



A resource for business owners



# Protect the business you've built

**Disability insurance to cover  
routine business expenses**

# Life is full of “what if” moments

You are integral to the ongoing operations of your business. From day-to-day expenses, to your key employees, to the customers you serve, there is little that can be done without you.

And yet life is full of “what if” moments. If you became too sick or injured to work, you could be unable to provide the essential services your customers expect and the leadership your employees need.

**Despite your absence and potential loss of income, your business expenses and operational costs would continue to accumulate.**

## **Overhead Expense Disability Insurance can help with everyday business expenses**

A cost-effective way to ensure that your business can meet its ongoing expenses during a period of disability is with Overhead Expense (OE) Disability Insurance. Preserving the continuity of your business and retaining your customers are important, whether you eventually return to work or find that you need to sell your business.

## **Overhead Expense: covering your business's ongoing expenses**

One of the biggest challenges that comes with your being unable to work is ensuring that your business continues to meet its ongoing expenses. With Overhead Expense, you are reimbursed for all of the customary expenses that you pay in order to maintain the continued operation of your business.

As a business owner, you are the foundation of the business you've built.

If you were to become disabled, there would be not only a personal loss of income, but significant consequences for your business as well.





The following are the business expenses covered during a period of disability:



#### **Business location expenses**

Here, we cover the expenses typically associated with maintaining your business's building. This can include property taxes, rent, utilities, janitorial and maintenance fees, etc.



#### **Employee payroll expenses**

Whether salaries or employer-paid benefits, we'll cover them as well, to ensure your employees can continue working without disruption.



#### **Business equipment expenses**

We also cover the recurring payments for your business equipment. This can include motor vehicles, fixtures, furniture, etc. As long as you have no personal ownership in the item, we cover the equipment used in the continued operation of your business.



#### **Other business expenses**

You may also have additional expenses that don't typically come to mind. For example, your liability, malpractice, or other business insurance premiums. You might also have association dues, licensing fees, legal and accounting, fees, etc. These, too, will be covered should you become unable to work due to disability.

### **Overhead Expense: help protect your business loans**

Many business owners take on loans to purchase equipment, expand their business, or to even cover a guaranteed salary contract. And just like your business expenses, your business loans can also prove challenging if you find yourself unable to work due to illness or injury.

As part of the Overhead Expense policy, you can cover your fixed-term business loans, so you don't have to worry in the event you can't work due to disability.

Additionally, this feature is term-based, allowing it to match the life of the loan. When the term is up and the business loan protection is no longer necessary, it will automatically be taken off the policy — so you no longer have to pay for it.

### Additional features to help keep your business protected

#### Accelerated Benefit Endorsement<sup>1</sup>

If you're totally disabled, this feature will provide you with your maximum monthly benefit prior to your providing proof of your overhead expenses. You must still provide proof of total disability and satisfy the elimination period; however, with this feature, you'll receive your disability benefit sooner, helping you pay your expenses on time.

#### Partial Disability Benefit Rider

A disability doesn't always mean you can't work. In some instances, you may find yourself able to work, but not as often as you could. This is known as a partial disability. This feature will provide you with a monthly benefit proportionate to the amount of revenue lost due to your partial disability.

#### Professional Replacement Benefit Rider

If you provide a service as part of the functioning business (i.e., a lawyer providing legal counsel), a disability would greatly impact the services your business could provide. With this feature, we'll provide additional funding for you to help hire a replacement to keep your business running smoothly.

#### Additional Overhead Expense Benefit Rider

An issue that many small business owners like you face is fluctuating monthly expenses. This can make it difficult to plan ahead, especially in the event of disability. This feature, however, will provide an additional benefit for you to use at any time during your benefit period to help offset any fluctuations.

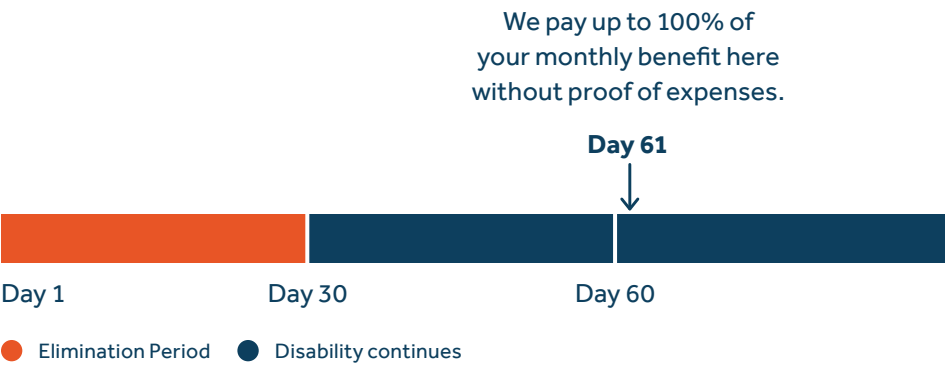
#### Future Increase Option Rider

As your business and its expenses continue to grow, it's important that your policy keep up to give you and your business the protection it needs. With the Future Increase Option Rider, you'll have an opportunity each year to consider an increase in your Overhead Expense coverage, depending on the amount remaining in the rider.

#### Strong base contract with:

- **True Own-Occupation**  
This valuable type of coverage helps protect your ability to perform your own occupation should you become disabled, regardless of your ability to work in another occupation.
- **Non-cancellable to age 65**  
as long as your premiums are paid. After age 65, as long as you are working full-time and are responsible for business expenses, you can continue coverage under the renewal conditions.
- **Extension of benefits**  
— allows payments to continue beyond the benefit period while you remain disabled if we have not yet paid the maximum aggregate benefit.
- **Ability to convert** business coverage to an individual disability income policy up to age 55, subject to eligibility requirements.
- **Waiver of Premium** — we'll waive any premiums due while you're disabled and receiving benefits. And, unlike most other insurance companies, we'll continue to waive them for six months after you recover and benefits end.
- **Five-year Waiver of Elimination Period** — if you suffer a disability that lasts more than six months and we pay benefits, we'll waive the elimination period for any subsequent disability of 30 days or more that occurs within five years — regardless of the cause.

Our Overhead Expense Disability Insurance pays more benefits sooner<sup>1</sup>



Which monthly business expenses would you need to cover?

Business expense	Cost
Rent	
Electricity	
Telephone	
Heat	
Water	
Laundry, janitorial, and maintenance services	
Employee salaries	
Employee benefits	
Real estate taxes	
Property, liability, and malpractice insurance	
Interest on debt	
Depreciation	
Rent or lease expense of furniture or equipment	
Legal and professional services	
Professional, trade, and association dues	
Licensing fees	
Billing and collection fees	
Other tax-deductible business expenses	
Salary for your replacement	
Business loan payments	
	Total

Tax advantages of Overhead Expense DI

- Premium payments are generally tax-deductible as ordinary and necessary business expenses.
- Overhead Expense benefits received during your disability are taxable upon receipt. However, they are used to pay business-related expenses that are tax-deductible.

Next steps

- Use the worksheet in this brochure to assess your monthly business expenses.
- Compare the cost of an OE policy versus the cost to your business or personal savings if you had to continue paying business expenses if you were disabled.
- Ask your financial or insurance professional about disability insurance to:
  - Fund buy-sell agreements.
  - Cover personal disability for you, your partners, and key employees.

1 When the Accelerated Benefit Endorsement is included on the policy.

Individual disability insurance policy forms 4200 and 18OE underwritten and issued by Berkshire Life Insurance Company of America (BLICOA), Pittsfield, MA. BLICOA is a wholly owned stock subsidiary of The Guardian Life Insurance Company of America, New York, NY. Product provisions and availability may vary by state. In New York: This policy provides disability insurance only. It does not provide basic hospital, basic medical or major medical insurance as defined by the New York State Insurance Department. For policy forms 4200 and 18OE, the expected benefit ratio is 50%. For policy form 18OE-F, the expected benefit ratio is 60%. The expected benefit ratio is the portion of future premiums that the company expects to return as benefits, when averaged over all people with this policy form.

Optional riders are available for an additional premium.

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