

Business Overhead Expense (BOE)

Overview

The business overhead expense policy is designed for small business owners actively engaged in their business on a full-time basis. The purpose of the policy is to reimburse business owners for overhead expenses while they are disabled in order to keep the business operating.

[Disability Income Insurance Reference Manual - DI1075](#) (PDF)

General Information

Generally, Business Overhead Expense is issued to companies with 5 or fewer owners and businesses with 8 employees or less. However, we will consider, on a case by case basis, businesses with up to 10 owners with at least a 10% interest in the business; contact your underwriter for details. Coverage is not usually available to an individual whose business is located in the home.

Business overhead expense is designed to reimburse the overhead expenses of self-employed professionals and select business owners with less than 10% manual duties.

Optional Riders

Rider attachment is subject to company rules and regulations in effect when application is made.

The following riders are available for BOE-01:

- ABI - Automatic Additional Benefit Increase Rider
- AMBR Additional Monthly Benefit Rider
- FIO Future Insurability Option Rider
- IPR Income Protection Rider
- PDR Partial Disability Rider
- PRER Professional Replacement Expense Rider

Policy Information

Renewability

The policy is noncancelable and guaranteed continuable to the policy anniversary after the insured's 65th birthday. Premiums are guaranteed to this same date.

Definition of Total Disability

The occurrence, while this Policy is In Force, of a condition caused by a Sickness or Injury, in which the Insured:

- Cannot perform the main duties of his/her Occupation and
- Is under a Doctor's Care. We will waive this requirement if We receive written proof acceptable to Us that further Doctor's Care is no longer of benefit to the Insured.

Business Overhead Expenses

These are expenses that the insured was responsible for in running his/her business before becoming disabled.

These expenses include but are not limited to:

- Rent
- Heat and water
- Electricity
- Cost to lease equipment
- Laundry
- Interest payments on the business premises and/or equipment the insured owns and uses in running the business, plus the greater of scheduled depreciation for federal tax purposes or scheduled principal payments on the business premises and/or equipment the insured owns and uses in running the business. At the beginning of a period of disability, the insured must choose whether to claim depreciation or payment principal of debt.
- Employees' salaries and benefits, including family members, if they are employed by the business for a minimum of 12 months prior to the insured's disability and serve an appropriate business function.

Business Overhead Expenses do not include:

- Cost of goods sold
- Additions to inventory
- Purchase costs of tools, instruments or wares used in the insured's profession or occupation
- Fees or drawing accounts received by the insured's spouse or member of the insured's family, if employed by the business for less than 12 months
- Any expense which the insured did not have in running the business prior to the disability
- Salaries, fees or other compensation for any revenue producing employee with the same or similar occupation as the insured

Exchange Privilege

Prior to the insured's 60th birthday, a Business Overhead Expense contract may be exchanged for an individual disability income insurance policy. MassMutual will require up-to-date information on other disability income benefits in-force or applied for, and the insured's earned and unearned income.

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