



Overhead Expense Insurance

Policy Highlights

Principal Life Insurance Company is dedicated to helping you keep your business running while you recover from a disabling injury or illness and ensure that you have a financially sound business to return to or to sell, should you need to do so.

The Overhead Expense insurance policy is non-cancelable and has guaranteed premium rates to age 65. This means Principal Life cannot change or cancel the policy, except for nonpayment of premiums, or increase the premiums before you reach age 65, regardless of changes in your income, occupation or health. After age 65, you may conditionally renew your policy annually for the rest of your life as long as you are working full-time and meet the requirements. If you conditionally renew your policy, your premium will change based on your age at renewal.

How your policy pays

The maximum monthly disability benefit Principal Life will issue you is based on your current covered business expenses and your type of business. Benefits are payable when you meet this policy's definition of **Total Disability**: You are unable to perform the substantial and material duties of your occupation and are not working.

When you are Totally Disabled under the terms of the policy, you'll receive monthly reimbursement of your covered overhead expenses, up to the maximum Monthly Benefit, but not to exceed the Maximum Aggregate Benefit.

Receiving your disability benefits

Once disabled under the terms of the policy, you must satisfy your policy's elimination period before receiving benefits. The policy reimburses you for the covered overhead expenses incurred once the elimination period is satisfied and the expenses have been submitted to Principal Life. There is no limit to the length of time you may receive benefits if you remain disabled under the terms of the policy and have satisfied the elimination period. Benefits are paid until your Maximum Aggregate Benefit has been paid.

Overhead Expense insurance policy benefits

These benefits are automatically built into your Overhead Expense insurance policy from Principal Life:

- **Carry Forward Feature** – If your covered overhead expenses are less than the Maximum Monthly Benefit, you may carry forward unused benefits to a later month during your Continuous Disability.
- **Exchange Privilege** – You may exchange your policy for a Principal Life Individual Disability Income insurance policy based on current underwriting guidelines, without having to provide evidence of good health. This is a useful feature if you ever leave your business, but still need disability income insurance coverage. The new policy's Maximum Benefit Period will not be more than two years and the elimination period will be 90 days or greater. The Maximum Monthly Benefit will be the lesser of \$2,500 or the maximum amount we can offer under our current underwriting guidelines.

- **Legal/Accounting Fee Benefit** – Under policy terms, you will receive up to \$3,000 for incurred legal and accounting expenses if your business terminates as a result of your disability. This benefit is paid in addition to all other policy benefits and helps cover extra expenses associated with the business dissolution.
- **Presumptive Disability Benefit** – You will receive reimbursement of covered overhead expenses subject to your Maximum Aggregate Benefit if you permanently lose the power of speech, hearing in both ears, sight in both eyes, or use of both hands, both feet, or one hand and one foot. Benefits will start to accrue when the Presumptive Disability occurs and will continue to be paid, as long as the loss continues, regardless of your ability to work or earn an income.
- **Death Benefit** – If you die while benefits are being paid (and after satisfying the elimination period), benefits will continue to be paid for the three-month period immediately following your death for your portion of any covered overhead expenses. This helps meet business obligations that continue to be incurred after your death.
- **Waiver of Premium Benefit** – After you're disabled for the lesser of 90 days or the elimination period, your premiums will be waived. We'll refund the premiums you paid for coverage after the disability began and will continue to waive all premiums that become due during your Continuous Disability.

Overhead Expense insurance policy riders

AUTOMATIC INCREASE OPTION	Your coverage is automatically increased every year for six years, without providing evidence of insurability. Increases are based on the change in the Consumer Price Index for All Urban Consumers (CPI-U), with a minimum guaranteed increase of 4% compounded and a maximum of 10% compounded. No cost
BENEFIT UPDATE	Every three years, this rider allows you to increase your coverage to the maximum amount for which you are eligible without providing evidence of medical insurability. No cost
RESIDUAL DISABILITY BENEFIT	<p>If you are disabled under the terms of this rider, solely due to an injury or sickness, and you:</p> <ul style="list-style-type: none"> • Are able to perform some, but not all, of the substantial and material duties of your occupation, and • Incur a monthly Loss of Net Income, <p>Principal Life will pay an amount equal to your monthly Loss of Net Income (covered overhead expenses less monthly gross income), up to the Maximum Monthly Benefit. Once you qualify, you are guaranteed a minimum benefit of 50% of your maximum monthly benefit for the first six months. Additional cost</p>
BUSINESS LOAN PROTECTION	In the event of a Total Disability, this rider provides benefits for business-related financial obligations, such as a loan to purchase your business/practice, large piece(s) of equipment, land for the business, etc. Additional cost



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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. They may also be subject to state variations and require an additional premium. Please read your policy carefully for exact definitions in your state. Disability Income insurance has limitations and exclusions. For costs and complete details of coverage, contact your Principal Life financial representative.