

**STANDARD INSURANCE COMPANY**  
Home Office: PO Box 711, PORTLAND, OREGON 97207  
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 average working at least 30 hours a week for the Business over any continuous six month period.

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

**Business** - The business entity, named in the application, in which you have an ownership interest.

**Buy-Out Expense** - Any amount payable to you under the terms of the Buy-Sell Agreement as a result of your Total Disability.

**Buy-Sell Agreement** - A written agreement including the Owner and you which is in effect no later than one year of the Effective Date and remains continuously in effect until the time your Total Disability begins. It must provide for the purchase of your entire ownership interest in the Business in the event of your Total Disability.

**Injury** - Accidental bodily injury sustained by you:

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

**Owner** - The Owner of this policy, as shown on the data page, unless later changed.

**Regular Occupation** - Your occupation at the time Disability begins. The work you do as your Regular Occupation must be the same work you do in your Active Full-Time Employment.

**Sickness** - Your Sickness or disease which first manifests itself:

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 are unable to perform any work for the Business; and
3. You are under the regular care of a Physician appropriate for your Injury or Sickness. This Physician's care requirements will be waived when we receive satisfactory written proof that further care would be of no benefit to you.

When used in this form “we”, “us” and “our” mean Standard Insurance Company and “you” and “your” mean the Insured.

## POLICY BENEFITS

**BENEFIT FOR TOTAL DISABILITY** - A benefit for Total Disability will become payable on the later of the Commencement Date or the date a Buy-Out Expense is payable to you as a result of your Total Disability.

The amount we will pay will equal the Buy-Out Expense and will be payable under the selected funding method, subject to the benefit limits. 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 initial Buy-Out Expense amount, but not more than the Lump Sum Benefit Limit. Each month after that, we will pay the remaining benefit owed 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 limit for Total Disability starting on or after your 61st birthday.

| <u>Total Disability Starting:</u>                                | <u>Percentage of Benefit Limit:</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** - When policy benefits are payable and after the Commencement Date, we will:

1. Waive any future premium due; and
2. Refund to the Owner that amount of premium due and paid during the Waiting Period.

**LEGAL/ACCOUNTING FEE REIMBURSEMENT** - We will reimburse the Owner up to \$3,000 for reasonable legal and/or accounting fees owed and paid by the Owner to carry out the terms of the Buy-Sell Agreement. This reimbursement 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 payable to you under the Buy-Sell Agreement.

### **EXCLUSIONS AND LIMITATIONS**

You must be under the regular care of a Physician to receive benefits. The Physician must be appropriate for your Injury or Sickness.

We will not pay benefits for:

1. Disability due to declared or undeclared war; or an act or incident to war; or insurrection;
2. Disability caused or contributed to by your committing or attempting to commit a felony or participating in a riot or insurrection;
3. Disability while you are confined for any reason to a penal or correctional institution;
4. Intentional, self-inflicted injury or sickness; or
5. A pre-existing condition which:
  - a. Is specifically excluded; or
  - b. Is not disclosed on your application.

If during the first two policy years, we find that any answer in your application is misstated, incorrect or incomplete, we may:

1. Rescind the policy; or
2. Deny a claim for Disability starting within the two year period.

## POLICY TERMINATION

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

1. 12:01 a.m. on the Termination Date shown on the data page;
2. The date your work for the Business no longer constitutes Active Full-Time Employment;
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 reached;
5. The date one person owns more than 90% of the Business; or
6. The date of the your death. Benefit payments begun prior to your death under the monthly or downpayment funding methods will continue as provided for under the policy terms.

In addition, the Owner may terminate this policy by sending a written request to us at our home office.

As long as the premium is paid by the end of each grace period, we cannot change the premium or the terms of the policy until the policy ends.

## 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, Quarterly, Semi-Annual] \$\_\_\_\_\_]

**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.**

Standard Insurance Company  
Home Office: P.O. Box 711, Portland Oregon 97207  
1-800-247-6888

**Idaho  
Acknowledgment of Receipt**

(Disability Income Protection Coverage, Outline of Coverage)

I have received a copy of Standard Insurance Company's Outline of Coverage in connection with my application for disability income insurance.

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Applicant's Signature)

**To Agent:** You must return this signed form to the home office with all Idaho applications for disability income insurance (including business overhead expense insurance).