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# Business Overhead Expense Disability Income Protection

## PRODUCT GUIDE

**AssurityBalance<sup>®</sup>**

**For Agent use only.**  
Product availability, rates and features vary by state.



**Assurity<sup>®</sup>**

*Life Insurance Company*



# Product Guide for AssurityBalance® Business Overhead Expense Disability Income Protection

## Important Notice

**This is an updated Product Guide. Any prior version of this Guide is no longer valid.**

**The B.O.E. contract is your ultimate authority for any questions you may have about the requirements of this product.**

This is a generic product guide. **If your state requires a state-specific contract or applications, these will be given to you by your General Agent or General Manager.** The contract is **A-D 106** for Assurity disability income insurance.

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# General Guidelines

## PRODUCT TYPE

Business Overhead Expense Policy, guaranteed renewable with a traditional definition of disability.

## INTENDED MARKET

Business owners with 10 or less employees.

## OWNER ELIGIBILITY

- A. Must be owner of the business at least one year. Tax documents are required to show proof of ownership.
- B. Issue ages 18-60.
- C. Actively working full-time (at least 30 hours per week) in the ownership, management, and administration of the business.
- D. Must have a minimum “net profit” of \$10,000 from the business for the past year.
- E. Businesses operated in the home are *not* eligible.

## PREMIUMS

Level, based on *nearest age* (age as of nearest birthday), Occupational Class, Elimination Period, Monthly Business Overhead Expense Benefit Amount and Benefit Period.

### Non-tobacco

If no tobacco in last 12 months.

### Volume Factor

\$40

### Rate Increases

Premiums may only be increased on a class basis with state approval.

### Mode Premium Factors as Percentage of Annual Premium

Semi-Annual	51.0%
Quarterly	26.4%
Monthly	8.8%

## MULTI LIFE DISCOUNT

A discount of 5% will be applied to all employer-employee groups applying for 3 or more policies at the same time. The discount extends to future insureds when added to an existing eligible list bill.

## General Guidelines (continued)

### RENEWABILITY

Guaranteed renewable to Age 65. Until the Policy Anniversary after the Insured's 65th birthday, as long as the premiums are paid, the Policy cannot be canceled. However, the premium rates can be changed with state approval.

If the Insured is employed on a full-time basis on each renewal date after age 65 and is still incurring Covered Overhead Expenses, the Policy can be renewed up to age 70. The Benefit Period is limited to one (1) year.

### ELIGIBLE CLASSES

**4A, 3A, and 2A.** Occupations in **Class 1A** are not eligible.

### ELIMINATION PERIODS

The number of consecutive days that an Insured must be Totally Disabled before the Monthly Business Overhead Expense Benefit amount becomes payable. The Elimination Periods available are 30, 60, and 90 days.

### AVAILABLE BENEFIT PERIODS

12 months and 24 months.

### COVERED OVERHEAD EXPENSES

These are defined items incurred by the applicant which are usual and customary in the operation of the business or profession. They must be generally accepted as tax deductible overhead expenses. They include but are not limited to expenses such as:

- Employee salaries, wages, and benefits.
- Utilities such as electricity, telephone, gas, and water.
- Space the applicant uses in the operation of the business or profession, either:
  1. Rent, or
  2. The greater of scheduled depreciation for tax purposes or scheduled mortgage payments.
- Furniture, equipment and implements of the applicant's business or profession, either:
  1. Lease payments, or
  2. The greater of scheduled depreciation for tax purposes or scheduled principal payments.
- Laundry, janitorial, and office maintenance services.
- Business insurance premiums, including property and liability insurance.
- Accounting, billing, and collection service fees.
- Property and payroll taxes.
- Interest payments on debts.
- Other fixed expenses.

## General Guidelines (continued)

### NON-COVERED OVERHEAD EXPENSES

- Salaries, fees, drawing accounts, profits or other remuneration for:
  - The applicant.
  - Any person sharing the applicant's business expenses.
  - Any member of the applicant's profession or occupation.
  - Any person employed to perform the applicant's duties.
  - Any member of the applicant's family who was not a full-time paid employee of the business during the last 60 days before disability.
- Additions to inventory or the cost of goods or merchandise purchased for sale;
- Any kind of expense for which the Insured was not liable in the normal course of the applicant's business or profession prior to a covered Total Disability;
- More than the applicant's share of expenses when they are shared with one or more persons.

### UNDERWRITING

Traditional approach. Underwriting will order medical records if needed. See non-medical and examination requirements on page 12.

Coverage may be offered with a Policy Amendment Rider, Special Class premium, longer Elimination Period, shorter Benefit Period or a combination of any of these.

### TABLE RATINGS

Special Class premiums are determined based on the following table ratings:

- A. = 25% increase
- B. = 50% increase
- C. = 75% increase
- D. = 100% increase

**Table D (100% increase) is the maximum rating on which a Business Overhead Expense Policy will be issued.**

# Policy Provisions

## DEFINITION OF TOTAL DISABILITY

Benefits are paid to the Insured if unable because of sickness or injury to perform the important substantial and material duties of own occupation and requires a physician's care.

## PRESUMPTIVE DISABILITY

A presumptive disability provision is included that presumes Total Disability if the insured suffers loss of speech, loss of hearing, loss of sight, severance and loss of both feet, severance and loss of both hands, or severance and loss of one hand and one foot.

The Elimination Period is waived and the full Monthly Business Overhead Expense Benefit will be paid for the Maximum Benefit Period whether or not a person is able to work. Covered Overhead Expenses must continue to be incurred.

## RECURRENT DISABILITY

A second disability is considered a continuation of a previous disability unless it is due to an unrelated sickness or injury, or the insured has returned to work full-time for at least 12 months.

## PARTIAL DISABILITY

This provision pays 50% of the Base amount for each month of a Partial Disability from an insured Injury or Sickness for up to 6 months, if following a period of paid Total Disability. The combined Total and Partial Disability Benefits cannot exceed the Maximum Overhead Expense Benefit. Partial disability is a sickness or injury that keeps the Insured from working on a full-time basis.

## REHABILITATION BENEFIT

If the Insured is totally disabled, Assurity will consider helping pay the costs of a rehabilitation program. Assurity will determine the amount paid but it will not exceed 6 Maximum Monthly Business Overhead Expense Benefits. If the Insured's physician advises that the Insured would likely return to work with a rehabilitation program, it will be required. Monthly Benefits will not be paid if the Insured does not take part.

## SURVIVOR BENEFIT

If the Insured dies while totally disabled and after receiving Monthly Business Overhead Expense Benefits for at least 12 months, Assurity will pay to a named beneficiary a lump sum of 2 times the Maximum Monthly Business Overhead Expense Benefit, as long as the Insured's business interest has not been sold at the time of payment. Payment of this benefit cannot cause the Maximum Overhead Expense Benefit to be exceeded.

## WAIVER OF PREMIUM

Premiums waived following 90 days of Total Disability. Any premium paid that should have been waived will be refunded. Waiver stops when Total Disability stops or when the Maximum Overhead Expense Benefit has been paid, whichever is first.

## Policy Provisions (continued)

### SUSPENSION DURING MILITARY SERVICE

If the Insured enters active military service, coverage will be suspended. It may be placed back in force within 90 days after release from active duty at the same premium as if the Policy had remained in force.

### ACCUMULATING BENEFIT

If the monthly Covered Overhead Expenses are more than the Business Overhead Expense Benefit, the excess expenses will be carried forward and paid in a later month when the monthly Covered Overhead Expenses are less than the Monthly Business Overhead Expense Benefit.

If the monthly Covered Overhead Expenses are less than the Monthly Business Overhead Expense Benefit, the excess benefit amount will be carried forward and applied to expenses incurred in a later month when the monthly Covered Overhead Expenses are more than the Monthly Business Overhead Expense Benefit.

In no event will the sum of all benefits paid during a period of disability exceed the Maximum Overhead Expense Benefit.

### CONVERSION PRIVILEGE

This Policy can be converted to an Individual Disability Income Insurance Policy that is independent of incurred overhead expenses if:

- The Policy is currently in force and has been in force for at least 2 years.
- The Insured is not yet age 60.
- The Insured requests the conversion in writing.
- The Insured is not totally or partially disabled.

The Monthly Benefit under the Individual Disability Income Policy can be as much as the Monthly Business Overhead Expense Benefit under this Policy. However, the disability coverage with all companies cannot exceed the maximum disability income coverage offered to new applicants of the same Occupational Class according to Assurity's issue and participation limits at the time of the conversion request.

The premium for the new Policy will be based on the Assurity rates in effect at the time of the request. The issue age will be the Insured's nearest age at time of conversion but the Occupational Class, Elimination Period, and Benefit Period will be the same as for this Business Overhead Expense Policy.

## Exclusions

Assurity will **not** pay benefits on the following: **(may vary by state)**

### **PREGNANCY**

Disability due to normal pregnancy or childbirth. Assurity will pay Monthly Benefits for a Total Disability caused by:

1. Complications of pregnancy **OR**
2. Pregnancy or childbirth, in which the period of disability extends beyond the later of 90 days or the Policy's Elimination Period.

**NOTE:** Complications of pregnancy include eclampsia, toxemia, hyperemesis gravidarum, anemia of pregnancy, placenta previa, ectopic pregnancy, puerperal infection, Cesarean Section delivery and miscarriage.

### **WAR**

Disability due to war or an act of war, whether or not declared.

### **SELF-INFLICTED**

Disability due to an intentional, self-inflicted injury or sickness.

### **FELONY**

Disability due to committing or attempting to commit a felony.

### **ILLEGAL OCCUPATION**

Disability due to engaging in an illegal occupation.

### **INCARCERATION**

Disability that starts while incarcerated in a penal institution or government detention facility.



# Limitations

Limits on benefits are as follows: (may vary by state)

## **MENTAL, NERVOUS, DRUG, ALCOHOL**

Two-year lifetime limitation for Total Disabilities related to mental, nervous, drug and alcohol disorders and conditions. Conditions included under the mental/nervous part of this limitation shall be any disorder classified in the *Diagnostic and Statistical Manual of Mental Disorders* published by the American Psychiatric Association.

Assurity will pay normal Policy Benefits for mental, nervous, drug, and alcohol disorders or conditions as long as the Insured is confined in a hospital under a physician's care.

## **FOREIGN TRAVEL**

This Policy will only pay up to 3 Monthly Business Overhead Expense Benefits for any Total Disability sustained or continued outside the United States, Canada or Mexico. If the Insured is still Totally Disabled upon return to any of these 3 countries, benefit payments will continue for the Maximum Benefit Period or until the disability ends, whichever is first.

## **PRE-EXISTING CONDITIONS**

Disability due to health conditions not disclosed on the application for which medical advice, treatment or medicine was received or symptoms existed before the effective date of coverage are not covered for the first 2 years after coverage is in force. **(Definition may vary by state.)**

Monthly Benefits will be paid if the condition was disclosed and not misrepresented on the Insured's application and is not excluded by a Policy Amendment Rider.

# Financial Guidelines

## EXPENSE VERIFICATION

Current expense verification will be required as part of the underwriting process. This consists of the current expense information on the application.

On applied-for amounts exceeding \$2,000, the applicant's most recent tax return (with all schedules) is required.

## MINIMUM ISSUE

\$500

## MAXIMUM ISSUE

The lesser of:

1. The current monthly Covered Expenses **OR**
2. The Issue Limits listed below

Issue Limits:

**Class 4A** = \$10,000

**Class 3A** = \$9,000

**Class 2A** = \$8,000\*

**Class 1A** = Not available

**\*Farmers will be considered for up to \$2,000 of Business Overhead Expense Benefit.**

## PARTICIPATION LIMITS

When the applicant has a Business Overhead Expense policy already in-force, we will allow an additional Business Overhead Expense policy up to the above-listed Maximum Issue limits between the two policies. This is subject to financial documentation supporting this additional coverage. Our policy will not cover expenses paid for by another company's policy.

# Occupational Classification

## GUIDELINES

Applicants must be employed on a full-time basis (at least 30 hours per week) at time of application.

Applicants employed only in seasonal occupations are not eligible for coverage.

Applicants engaged in more than one occupation, even on a part-time or seasonal basis, are to be classified according to the most hazardous occupation.

## AVIATION/AVOCATIONS

Persons involved in aviation, auto racing, hang gliding, sky diving, skin/scuba diving, or similar activities on an amateur basis can be considered for Business Overhead Expense insurance in most cases. Report the activity on the application and complete the appropriate questionnaire. Usually, a Policy Amendment Rider (waiver) will be attached to the Policy if the application is approved.

## FOREIGN NATIONALS

Applications may be taken on U.S. citizens who permanently reside in the U.S. or are permanent resident aliens who have lived in the U.S. for at least three years and do not plan to return to their native country on a permanent basis. A photocopy of both sides of the applicant's resident alien card must be submitted with an application on a permanent resident alien.

## CLASSIFYING OCCUPATIONS

**For answers to questions regarding proper occupation classification, see the separate Occupational Schedule.**

**One occupation upgrade is allowed for business owners who have been self-employed for at least three years and have a net income of at least \$30,000. An upgrade isn't available from Class 1A to 2A. Medical professionals, farmers, and roofing contractors are not eligible for the upgrade.**

# Underwriting Guidelines

## MEDICAL EXAM REQUIREMENTS

Non-medical limits and examination requirements are based on:

1. Nearest age of Proposed Insured.
2. Total Individual Disability Income in force and applied-for with Assurity and/or its affiliates, plus the Monthly Business Overhead Expense Benefit applied for with Assurity.

Assurity Life Insurance Company reserves the right to require a medical examination and/or other medical requirements on any Proposed Insured.

## 12- and 24-MONTH BENEFIT PERIODS

<u>Ages</u>	<u>Monthly Benefit</u>	<u>Exam</u>	<u>UA</u>	<u>SMA</u>	<u>EKG</u>
18-40	\$500 through \$2,500	No	No	No	No
	\$2,501 and over	Yes	Yes	Yes	No
41-50	\$500 through \$1,500	No	No	No	No
	\$1,501 and over	Yes	Yes	Yes	No
51-55	\$500 to \$1,000	No	No	No	No
	\$1,001 through \$5,000	Yes	Yes	Yes	No
	\$5,001 and over	Yes	Yes	Yes	Yes
56-60	\$500 through \$5,000	Yes	Yes	Yes	No
	\$5,001 and over	Yes	Yes	Yes	Yes

Applicants with a history of rheumatic fever, heart murmurs, or extensive medical history should not be paramedically examined. These applicants should be examined by a Physician. If there is any question about having an applicant examined, contact the Underwriting Department.

## PARAMEDICAL SERVICES

### Preferred Paramedical Firms:

American Paraprofessional System, Inc. (APPS) 800-635-1677

Examination Management Services (EMSI) 800-872-3674

## LAB SERVICES

Blood and urine kits are available through our office or our authorized paramedical firms. All blood and urine samples must be sent to our approved laboratory at the following address:

**LabOne**  
**10310 West 84<sup>th</sup> Terrace**  
**Lenexa, KS 66214**

Assurity will not accept blood chemistry and urinalysis test results from other laboratories.

# Underwriting Guidelines (continued)

## INSPECTION REPORTS

Telephone inspection reports are ordered by Underwriting on all cases exceeding \$2,000 of total coverage applied for. The phone inspection will be completed by a commercial inspection company. An inspection report may be ordered by Underwriting on any amount, if necessary. Please inform every applicant that a phone call may be received.

## COLLECTION LIMITS

A full initial premium may be collected at time of application when the amount of all in-force and applied-for disability coverage with Assurity or its affiliates does not exceed \$5,000. The \$5,000 limit applies to applications that have the health questions answered or the applicant is to be medically examined. The Company's total health insurance liability for all coverage applied for will not exceed \$2,500 per month as set forth in the Conditional Receipt.

On applications with in-force and applied-for amounts that exceed the \$5,000 limit, or where the Proposed Insured has significant health problems, the case must be handled on a C.O.D. basis.

## REPLACEMENT GUIDELINES

If existing Business Overhead Expense disability coverage is to be replaced, the following states require that a replacement form be completed and submitted with the application:

Arkansas	Colorado	Connecticut
Delaware	Florida	Idaho
Illinois	Iowa	Kentucky
Massachusetts	New Jersey	Oklahoma
Pennsylvania	Rhode Island	South Carolina
Texas	Utah	Vermont
Virginia	Washington	West Virginia
Wisconsin		

**A copy of the completed replacement form must be left with the Proposed Insured.**

## ADDITIONAL UNDERWRITING INFORMATION TO EXPEDITE PROCESSING

Underwriting action often depends on answers to a number of basic questions specific to the condition or situation. In addition to information provided in the application, the underwriting process can be expedited by providing such additional underwriting information as outlined below. On a separate sheet of paper attached to the application, give the information as specified for conditions or situations listed 1 through 13. For any condition or situations not listed, please give information according to section 14.

### 1. Arthritis

- Applicant's name
- Type of arthritis
- Joints and areas involved
- Currently prescribed medications and treatment
- Name, address and phone number of all physicians and medical facilities

## Underwriting Guidelines *(continued)*

### 2. Asthma, emphysema, or bronchitis

- Applicant's name
- Number of attacks in the past 12 months
- Date of last attack
- Hospitalizations due to respiratory condition
- Date of last hospitalization (if any)
- Currently prescribed medications and treatment
- Name, address and phone number of all physicians and medical facilities

### 3. Back or neck pain or problems

- Applicant's name
- Diagnosis (sprain, strain, herniated disc, etc.)
- Area of the back or neck affected
- Date of last symptom
- Currently prescribed medications and treatment
- Date of last treatment
- Name, address and phone number of physician and medical facilities

### 4. Diabetes or glucose metabolism abnormalities

- Applicant's name
- Diagnosis
- Date of onset or diagnosis
- Currently prescribed medications and treatment
- Date(s) of any hospitalizations
- Related conditions – eye disorders, kidney disorders, heart disorders, recurrent infections, circulatory problems, amputations, skin ulcers
- Other conditions/symptoms due to diabetes
- Name, address and phone number of physician and medical facilities

### 5. Epilepsy or seizure

- Applicant's name
- Type of epilepsy or seizure
- Date of onset or diagnosis
- Date of last seizure
- Currently prescribed medications or treatment
- Name, address and phone number of all physicians and medical facilities

### 6. Heart attack, angina or coronary artery disease

- Date of onset or diagnosis
- Diagnosis
- Date of last symptoms
- Tests completed or prescribed
- Currently prescribed medications and treatment
- **Name, address and phone numbers of all physicians and medical facilities**

## Underwriting Guidelines *(continued)*

### 7. Heart murmur

- Applicant's name
- Date of onset or diagnosis
- Type of murmur
- Restrictions to activities
- Currently prescribed medications and treatments
- Name, address and phone number of physician and medical facilities

### 8. High blood pressure

- Applicant's name
- Date of onset or diagnosis
- Currently prescribed medications or treatment
- Name, address and phone number of physicians and medical facilities

### 9. Kidney or urinary tract disease or disorder

- Applicant's name
- Disease or disorder
- Currently prescribed medications and treatments
- Tests completed
- Name, address and phone number of physician and medical facilities

### 10. Stomach and/or digestive tract disorders

- Applicant's name
- Diagnosis
- Date of onset
- Date of last symptoms
- Currently prescribed medications and treatment
- Name, address and phone number of physicians and medical facilities

### 11. Tumor, polyp or cyst

- Applicant's name
- Diagnosis
- Location of growth
- Date of removal
- Currently prescribed medications and treatment
- Follow-ups planned
- Name, address and phone number of physician and medical facilities

### 12. Driving under the Influence (DUI)

- Applicant's name
- Date of offense
- Number of DUI offenses
- License currently suspended
- Current employment

## Underwriting Guidelines *(continued)*

### 13. Drug or alcohol abuse

- Applicant's name
- Types of drugs or alcohol used
- Dates of last drug or alcohol use
- Treatment dates
- Current affiliation in support group - Alcoholics Anonymous (AA), Narcotics Anonymous (NA)

### 14. All other medical conditions

- Applicant's name
- Diagnosis
- Date of onset or diagnosis
- Residual or ongoing symptoms
- Date of last symptoms
- Tests completed or prescribed
- Currently prescribed medications or treatment
- Names, addresses and phone numbers of all physicians and medical facilities

## Customer Service

### REINSTATEMENT OF LAPSED POLICY

If a Business Overhead Expense Policy lapses for nonpayment of a renewal premium, reinstatement can be applied for within 12 months after the date of lapse. In order to reinstate, the following items are required:

- A completed reinstatement application.
- A signed medical authorization.
- One renewal premium.

**If the application is approved, the effective date of reinstatement is the date of approval.**



## About Assurity

Assurity Life Insurance Company's origins are rooted in a century-long legacy of providing long-term security to policyholders that has earned generations of customers' confidence and trust.

Assurity Life serves customers across the nation, offering disability income, critical illness, accident, long-term care and life insurance, annuities and specialty insurance plans through our representatives, worksite distribution and direct mail.

With assets exceeding \$2 billion, Assurity Life has built a reputation for "best in class" service and sound, conservative business practices with a disciplined approach to financial management. Headquartered in Lincoln, Neb., Assurity Life has earned a high rating from A.M. Best Company, one of the insurance industry's leading independent analysts. For more information about this rating, please visit [www.ambest.com](http://www.ambest.com) or [www.assurity.com](http://www.assurity.com).

We're proud of our history of integrity, financial accountability...and helping people through difficult times.

## Revisions to this Product Guide

Date	Page	Update
12/15/2010	13-16	Added the "Additional Underwriting Information to Expedite Processing" section
11/18/2008	11	Added the last paragraph (starting with "One occupation class upgrade is allowed...")
11/18/2008	14	Added the "About Assurity" and "Revisions" section
11/18/2008	All	Added "For Agent Use Only"