



Business Overhead Expense

Disability Insurance Marketing Guide

Business Overhead Expense (BOE) insurance reimburses small business owners for normal and customary expenses necessary to maintain their business in the event a sickness or injury prevents them from working.

Key selling points

Feature	Benefit
30, 60, 90-day elimination periods	Designing the product with relatively short elimination periods lessens the need for the business owner to use receivables or other savings to keep the business doors open.
12, 18, 24-month benefit periods	Recognizes that it is likely at some point, the business owner will need to look at other options, if the disability appears to be long-term. Options might include bringing in other like-professionals or selling the business.
Tax advantages	The premium on a BOE policy is tax-deductible to the firm as a normal business expense. While benefits received upon claim approval are treated as income, the income is used to pay covered expenses, generally resulting in net tax-free benefits.
Policy provisions	Handle the variable nature of business expenses. Since expenses can vary month to month, BOE is designed to address those fluctuations throughout the course of the disability.

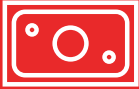
Quick reference guide

At a Glance	Covers normal and customary expenses necessary to maintain the business while the owner is disabled. Pays a traditional monthly benefit. With premiums paid on time, the policy won't cancel, change or increase rates.	
Target Market	Owners of small businesses or practices (sole proprietors, partners, closely held corporations).	
Definition of Disability	Benefits are paid if insureds are unable to work in their own occupation due to a sickness or injury, even if they choose to work in another occupation. Includes specialty language for physicians and dentists.	
Issue Ages*	18 – 64	
Benefit and Elimination Periods	Benefit period 12, 18, and 24 months	Elimination period 30, 60 and 90 days
Occupational Classification*	<p>Non-medical: 6A, 5A, 4A, 3A and 2A**</p> <p>Medical: 6M, 5M, 4M, 3M and 2M</p> <p>**If eligible for Business Owner Upgrade to 3A or 4A</p>	
Covered Expenses	100% of covered overhead expenses for which the insured is responsible, up to the available monthly benefit on the policy. Includes items such as lease or mortgage payments, employee salaries, utilities, taxes, maintenance services, substitute salaries and accounting service fees.	
Built-in Base Policy Selling Features*	<ul style="list-style-type: none"> • Residual Disability Benefit (can be enhanced with Extended Residual Rider) • Recovery Benefit • Presumptive Total Disability • Advance Benefit • Successive Periods of Disability • Finder Fee Benefit • Extension of Benefits • Accumulation Benefit • Legal and Accounting Fee Benefit • Workplace Modification Benefit • Conversion Privilege • Good Health Benefit • Surgical Transplant Benefit • Benefit Continuation after Death • Cosmetic Surgery Benefit • Rehabilitation • Waiver of Premium 	

<p>Riders*</p>	<p>Substitute Salary Expense: Helps pay the expense incurred to employ another person to perform the duties the insured would otherwise perform, had he or she not become disabled. Benefits are paid in addition to the maximum monthly benefit.</p> <p>Future Increase Option: Allows the insured to increase the maximum monthly benefit with only financial justification – no medical requirements necessary.</p> <p>Extended Residual: Pays if the insured becomes residually disabled. This rider extends the residual benefit to the length of the benefit period; it can continue to pay beyond the maximum benefit period.</p> <p>Business Loan Repayment: Reimburses the portion of principal and interest of a specified business-related loan obligation. Covers up to three business loans.</p>
<p>Policy Fees</p>	<p>Annual: \$40.00</p> <p>Semi-annual: \$23.00</p> <p>Quarterly: \$13.00</p> <p>Monthly: \$4.00</p>
<p>Cost Saving Opportunities*</p>	<p>Fully-Underwritten Multi-Life: 15% discount available, from sex-distinct pricing with three or more approved lives. Not available to 3M general dentists.</p> <p>Association Marketing: Members of an approved association can receive a 15% discount from sex-distinct rates. Not available to 3M general dentists.</p> <p>Double Annual: 5% discount available when two annual premiums are paid at the time the application is submitted. Not available to 3M general dentists.</p> <p>Business Owner Upgrade Program: Allows eligible business owners the ability to upgrade their occupational class by one or two classes, resulting in cost savings.</p>
<p>Variations</p>	<p>State variations are available in the DInamic Foundation agent guide, DI 1228.</p>

Sales ideas

Consider Business Overhead Expense insurance in these sales situations. You can access the sales concept, along with a variety of prospecting tools and materials on Producer Workbench.



Open doors with BOE

Business owners understand the importance of cash flow. Explaining the affects a disability can have on that cash, can help them understand the importance of BOE. These conversations can open the door to other discussions, including the business owner's need for individual disability coverage as well as coverage for their employees.



Business Loan Repayment Rider

With this rider, you have an opportunity to position yourself as a resource to both a business owner and a loan officer, or financial institution by providing a meaningful benefit to both parties.



*Availability and provisions may vary by policy, state and occupational class. Reference the agent guide (DI 1228) for details.

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