

# How Overhead Expense insurance works

## Benefits overview

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You've worked hard to build and run your business. Let Principal® help make sure it's protected—no matter what life brings—with Overhead Expense insurance. Others like you have benefited from this coverage to help keep their businesses running while recovering from a disabling illness or injury.

It helps ensure you have a financially sound business to return to or sell.

To help you better understand this type of insurance, we've put together this general overview of how it works. To get specifics, be sure to check the policy.

With a Principal® Overhead Expense insurance policy, you're guaranteed that:

- › Your cost cannot change until the later of age 65 or 5 years from the policy date.
- › Your policy cannot be changed or canceled, unless you stop paying for the coverage.
- › You can choose to renew your policy annually after you turn 65 and you're still working an average of 30 hours a week. At that time, your cost will change based on your age at each annual renewal.



## How your policy pays

Your Principal Overhead Expense insurance reimburses you for covered business expenses if you become totally disabled.

**What does it mean to be totally disabled?** It means you're unable to perform the substantial and material duties of your occupation.

**What are my benefit payments?** The maximum monthly disability benefit you receive is based on your covered business expenses.

**When do I receive my benefit payments?** If you have a qualifying disability, you are reimbursed one month after you satisfy your policy's elimination period, which is the number of days you must wait before benefits begin.

**How long do I receive my benefit payments?** You continue to receive reimbursement payments throughout your policy's benefit period if you remain disabled until the maximum benefit available under the policy is paid.

## What's included in the policy

The following features are part of your Principal Overhead Expense policy:

- **Advance benefit.** Provides payment of the first maximum monthly benefit without you needing to provide typical expense documentation. We modify benefits as needed after you provide expense information.
- **Carry forward.** If your covered expenses are less than your policy's maximum monthly benefit, you may carry forward unused benefits to a later month.
- **Exchange privilege**<sup>1</sup>. You may exchange your policy for an individual Disability Income insurance policy from Principal. This is helpful if you ever leave your business, but need personal protection.
- **Legal/accounting fee benefit.** You receive up to \$3,000 for legal and accounting expenses if you sell or close the business because of your disability. This benefit is paid in addition to all other benefits.
- **Presumptive disability benefit.** Regardless of your ability to work or earn an income, you receive benefits if you have a total loss of use (without the possibility of recovery) of your power of speech, hearing in both ears, sight in both eyes, or the use of both hands, both feet, or 1 hand and 1 foot.
- **Death benefit**<sup>2</sup>. Should you die while receiving benefits, payments continue for 3 months or up to the maximum benefit available under the policy, helping ensure business obligations are met.
- **Waiver of premium benefit.** You aren't required to pay for your policy after its elimination period.

## How to further customize coverage

You can customize coverage with additional features, known as riders. Eligibility is based on your health and occupation, as well as financial requirements.

<b>Automatic Increase Option</b> No cost	Principal automatically adjusts your coverage every year for 6 years to keep up with inflation. You're guaranteed a 4% compounded increase, up to 10% compounded. <sup>3</sup>
<b>Benefit Update</b> No cost	Every 3 years, your coverage can be reviewed to ensure benefits are keeping up with changes in your business. No medical questions are required—just an application and, in some cases, financial information.
<b>Residual Disability Benefit</b> Cost	Provides partial benefits when you're getting back on your feet, but still have a monthly loss of net income. For the first 6 months, you're guaranteed at least 50% of your maximum monthly benefit.
<b>Business Loan Protection</b> Cost	These benefits help you make payments on a business loan obligation, such as a loan to purchase your business, large piece(s) of equipment, land for the business, etc.

<sup>1</sup> Not available in New York.

<sup>2</sup> Not available in Illinois or New Jersey.

<sup>3</sup> The amount provided is based on the change in the Consumer Price Index (CPI-U).

### [principal.com](http://principal.com)

Disability insurance from Principal® is issued by Principal Life Insurance Company, Des Moines, Iowa 50392.

Disability insurance has limitations and exclusions. For cost and coverage details, contact your Principal representative.

This is a general description; it is not the policy, and does not modify or change the provisions of any policy or rider. All features, provisions and riders may not be available in all states, with all occupation classes and in conjunction with each other and may also be subject to state variations and may require an additional premium. Please read the policy carefully for exact definitions in your state. Any references to age in this document refer to the age at policy anniversary date.

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