

STANDARD INSURANCE COMPANY
Home Office: P.O. Box 711, PORTLAND, OREGON 97207
1-800-247-6888

INSURED:

POLICY NUMBER:

BUSINESS EQUITY PROTECTOR

**BUSINESS BUY-OUT EXPENSE
DISABILITY COVERAGE
OUTLINE OF COVERAGE**

READ YOUR POLICY CAREFULLY

This outline of coverage provides a very brief description of the important features of your policy. This is not the insurance contract and only the actual policy provisions will control. The policy itself sets forth, in detail, the rights and obligations of both you and Standard Insurance Company. It is, therefore, important that you **READ YOUR POLICY CAREFULLY!**

BUSINESS BUY-OUT EXPENSE DISABILITY COVERAGE

This is a disability policy for Business Buy-Out Expense. This category of coverage is designed to provide benefits for disability resulting from a covered injury or sickness, subject to any limitations set forth in the policy. Benefits do not cover surgical, hospital, or medical expenses.

Date _____

Agent _____

Address _____

Telephone _____

DEFINITIONS

Active Full-Time Employment - You are working at least 30 hours a week for the Business.

Age 65 - The Policy Anniversary on or next following Your 65th birthday.

Business - The partnership or corporation, named in the application, in which You have an ownership interest.

Buy-Out Expense - Any amount payable by the Owner to You under the terms of the Buy-Sell Agreement in effect when Your Total Disability begins.

Buy-Sell Agreement - A written agreement between the Owner and You. It calls for the purchase of Your entire ownership interest in the Business in the event of Your Total Disability.

Owner - The Owner of this policy, shown on the data page.

Regular Occupation - Your occupation at the start of Your Disability.

We/Our - Standard Insurance Company.

You/Your - The Insured under this policy.

POLICY BENEFITS

We will pay the policy benefits if You incur a Total Disability as a result of Sickness or Injury. These terms are defined below:

SICKNESS - Your Sickness or disease which first manifests itself:

1. After the policy Effective Date; and
2. While the policy is in force.

INJURY - Accidental bodily injury sustained by You:

1. After the policy Effective Date; and
2. While the policy is in force.

TOTAL DISABILITY - Because of Your Injury or Sickness:

1. You are unable to perform the substantial and material duties of Your Regular Occupation;
2. You do not perform any work for the Business; and
3. You are under the regular care of an appropriate Physician. This Physician's care requirements will be waived when We receive satisfactory written proof that further care would be of no benefit to You.

BENEFIT FOR TOTAL DISABILITY - On the later of the Commencement Date or the date a Buy-Out Expense is owed to You by the Owner, We will pay a Benefit For Total Disability.

We will pay an amount equal to the Buy-Out Expense owed to You by the Owner, subject to policy limits (below), under the selected Funding Method. Funding Methods are:

1. Monthly - The benefit will be paid each month. We will not pay more than the Monthly Benefit Limit for any one month. We will not pay beyond the Benefit Period.
2. Downpayment - The first payment will be equal to the first Buy-Out Expense amount, but not more than the Lump Sum Benefit Limit. After that, We will pay the remaining benefit on a monthly basis, but not more than the Monthly Benefit Limit. We will not pay beyond the Benefit Period.
3. Lump Sum - The benefit will be paid in a Lump Sum payment. We will not pay more than the Lump Sum Benefit Limit.

The total of all payments We make may not exceed the lesser of the total Buy-Out Expense or the Aggregate Benefit Limit.

The policy provides for these terms:

Commencement Date: _____ day of Disability

Funding Method: _____

Lump Sum Benefit Limit: \$ _____

Monthly Benefit Limit: \$ _____

Aggregate Benefit Limit: \$ _____

These benefit limits will be multiplied by the applicable percentage from the table below to determine the benefit limits for Total Disabilities starting on or after Your 61st birthday.

<u>Total Disability Starting:</u>	<u>Percentage of Benefit Limits:</u>
On or after Your 61st birthday, but prior to Your 62nd birthday:	80%
On or after Your 62nd birthday, but prior to Your 63rd birthday:	60%
On or after Your 63rd birthday, but prior to Your 64th birthday:	40%
On or after Your 64th birthday:	20%

WAIVER OF PREMIUM - After 90 days of Your Total Disability, We will:

1. Waive each future Premium due; and
2. Refund any Premium due and paid after the date Your Total Disability began.

SURVIVOR BENEFIT - If monthly benefit payments stop due to Your death, We will pay the Owner an amount equal to three times the Monthly Benefit Limit. This benefit is not part of the Aggregate Benefit Limit. This provision does not apply if benefits are payable under the Lump Sum Funding Method.

LEGAL/ACCOUNTING FEE BENEFIT - We will reimburse the Owner up to \$3,000 for reasonable Legal/Accounting Fees owed by and paid by the Owner to carry out the terms of the Buy-Sell Agreement. This benefit is not included in the Aggregate Benefit Limit. It is payable on the later of:

1. The Commencement Date; or
2. The date the first Buy-Out Expense is owed to You by the Owner.

EXCEPTIONS, REDUCTIONS, AND LIMITATIONS OF THE POLICY

You must be under the regular care of a Physician other than yourself, the Owner, an employee of the Business, or a Family Member of You or the Owner, to receive benefits. The Physician must be appropriate for Your Injury or Sickness.

No benefits are payable if Disability is caused by or contributed to by any of these:

1. Declared or undeclared war; or an act or incident to war;
2. A pre-existing condition which:
 - a. Is specifically excluded; or
 - b. Is not disclosed on your application.

If any answer in Your application is misstated, incorrect or incomplete, during the first two policy years We may:

1. Rescind the policy; or
2. Deny a claim under the policy.

The policy does NOT pay for hospital, medical or surgical expenses.

POLICY RENEWABILITY/TERMINATION

RENEWAL OF POLICY SUBJECT TO SPECIFIED CONDITIONS - The policy may be continued until the earlier of:

1. The Termination Date shown on the data page;
2. The date Your Active Full-Time Employment with the Business terminates for any reason other than Total Disability;
3. The date the Buy-Sell Agreement terminates or the date the last payment under it is made;
4. The date the Aggregate Benefit Limit is paid;
5. The date one person owns more than 90% of the Business;
6. The date of the Insured's death; or
7. The due date of any Premium remaining unpaid at the end of its Grace Period.

If a Buy-Sell Agreement is not in effect on the Effective Date, a Buy-Sell Agreement must be in effect within one year from that date. The Owner must certify this to Us in writing. If the Buy-Sell Agreement is not in effect within this period, the policy will be void from the beginning. We will refund any Premium paid.

PREMIUMS

Premiums may be paid under any of these modes: annual, semi-annual, or quarterly. We may allow for payment under a special monthly mode. The special mode premium is paid through Your bank. This special mode will continue at Our option, subject to written notice of termination. There is a 31 day Grace Period for all Premiums due except the first.

The annual Premium for this policy is \$_____. If Premiums are payable under a different mode, the Premium for that mode is:

Special Monthly \$_____

THIS OUTLINE OF COVERAGE IS ONLY A SUMMARY OF THE COVERAGE PROVIDED BY THE POLICY. THIS OUTLINE IS NOT THE CONTRACT AND IS NOT PART OF IT. SEE THE POLICY FOR THE ACTUAL CONTRACT PROVISIONS.