

# Business Overhead Expense

Business Disability Insurance



FOR

- Supplemental Coverage
- Difficult Occupations
- Impaired Risks
- Groups



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## **BUSINESS OVERHEAD EXPENSE DISABILITY INSURANCE**

A serious problem occurs when a business owner or an employee that is responsible for certain overhead costs becomes disabled. There are two budgets, yet only one income. The family budget is of course addressed with personal disability insurance, but the business budget often times goes unattended. Business Insurance known as Business Overhead Expense is the solution to this additional budget problem. Maintaining a cash flow to allow a firm to stay financially afloat while the business owner recovers from a disability is the basis of this type of insurance. Premiums for Business Overhead Expense insurance are tax deductible and benefits come to the firm on a reimbursement of deductible expenses, thus they remain tax free.

### **WHAT BENEFITS ARE ACHIEVED BY A PROPERLY PLANNED BOE?**

Unfortunately, there is not a switch with which one can turn off the expenses of a business at the time of a disability. Expenses will continue to be incurred on items such as:

- Rent or Business Mortgage
- Utilities
- Leases or Loan Installments
- Business Insurance Premiums
- Employee salaries and benefits



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 continuing service
- Retain trained employees
- Help to maintain profit margins even if income drops
- Release benefits of personal disability plans for personal use



## WHAT MAKES OUR BOE DIFFERENT?

The Petersen International Underwriters Business Overhead Expense plan performs differently from all other BOE plans. Some of the ways in which this product is used to program a proper business insurance plan include:

- Supplementing existing BOE plans which do not have high enough limits to fully insure the monthly expenses. With limits as high as \$100,000 or more per month this plan will allow those firms with extraordinary monthly expenses to be adequately covered.
- Difficult occupations which traditional disability insurance carriers avoid can be insured with this plan. The business owner of a roofing company or a business owner of a fishing boat are just a couple of examples.
- Impaired risks are of course people who are declined by traditional carriers due to medical histories. These risks are usually insurable under this plan.
- Groups of people in the same occupations within a firm often get turned down by traditional carriers. An example would be a physicians group with 15 doctors. Traditional carriers will not accept cases with many owners as they contend these cases can be self insured and the need for this insurance is not justified. We do not agree with that philosophy and will consider such cases.

## WHAT BENEFIT PROVISIONS ARE AVAILABLE?

The Petersen International Underwriters Business Overhead Expense plan is very flexible and can be tailored to fit the needs of a particular case. The typical choices of benefit structures include:

- Elimination Periods of 30, 60, 90, 180 days
- Benefit Periods of 6, 12, 18, 24 months
- Monthly Benefit amounts from \$1,000 to \$100,000
- Optional Residual Benefits
- Optional Salary Replacement Rider





## OPTIONAL BENEFIT RIDERS

### Optional Residual Benefit Rider

The Residual Benefit Rider provides a benefit even though the insured is engaged in their own occupation, but has experienced at least a 20% reduction in the 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 for a benefit period longer than the maximum benefit period of the plan.

### Optional Salary Replacement Rider

In an effort to hire a temporary person to replace 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.

## OTHER IMPORTANT FEATURES

**Own Occupation** definition provides for full benefits to be paid if the insured is unable to engage in their regular occupation.

**Carry Over Benefits** allow for the normal fluctuations of monthly expenses. In a given month, if the total maximum monthly benefit is not used due to expenses being low for that month, then the unused benefit rolls 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, these 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.

### *Also Including:*

- **Presumptive Disability Benefits**
- **Transplant Disability Benefits**
- **Waiver of Premiums**
- **Recurrent Disability Benefits**
- **Rehabilitation Benefits**