

# Professional Overhead Expense Insurance

---

## What is the definition of disability?

Total disability means you are unable to perform the material and substantial duties of your regular occupation, due to accident or illness, provided you are not otherwise engaged in any occupation for pay or profit. You must be under the care of a licensed physician, other than yourself or a close relative.

## Are recurring disabilities covered?

Benefits will be paid for recurrent disabilities. Successive periods of disability due to the same or related cause will be considered a single disability and the remainder of benefits will be paid, unless the disabilities are separated by a return to Active Practice of at least three consecutive months. Unrelated disabilities not separated by a return to Active Practice of at least one full day will also be considered as a single disability. Disabilities that do meet these separation requirements will be treated as new disabilities, subject to a new waiting period.

## How do I know how much coverage I need?

You may request monthly benefits of \$500 to \$10,000 (in \$100 increments), depending on your regular office expenses. The premium will vary with the amount of benefits. Benefits payable will not exceed the lesser of: the average eligible expenses incurred for the six months prior to the disability; the actual monthly eligible expenses incurred; or the monthly benefit level in force. If you have other Professional Overhead Expense Disability Insurance, benefits will be coordinated so that total benefits payable under all coverages do not exceed the actual expenses incurred.

To determine the amount of coverage you may need, calculate your share of normal monthly business expenses by completing the chart included in the Professional Overhead Expense Insurance brochure. If any expense is paid other than monthly, determine the appropriate monthly rate.

## What are covered business expenses under this insurance?

- Rent
- Interest payments on outstanding eligible business debts
- Utilities (heat, water, telephone, electricity, etc.)
- Non-attorney employees' salaries and payroll taxes
- Postage and stationery
- Equipment maintenance
- Rental, lease, or depreciation of office equipment

- Monthly average of taxes on the premises
- Insurance premiums for Workers' Compensation, Employee Medical Plans, General Liability, Professional Liability/Malpractice
- Accounting fees
- Professional memberships and/or subscription dues

### **Which business expenses are not covered under this insurance?**

- Salaries, fees, drawing accounts, profits or other remuneration to the insured or a partner
- Charges for services of individuals in the same profession as the insured, or any person hired to perform the insured's duties during his/her total disability
- Cost of the purchase of office equipment, goods or merchandise
- Income taxes, or any expenses an insured would not reasonably be expected to incur while disabled
- Personal expenses
- Charitable contributions
- Payment of principal of any indebtedness. If you are incorporated, or a partner, or a joint tenant, overhead expenses are limited to your respective share

### **Is there a Maximum Benefit Period for this insurance?**

The Maximum Benefit Period for any one disability is twelve months. The total number of monthly benefits payable is 36, whether accrued by successive periods of disability (described under Benefits For Recurring Disability on the next page) or single consecutive 12-month separate disabilities. After the 12-month Maximum Benefit Period has been reached for any one disability, the insured must return to Active Practice for a minimum of three months, during which period premium payment will be due, before consideration for eligibility for a subsequent benefit period due to the same or related causes.

### **When can I renew my coverage?**

Your coverage is renewable as long as you do not cease full-time, active practice, are under age 75, the group policy stays in effect, you remain a Bar Association Member<sup>1</sup>, and premiums are paid when due. Because this is a group policy, your coverage cannot be canceled on an individual basis.

### **What happens to any available dividends?**

If an ABE-sponsored insurance program produces a dividend at the end of the program year, insureds may contribute that dividend to ABE. That donation is tax-deductible to the fullest extent permitted by law. ABE uses the donated dividends to make annual grants to support public service, educational, and research projects and programs of importance to the public and to the profession. Dividends are not guaranteed.

<sup>1</sup> Bar Association Members are practicing lawyers who are members of the American Bar Association (ABA) or any entity that is represented in the ABA's House of Delegates, including state and many local and specialty bar associations.