



Professional Overhead Expense Insurance (HH670) for California

Policy Highlights

Professional Overhead Expense insurance from Principal Life Insurance Company helps you keep your business running if you are too sick or hurt to work.

The 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

Your monthly benefit is based on your current covered business expenses and your type of business. During a disability, you receive the difference between your covered overhead expenses and your monthly gross income, up to your Maximum Monthly Benefit, but not to exceed the Maximum Aggregate Benefit. Benefits are payable when, solely due to injury or sickness, you:

- Have a restricted ability to perform the substantial and material duties of your Regular Occupation; or
- Have at least a 20% loss of time in the number of hours worked,
- Incur a monthly loss of net income where covered overhead expenses exceed monthly gross income by at least \$200, and
- Are under the appropriate care of a doctor.

A total disability is not required. If you are working part time due to a disability and you qualify for disability benefits, you are guaranteed a minimum benefit of at least 50 percent of your Maximum Monthly Benefit for the first six months.



FEATURES OF YOUR POLICY

- Non-cancelable coverage
- Guaranteed premium rates to age 65
- Premiums are tax-deductible as a necessary business expense

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 your monthly net income loss once the elimination period is satisfied and proof of expenses and income have been submitted to Principal Life. If you remain disabled under the terms of the policy, benefits are paid until your Maximum Aggregate Benefit has been reached.

Policy benefits

Carry Forward Feature – If your covered overhead expenses differ from the Maximum Monthly Benefit, you may carry forward unreimbursed expenses and unused benefits to a later month during your Continuous Disability.

Legal Fee Benefit – You receive up to \$3,000 for legal expenses incurred in the termination of your business due to disability. This benefit is paid in addition to all other policy benefits and helps cover extra expenses.

Presumptive Disability Benefit – You receive reimbursement of 100 percent of your covered overhead expenses, up to your Maximum Monthly Benefit regardless of any gross income you earn, if you permanently lose the power of speech, hearing in both ears, sight in both eyes or use of both hands or feet, or one hand and one foot. The elimination period and doctor's care requirement are waived. Benefits begin to accrue immediately and continue as long as the loss continues, until the Maximum Aggregate Benefit is reached.

Replacement Salary Expense Benefit – If you hire a replacement to perform your duties during the time you are receiving disability benefits, the difference between the replacement's salary and the monthly gross income generated by the replacement is included as a covered overhead expense.

Special Death Benefit – Benefits are paid for up to three months if you die after satisfying the elimination period while receiving disability benefits. This helps meet business obligations that continue to be incurred after your death.

Waiver of Premium Benefit – After you are disabled for the lesser of 90 days or the elimination period, your premiums are waived. We refund the premiums paid for coverage after the disability began and continue to waive all future premiums that become due during your continuous disability.

Policy riders

Automatic Benefit Increase – Available at no cost. This rider automatically increases your coverage every year for five years without requiring you to submit evidence of insurability. The increase is based on the change in the Consumer Price Index for all Urban Consumers (CPI-U), with a minimum guaranteed increase of at least 4 percent compounded and a maximum of 10 percent compounded.

Benefit Update – Available at no cost. This rider allows you to increase your coverage to the maximum amount you are eligible for every three years without requiring you to provide evidence of medical insurability.

Return to Work – Even if you recover from a disability and return to your regular occupation full time, benefits are paid until your Maximum Aggregate Benefit is exhausted as long as you continue to have covered overhead expenses in excess of monthly gross income by at least \$200 due to your prior disability. This helps cover expenses as you rebuild your business or practice. This rider is available to certain occupations for an additional cost.

FOR MORE INFORMATION

Contact your local representative.



WE'LL GIVE YOU AN EDGE®

Principal Life Insurance Company, Des Moines, Iowa 50392-0001, www.principal.com

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 insurance has limitations and exclusions. For costs and complete details of coverage, contact your Principal Life representative.

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