someone hired to perform your duties is not a covered expense. Not all covered or non-covered expenses are listed.

## Benefit And Expense Carry-Forward Feature

While you remain continuously disabled, unused benefits and unreimbursed expenses may carry forward to future months of continuous disability (subject to policy limits).

This allows for reimbursement in future months of unreimbursed expenses that were incurred in earlier months (but after the commencement date), as long as the total benefit amount and maximum benefit period limits have not been reached. See the Limitations on Reimbursement of Expenses section of this policy summary.

## Partial Disability Benefit

After the commencement date and during your continuous partial disability, we will reimburse 50 percent of your covered business expenses (up to the policy maximums) for up to six months. You are partially

disabled if, because of your injury or sickness, you are able to do some, but not all, of the substantial and material duties of your regular occupation; or you are able to do all of these duties, but for no more than 50 percent of the time you normally spent on such duties immediately prior to your injury or sickness. You must be under the care of a physician and you may not be totally disabled. The Residual Disability Benefit Rider is also available to provide additional benefits based on loss-of-business income. (However, we will not pay both benefits for the same period of disability.)

### **Choice Of Maximum Benefit Amount And Commencement Date**

Subject to our underwriting requirements, you may choose the policy Base Amount and benefit multipliers (12, 18, or 24) to determine your maximum benefit. You may also choose a commencement date of the 31st, 61st or 91st day of continuous disability.

### **Recurrent Periods Of Disability**

If you recover and then become disabled from the same cause or causes within six months of a prior disability, it is a continuation of the prior disability.

### **Conversion Option**

If your needs change, after two years from the effective date and before your 60th birthday, you may request conversion of this policy to an individual disability income policy. You cannot be disabled at the time of the request nor for six months prior. Certain limitations will apply to the new policy. (Optional riders cannot be converted to the new policy.)

### **Waiver Of Premium Benefit**

After the commencement date and during your continuous disability, we will waive premiums due, and we will refund any premiums due and paid since your disability began.

### **Presumptive Total Disability Benefit**

If you permanently lose your hearing in both ears, speech, sight in both eyes, or the use of two limbs, we will pay the total disability benefit, beginning with the day of loss.

### **Survivors Benefit**

If you die while receiving total disability benefits, we will pay the owner or the owner's estate up to three times the base amount, but not more than any remaining maximum benefit. This benefit is not available in some states.

### **Cosmetic Or Transplant Surgery Benefit**

We will consider you as totally disabled if, more than six months after the policy is effective, you become totally disabled due to cosmetic or transplant surgery.

### **Cash Or Accrual Method Available While Disabled**

The cash or accrual accounting method, whichever you are using in your business when you become disabled, will be used to determine your covered business expenses.

### **Limitations On Reimbursement Of Expenses Benefit**

Payments are subject to the policy Benefit Limit and Maximum Benefit Period provisions, and other policy terms and limitations.

- **Benefit Limit:** The total amount that we have paid for any period of continuous disability at any time cannot be more than the policy base amount times the number of months since the commencement date, or the maximum benefit, if less.
- **Maximum Benefit Periods<sup>2</sup>:** If benefits begin on or before age 63, we will not pay beyond age 65. If they begin after age 63 but before age 65 we will not pay for more than 24 months. If the Renewal Option is selected and benefits begin after age 65 but before age 75 we will not pay for more than 24 months. For benefits starting after age 75 (if the Renewal Option is selected), benefits will not be paid for more than 12 months.

## **Summary Of Policy Provisions On Maximum Benefit Periods And Exclusions From Coverage**

### **Exclusions From Coverage**

We will not pay benefits for the first 90 days of disability due to pregnancy or childbirth or for disability due to war. We will also not pay benefits for a pre-existing condition unless it is disclosed on your application and it is not specifically excluded. A pre-existing condition is any mental or physical condition for which you have consulted a physician, received medical treatment or

<sup>2</sup> References to Ages 63, 65 and 75 mean the policy anniversary on or next following the insured's 63rd, 65th or 75th birthday, respectively.



services, or taken prescribed drugs or medications, or for which an ordinary person would have sought medical advice, care or treatment, during the 365-day period preceding the policy's effective date.

After two years from the later of the policy's effective date or last reinstatement date, no misstatements in the application will be used to rescind the policy or deny a claim for disability starting after the end of the two-year period. This may be three years in some states. However, claims may be reduced or denied at any time if the condition is specifically excluded or there was a fraudulent statement in the application.

## Summary Of Optional Riders

### Salary Replacement Rider

(Available to occupation classes 3A, 4A and 5A only.) This rider is added at no additional cost. The rider allows you to hire someone (other than a family member) to perform your duties and to have his or her salary included in covered expenses.

### Residual Disability Rider

This rider adds a residual disability benefit and a recovery benefit to your coverage. You will be residually disabled if you are not totally disabled, but because of your injury or sickness, you have at least a 20 percent loss of business income and you are able to do some but not all of the substantial and material duties of your regular occupation, or you are able to do all of these duties, but not for as long a time or as effectively as before. You must also be under the care of a physician.

For the first six monthly payments, eligible expenses (used to determine the amount of benefit paid) will be at least 50 percent of the policy's base amount. If your loss-of-business income for a period of residual disability is 75 percent or more of your prior business income, we will pay the total disability benefit for that period. If, while you are residually disabled, a greater benefit would be payable under the policy's partial disability benefit provision than would be payable under this rider, we will pay the greater benefit. (We will not pay both benefits at the same time.)

A limited recovery benefit may be payable for up to 12 months if, immediately after a disability for which you received benefits, you return to work for at least 30 hours per week in your regular occupation. Payments will not be made beyond your age 65.<sup>3</sup>

### Future Purchase Option Rider

As your business grows and as your expenses increase, this rider allows for the purchase of increased benefits at two-year intervals, regardless of your health, subject to financial underwriting requirements. The first option amount purchased may be doubled if you are not disabled at the time of the purchase. Unused option amounts may be carried over to the next option date but not beyond it. Only one increase is allowed during any continuous disability.

<sup>3</sup> References to Ages 63, 65 and 75 mean the policy anniversary on or next following the insured's 63rd, 65th or 75th birthday, respectively.

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This is not a contract. It is only a brief summary of policy terms. Any coverage issued is subject to the terms of the policy. Some policy provisions may vary by state. The policy has exclusions and limitations, and terms under which the policy may be continued in force or discontinued. Optional riders are subject to underwriting and reinsurance availability. Additional optional riders may increase premiums. Some riders may not be available in all states. A medical exam may be required when you apply for a policy. For costs and complete details of coverage contact your insurance representative or The Standard at 800.247.6888.