

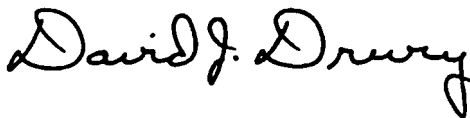
CHANGE OF NAME AND REMOVAL OF DIVIDEND LANGUAGE ENDORSEMENT

This endorsement is part of the legal contract between you, as the owner, and Principal Life Insurance Company. All definitions, provisions and exceptions of the policy apply to this endorsement unless changed by this endorsement.

All references to "Principal Mutual Life Insurance Company" anywhere in the policy (including the policy form, any applications, amendments, riders, endorsements and Data Pages) are changed to "Principal Life Insurance Company."

The DIVIDENDS provision is deleted in its entirety anywhere it appears in the policy (including the policy form, any applications, amendments, riders, endorsements and Data Pages).

The word "PARTICIPATING" is replaced with "NON-PARTICIPATING" anywhere it appears in the policy (including the policy form, any applications, amendments, riders, endorsements and Data Pages).



Chairman and Chief Executive Officer



Principal Life
Insurance Company
Des Moines, Iowa 50392-0001

PROFESSIONAL OVERHEAD EXPENSE POLICY. NON-CANCELABLE AND GUARANTEED RENEWABLE TO AGE 65 AT GUARANTEED PREMIUM RATES. CONDITIONALLY RENEWABLE FROM AGE 65 FOR LIFE, SUBJECT TO CHANGE IN PREMIUM RATES. PARTICIPATING.

This policy will stay in force until your Age 65 Policy Anniversary as long as premiums are paid when due. If certain conditions are met, this policy may be renewed on your Age 65 Policy Anniversary and each year after that for life. See the Renewal After Age 65 section. While this policy is in force, we cannot:

1. Cancel it; or
2. Change the premium rate (before the Age 65 Policy Anniversary).

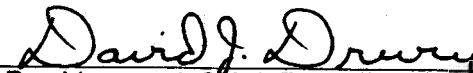
We will pay this policy's benefits subject to all policy provisions. The policy is issued in consideration of the application and payment of premiums.

10-DAY EXAMINATION OFFER. The Owner may return this policy to either the agent or our home office within ten days of its receipt. We will refund any premiums paid and the policy will be considered void from its inception. PLEASE READ THIS POLICY CAREFULLY to better use its many benefits.

IMPORTANT NOTICE. Please review the copy of the application attached to this policy. Write to Principal Mutual Life Insurance Company, 711 High Street, Des Moines, Iowa, 50392-0001 within ten days if any information shown on it is not correct and complete, or if any medical history has been left out. The application is part of the policy. The policy was issued on the basis that the answers to all the questions and the information shown on the application are correct and complete. Omissions or misstatements on the application could cause an otherwise valid claim to be denied.

Signed for Principal Mutual Life Insurance Company at Des Moines, Iowa, on the Policy Date.


Senior Vice President and
Corporate Secretary


President and Chief Executive Officer



**Principal Mutual Life
Insurance Company**
711 High Street
Des Moines, Iowa 50392-0001

INSURED John Doe

POLICY DATE June 1, 1992

POLICY NUMBER Sample

POLICY Professional Overhead Expense

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INSURED John Doe

ISSUE AGE 35

POLICY NUMBER Sample

POLICY Professional Overhead Expense

POLICY DATE June 1, 1992

BENEFITS

POLICY

HH670CA Professional Overhead Expense

Elimination Period: 60 Days

Maximum Monthly Benefit: \$ 5,000.00

Maximum Aggregate Benefit: \$ 90,000.00

RIDERS

HH671 Benefit Update

INSURED John Doe

ISSUE AGE 35

POLICY NUMBER Sample

POLICY Professional Overhead Expense

POLICY DATE June 1, 1992

PREMIUMS

POLICY

Professional Overhead Expense	\$ 577.00
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RIDERS

Benefit Update	0.00
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PAYMENT OPTIONS

Total, Annual Premium	\$ 577.00
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Semi-Annual Premium	\$ 295.71
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Quarterly Premium	\$ 151.46
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Monthly Preauthorized Withdrawal Premium	\$ 50.49
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Renewal of coverage beyond age 65 may require an increase in the renewal premium after age 65.

DEFINITIONS IN THIS POLICY

ADJUSTMENT DATE--means the Monthly Date next following the date we approve the request for adjustment.

AGE POLICY ANNIVERSARY--means the same date and month of each succeeding year from the Policy Date.

CONTINUOUS DISABILITY--means your Disability that continues with no interruption. You will be considered Continuously Disabled even if an Interrupted Elimination Period or Recurring Disability occurs.

COVERED OVERHEAD EXPENSES-- means your share of the usual and customary monthly business expenses you are responsible for in the operation of your business. The expenses must be deductible for Federal Income Tax purposes. Expenses paid other than monthly are considered on a pro rata basis as if paid monthly. Covered expenses include, but are not limited to:

1. Lease or mortgage payments for space which you occupy and use in the operation of your business.
2. Premiums for malpractice, property or liability insurance.
3. Utilities.
4. Accounting, billing and collection fees.
5. Janitorial, security and maintenance services.
6. Professional and trade dues and subscriptions.
7. Leasing costs or installment payments on loans for furniture and equipment used in the operation of your business for which you were obligated to make payments prior to Disability.
8. Employee salaries and benefits which are not excluded by number 1 in the list below.
9. Replacement Salary Expense.

The following are not considered Covered Overhead Expenses:

1. Salaries, wages, fees, drawing accounts, advances, bonuses, and other remuneration, including benefits, for:
 - a. You,
 - b. Any person sharing business expenses with you,
 - c. Any member of your profession,
 - d. Any person responsible for the generation of income in your business, and

- e. Any member of your immediate family who was not a full-time paid employee of your business for at least 60 days before Disability began.
2. Overhead expenses which are covered under another overhead expense policy.
3. The cost of goods, merchandise, products or services.
4. Depreciation, insurance premiums waived during Disability or any expense that does not require a cash payment.
5. Any expense you were not liable for in the normal course of your business prior to a Disability.

DISABILITY-- means:

Solely due to Injury or Sickness:

- a. you are working but your ability to perform the substantial and material duties of your Regular Occupation is restricted; or
- b. you have a 20% or more loss of time in the number of hours worked as compared to prior to Disability; and
2. Solely due to Injury or Sickness, you incur a monthly Loss of Net Income; and
3. You are receiving Doctor's Care. We will waive this requirement when we receive proof satisfactory to us that continued care is of no benefit.

We will pay benefits as if the Disability was caused by only one Injury or Sickness if the Disability was caused by more than one Injury or Sickness.

DOCTOR--means a medical practitioner who is legally licensed to practice under state law, acting within the scope of that license, and not the Insured, the Owner, or a member of your immediate family.

DOCTOR'S CARE--means the regular and personal care of a Doctor which under prevailing medical treatment is appropriate for the condition causing Disability.

ELIMINATION PERIOD--means the number of days of Disability from the start of a Continuous Disability for which no benefits will be paid. The current Data Page shows the Elimination Period for this policy.

INJURY--means accidental bodily Injury which occurs while this policy is in force.

INSURED--means the person named as the Insured on the current Data Page of this policy.

INTERRUPTED ELIMINATION PERIOD-- means, if your Disability is not a Continuous Disability, the Elimination Period will be met if the number of days of Disability occur in a period not more than twice as long as the Elimination Period. Disability may be from the same or a different cause. The periods of Disability will be combined to meet the Elimination Period.

LOSS OF NET INCOME--means the amount by which Monthly Gross Income is less than Covered Overhead Expenses. This amount must be at least \$200.

LOSS PAYEE--means the person or entity named as the Loss Payee in the application or a written request. The term includes any lawful successors of the Loss Payee. Benefits will be paid to the Loss Payee except as provided in the Special Death Benefit. If no Loss Payee is named in the application, then the Owner is the Loss Payee.

MAXIMUM AGGREGATE BENEFIT--means the amount shown on the current Data Page. It is the maximum amount payable for any one Continuous Disability.

MONTHLY DATE--means the date of any month which is the same as the Policy Date.

MONTHLY GROSS INCOME--means gross monthly income earned by you during Disability, for labor or services performed in your Regular Occupation without deductions for expenses or taxes. This includes salary, wages, fees, draws, commissions and any other compensation, whether or not received, but not income for services performed prior to Disability. If you are unable to furnish accrual accounting documentation, we will allow the cash accounting method. However, the same method must be used throughout Disability.

OWNER--means the person or entity named as the Owner in the application. Certain policy rights may only be exercised by the Owner.

POLICY DATE--means the date your policy was issued and is shown on the current Data Page.

RECURRING DISABILITY-- means a continuation of a prior Disability when:

1. The Disability results from the same or related cause as the prior Disability for which we paid benefits; unless
2. After that period of Disability ends you work full-time, at least 30 hours a week, in any occupation, for at least 6 months.

A Recurring Disability is a continuation of the prior Disability. No new Elimination Period is required. We will pay benefits during the Recurring Disability for any part of the Maximum Aggregate Benefit remaining after that prior period of Disability.

REGULAR OCCUPATION--means the occupation in which you were engaged just prior to the Disability.

REPLACEMENT--means any person hired, after your Disability begins, from outside your business to perform any of the substantial and material duties of your Regular Occupation.

REPLACEMENT SALARY EXPENSE--means the net expense you incur to employ a Replacement. The net expense is your Replacement's compensation minus the Monthly Gross Income of your Replacement. The compensation paid to your Replacement must be reasonable compensation in relation to the duties performed.

SICKNESS--means an illness or disease which first manifests itself while this policy is in force. Normal pregnancy and normal childbirth are not Sicknesses and are not covered. Complications of pregnancy are covered the same as any other Sickness.

WE, OUR, US—means the Principal Mutual Life Insurance Company.

YOU, YOUR—means the person named as the Insured on the current Data Page of this policy.

BENEFIT SECTION

We will pay an amount equal to your Loss of Net Income you incur each month up to the Maximum Monthly Benefit shown on the current Data Page but not to exceed the Maximum Aggregate Benefit. Benefits start to accrue at the end of your Elimination Period, and will continue during your Disability. Benefits will not be paid for more than three months beyond your Age 65 Policy Anniversary except as described under the Renewal After Age 65 section of this policy.

For the first 6 months of a Continuous Disability for which benefits are payable and during which time you experience a Loss of Net Income, the Disability benefit will not be less than 50% of the Maximum Monthly Benefit.

CARRY FORWARD OF BENEFITS

Your Covered Overhead Expenses in any one month of Disability may be less than the Maximum Monthly Benefit. If so, any unused benefit will be carried forward and applied to your Covered Overhead Expenses in a later month for the same Continuous Disability when your Covered Overhead Expenses exceed the Maximum Monthly Benefit.

CARRY FORWARD OF EXPENSES

Your Covered Overhead Expenses in any one month of Disability may be greater than the Maximum Monthly Benefit. If so, any excess Covered Overhead Expenses will be carried forward and reimbursed in a later month of the same Continuous Disability when your Covered Overhead Expenses are less than the Maximum Monthly Benefit.

OTHER BENEFITS

PRESUMPTIVE DISABILITY BENEFIT

You will be considered Disabled with no Monthly Gross Income if an Injury or Sickness results in the total and irrecoverable loss of:

- 1 Power of speech;
2. Hearing in both ears;
- 3 Sight of both eyes; or
4. The use of both hands, both feet, or one hand and one foot.

We will pay Disability benefits, subject to the policy's Maximum Aggregate Benefit. The loss must occur while this policy is in force. The Doctor's Care requirement will be waived. No Elimination Period will be required and the benefit will start to accrue on the date of the loss.

WAIVER OF PREMIUM BENEFIT

In a period of Continuous Disability, if you are Disabled for the lesser of 90 days or the Elimination Period:

- 1 We will refund the monthly pro rata portion of any premium paid for coverage after the date that a Continuous Disability began; and
2. We will waive the payment of premiums which come due during your Continuous Disability.

When you are no longer Disabled, premium payments will begin on the next premium due date. We will not waive premiums beyond your Age 65 Policy Anniversary unless your policy is renewed subject to the Renewal After Age 65 provision and you are then eligible for the Waiver of Premium Benefit.

**COSMETIC OR
TRANSPLANT SURGERY
BENEFIT**

We will consider you Disabled due to Sickness if you become Disabled from:

1. Cosmetic surgery performed at least 6 months after the Policy Date; or
2. Surgery involving a transplant of a part of your body to another person.

LEGAL FEE BENEFIT

We will reimburse the Loss Payee for legal fees, up to a maximum of \$3,000, if such fees are incurred in association with the termination of your business as a result of your Disability. Benefits paid under this provision will not be included as part of the Maximum Monthly Benefit or the Maximum Aggregate Benefit.

SPECIAL DEATH BENEFIT

We will pay benefits during the 3 month period immediately following your death for your portion of any Covered Overhead Expenses if you satisfied your Elimination Period and benefits were being paid under the Benefit Section. Benefits will be paid as if you were Disabled, subject to this policy's Maximum Aggregate Benefit. These benefits are payable to the Loss Payee. If you are the Loss Payee at the time of your death, these benefits will be paid to your surviving spouse, if any, otherwise to your estate. No benefits will be paid under this provision for expenses incurred after your business is sold or terminated.

POLICY ADJUSTMENT SECTION

The Owner may request policy adjustments while the policy is in force, with no premiums in default, and you are not Disabled. To request an adjustment, an application signed by the Owner is required. The application must also be signed by you if evidence of insurability is required. Unless otherwise provided, an adjustment is effective on the Adjustment Date, subject to our prior approval and payment of the required premium.

The adjusted benefits apply to a Disability from a Sickness which first manifests itself or an Injury which occurs on or after the Adjustment Date.

Any adjustment will change the information on the current Data Pages. We have the right to request the return of the policy so we can replace these pages.

We require evidence of insurability which satisfies us that you are insurable under our then current underwriting guidelines to:

1. Increase the Maximum Monthly Benefit;
2. Shorten the Elimination Period;
3. Increase the Maximum Aggregate Benefit;
4. Add a benefit rider; or
5. Make any other adjustment we permit based on our then current underwriting guidelines.

We do not require evidence of insurability to:

1. Decrease the Maximum Monthly Benefit;
2. Lengthen the Elimination Period;
3. Decrease the Maximum Aggregate Benefit; or
4. Remove a benefit rider.

PREMIUMS AND REINSTATEMENT

PAYMENT OF PREMIUM

The first premium of your policy is due on the date the policy is issued. After that, premiums are payable in the amount and frequency chosen from those shown on the current Data Page. The Owner may change the frequency of premium payments except that we will not allow a change while you are Disabled.

Payments may be made to our home office, Principal Mutual Life Insurance Company, 711 High Street, Des Moines, Iowa 50392-0001.

GRACE PERIOD

Except for the first premium, we allow a grace period of 31 days after the premium due date to pay the premium. The policy will stay in force during the grace period. If a premium is not paid by the end of the grace period, it is in default and the policy terminates.

REFUND AFTER DEATH

We will refund any premium paid for coverage beyond your death. We must be given written proof, satisfactory to us, verifying your death.

REINSTATEMENT

With our approval, this policy may be reinstated within one year after termination. We may require an application and evidence of insurability under our then current underwriting guidelines.

When an application is required, reinstatement takes effect on the date we approve the application and receipt of premiums due. If we accept payment of premiums with your application, your policy will be automatically reinstated on the 45th day after the application date unless we have previously notified you in writing of the disapproval of your application, in which case your premium payment will be returned.

If we accept your payment of premium due without requiring a reinstatement application, reinstatement takes effect when we accept the premiums.

A reinstated policy only covers a Disability from:

1. A Sickness which first manifests itself more than 10 days after the date reinstatement takes effect; or
2. An Injury which occurs after the date reinstatement takes effect.

A reinstated policy is subject to any provisions or changes attached to the reinstated policy.

SUSPENSION DURING MILITARY SERVICE

This policy will be suspended while you are on full-time active duty in the military service of any national or international authority. Suspension will be effective as of the date active duty starts. Active duty does not include training by reservists that lasts 90 days or less. We will refund the pro rata portion of any premium paid for a period beyond the date of suspension. The suspended policy may be restored without proof of insurability if:

- 1 The active duty ends within 5 years from the date of suspension; and
2. The Owner applies in writing and premiums are paid within 90 days following the date active duty ends.

Your coverage will start again as of the date we receive the written request and premiums to restore the policy, but not before the date active duty ends. Only a Disability from a Sickness which first manifests itself or an Injury which occurs after the policy is restored is covered. Once restored, all rights under the policy will be the same as before the policy was suspended. Premiums will be at the same rate as they would have been had the policy remained in force.

TERMINATION

This policy ends on the earliest of:

- 1 Your Age 65 Policy Anniversary, unless renewed subject to the Renewal After Age 65 provision;
2. The date of the Owner's written request to terminate it; or
3. The end of the grace period.

RENEWAL AFTER AGE 65

This policy ends on the Age 65 Policy Anniversary unless renewed. The Owner may renew this policy on a year-to-year basis after this date if:

You are actively working outside your home full-time at least 30 hours a week for at least 46 weeks a year; and

2. The policy is in force with no premium in default.

We have the right to require proof you are working, but no other evidence of insurability will be required. The premium is not guaranteed and may be changed each year. The premium will be at our then current rate.

For Disabilities beginning on or after your Age 65 Policy Anniversary, the Maximum Monthly Benefit and Maximum Aggregate Benefit on the current Data Page will be reduced by 50%. The Carry Forward of Benefits and Carry Forward of Expenses provisions under the Benefit Section of this policy do not apply to Disabilities beginning after your Age 65 Policy Anniversary.

CLAIMS

INITIAL NOTICE OF CLAIM

We must receive an initial notice of claim within 30 days after Disability begins or as soon after that as is reasonably possible. This initial notice should be in writing and should tell us that a claim is being made, but need not include details of the claim. The notice should include the policy number and the name of the Insured. It can be

sent to our home office, Principal Mutual Life Insurance Company, 711 High Street, Des Moines, Iowa 50392-0001, or to our agent. In no event will benefits be payable for loss occurring more than 6 months before the date we receive the initial notice of claim.

CLAIM FORMS

We will send a claim form within 10 working days of receiving the initial notice of claim. If the claim form is not received within 15 days after the initial notice of claim was sent to us, you or the Owner should write a letter about the claim, describing the cause and extent of your loss in detail. Send it to Principal Mutual Life Insurance Company, 711 High Street, Des Moines, Iowa 50392-0001.

PROOF OF LOSS

The completed claim form or, if needed, the claim letter described above, must be received in our home office, Principal Mutual Life Insurance Company, 711 High Street, Des Moines, Iowa 50392-0001, within 120 days after the end of the policy's Elimination Period or as soon after that as is reasonably possible. In no event will benefits be payable for more than a 16-month period prior to the date we receive the completed claim form or the claim letter, if needed. An exception will be made only if the Owner and the Insured were not mentally competent to make a claim.

Initial proof of loss will consist of the completed form or claim letter, and such supporting medical, financial and employment information as we may reasonably require. Required financial information may include proof of prior and current earnings and expenses. Proof of income and expenses may consist of copies of Federal Income tax returns, a statement from a Certified Public Accountant, or such other records as we may require. If supporting information that we reasonably require is not furnished, no benefit will be payable.

Continuing benefits are subject to proof of continuing loss. Proof of continuing loss shall be furnished as often and in such form as we may reasonably require, and may consist of current medical, financial and employment information deemed to be necessary.

PAYMENT OF CLAIMS

After we receive satisfactory proof of loss, we will pay any benefit due. Monthly benefits are paid at the end of each month of Disability after the Elimination Period has been satisfied, subject to continuing proof of loss. Any balance not yet paid when our liability ends will be paid immediately. Benefits will be paid to the Loss Payee except as provided in the Special Death Benefit provision.

PRE-EXISTING CONDITION LIMITATION

We will not pay any claim for a Disability or loss which:

1. Results from a pre-existing condition which was not disclosed in the policy application; and
2. Begins within 2 years prior to the application or 2 years after the date of the application.

Pre-existing condition means a condition:

1. For which medical treatment was recommended by a Doctor or received from a Doctor within the 2 year period prior to the date of the application; or
2. Which has caused symptoms within the 2 year period prior to the date of the application which would cause an ordinarily prudent person to seek diagnosis, care, or treatment.

PHYSICAL EXAMS

We have the right to require you to be examined while a claim is pending or benefits are being paid. This will be by a Doctor or other appropriate certified professional we choose, at our expense and as often as we may reasonably require.

LEGAL ACTION

Legal action may not be started against us to recover on this policy until 60 days after filing of proof of loss or more than 3 years after the filing of proof of loss is required under this policy.

THE CONTRACT

ENTIRE CONTRACT

The policy, the attached applications, and any attached riders or endorsements make up the entire contract.

ALTERATIONS

This policy may be modified by mutual agreement. Any alteration must be in writing and signed by one of our corporate officers. No one else, including the agent, may change the contract or waive any provision.

INCONTESTABLE

We will not use any misstatement in any application of this policy, except a fraudulent misstatement, to void this coverage after it has been in force for 3 years during your lifetime, excluding any period you are Disabled.

We will not deny or reduce a claim for a loss incurred or a Disability starting after 3 years from an application date on the basis a Sickness or physical condition existed before the application date, unless excluded from coverage by name or specific description. Disability from a Sickness or physical condition fully disclosed on the application for this coverage will be covered, unless excluded by name or specific description.

MISSTATEMENT OF AGE

If your age has been misstated, the coverage of this policy will be what the premium paid would have purchased at your correct age.

DIVIDENDS

This policy will share in our divisible surplus. We will determine its share and credit it as a dividend at the end of each policy year. We do not anticipate paying dividends. Dividends can be used in one of these ways:

1. **PREMIUM PAYMENT**—to pay part or all of the premium currently due except premium paid by pre-authorized withdrawal.
2. **CASH**—to be paid in cash.

The Owner's choice may be made on the application or in writing before a dividend is credited. If no choice is made, the cash option will automatically be used. Dividends will also be paid in cash while premiums for this policy are being waived.

CHANGE OF OWNER OR LOSS PAYEE

The Owner may name a new Owner or Loss Payee by a request in writing. Our approval is needed. The change is not effective until we approve it. Once approved, the change is effective on the date it was signed. We have the right to request the return of the policy so we can record the change.

STATE LAW CONFORMITY

Any part of this policy that, on the Policy Date, conflicts with the laws of the state in which this policy is issued is changed to meet the minimum requirements of those laws.

ASSIGNMENT

We are not bound by an assignment until received in our home office in a written form approved by us. We assume no responsibility for an assignment's validity. An assignment does not change the ownership of this policy.

**PROFESSIONAL OVERHEAD EXPENSE POLICY. NON-CANCELABLE AND GUARANTEED RENEWABLE
TO AGE 65 AT GUARANTEED PREMIUM RATES. CONDITIONALLY RENEWABLE FROM
AGE 65 FOR LIFE, SUBJECT TO CHANGE IN PREMIUM RATES. PARTICIPATING.**

HH 670 CA

SAMPLE
