



Key Person Replacement Insurance

Policy Highlights

What would happen to your business if a key employee who is critical to the livelihood of the business became totally disabled? You can help protect your business with Key Person Replacement insurance from Principal Life Insurance Company. This policy is an effective way to provide your business with the funds necessary to help handle the loss of a key employee and recruit and train a replacement. Here's how it works:



1. The employer pays the premium and is the owner of the policy insuring the key employee in the event of a Total Disability.
2. If the key employee becomes Totally Disabled, the employer receives benefits, generally tax-free. These benefits cannot be assigned to the key employee.

Why purchase Key Person Replacement insurance

- It provides benefits after the total disability of an insured employee that can be used at the discretion of the owner.
- The policy can be used to demonstrate financial stability to creditors and clients.
- The insured key employee is not limited in amount of Individual Disability Income insurance benefits he/she may qualify for from Principal Life.

How the policy pays

If the insured key employee meets the definition of Total Disability, the owner of the policy receives either a lump sum payment or a combination of monthly and lump sum payments (depending on how the policy is structured).

To meet the definition of Total Disability, the insured must be unable to perform the substantial and material duties of his/her Key Person Occupation and not be working in any other occupation which is comparable by duties and/or earnings for the business.

Receiving disability benefits

Once the insured key employee is disabled under the terms of the policy, the elimination period must be satisfied. Benefits are received at the end of the elimination period, assuming all the claim requirements have been submitted.

If the insured key employee dies during the elimination period, no benefits are payable. If the insured key employee dies while the maximum monthly benefit is being paid, those payments stop at the date of death.

Key Person Replacement insurance policy benefits

These benefits are automatically built into Principal Life's Key Person Replacement insurance policy:

- **Guaranteed Premium** – Principal Life cannot change premiums due to changes in the insured key employee's health. The policy can be canceled only if:
 - Employment is terminated with the company for any reason other than Total Disability.
 - Policy premiums are not paid.
 - The insured key employee dies.
 - The lump sum benefit has been paid.
- **Flexible Payment Methods** – The policy can be set up to provide benefits in a lump sum payment or a combination of monthly and lump sum.
- **Waiver of Premium** – After the insured key person is disabled and meets the elimination period, premiums are waived. We'll refund the premiums paid after the insured's total disability begins and will continue to waive all premiums that come due during the disability.
- **Interrupted Elimination Period** – Principal Life will combine different periods of disability to help reach the policy's Elimination Period. These periods of disability must occur within a period that is twice as long as the elimination period, but less than one year.

FOR MORE INFORMATION

Contact your local representative



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Principal Life Insurance Company, Des Moines, Iowa 50392-0002, www.principal.com

This is a general description; it is not the policy, and does not modify or change the provisions of the policy. All features and provisions may not be available in all states, with all occupation classes and in conjunction with each other. They may also be subject to state variations and require an additional premium. Please read the policy carefully for exact definitions in your state. Disability Income insurance has limitations and exclusions. For costs and complete details of coverage, contact your Principal Life financial representative.

JJ 1364 | HH 772 | 12/2008 | #11134122010



Business Loan Protection with Overhead Expense Insurance

Protect Yourself and Your Business

As an owner of a small- to medium-sized business, chances are you've needed to take out a loan to grow your business. But, what if you became too sick or hurt to work? How would you continue to make loan payments?

Principal Life Insurance Company offers a unique rider that helps make those payments and keep your business open during an unexpected disability. Adding the Business Loan Protection rider to an Overhead Expense insurance policy gives you more comprehensive protection for your business.¹

Benefits to your business

Protecting your ability to make loan payments in the event of a total disability:

- May help secure a loan from a financial institution, since it shows your ability to pay back the loan in the event of a disability
- Helps keep the business open and operating – helping retain employees and customers
- Creates goodwill with customers, employees, creditors, lenders, shareholders and stakeholders that there is a “contingency” plan in the event of a total disability
- Helps eliminate financial hardships and create peace of mind with employees and other owners

About the Business Loan Protection rider

This rider (available for an additional cost) provides reimbursement coverage for a variety of business-related financial loan obligations, such as:

- Purchase of a practice or existing business
- Purchase of a large piece of equipment
- Expansion of the business or practice
- Facility renovations and improvements
- An increase in working capital or build up of inventory
- Purchase of a building or land

How your policy pays with this rider

The maximum monthly benefit Principal Life issues with this rider is based on the amount of your loan (up to a maximum benefit amount). Benefits are payable when you meet the policy's definition of a **Total Disability**: You are unable to perform the substantial and material duties of your occupation and are not working.

Once disabled under the terms of the policy, you must satisfy the rider's elimination period before being reimbursed for the loan obligation. You can also assign your benefits to the financial institution holding your loan and Principal Life will pay the benefits directly to it. Benefits are sent on the first loan payment date after the elimination period is satisfied and continue during Your Continuous Disability but not beyond the Business Loan Protection Date.

This rider offers guaranteed premium rates until you reach the Business Loan Protection Termination Date² and it cannot be conditionally renewed beyond the age 65 policy anniversary. Your premiums are waived after you're disabled for 90 days. Principal Life refunds the premiums paid for coverage after the disability begins and continues to waive all premiums during your Continuous Disability.

Make sure it's business as usual

Principal Life's Business Loan Protection rider lets you keep the business healthy – even when you're not. Protect yourself, your personal assets and credit rating, as well as your business, its customers and employees against an unexpected disability.

FOR MORE INFORMATION

Contact your local representative.

¹ This rider offers guaranteed premium rates until you reach the Business Loan Protection Termination Date and it cannot be conditionally renewed beyond the age 65 policy anniversary.

² If you become Totally Disabled on the Business Loan Protection Termination Date, the Maximum Monthly Benefit is not paid for less than six months for Your Continuous Disability. If benefits are paid under this exception, any payment made after the Business Loan Protection Termination Date is paid to you.



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This is a general description of this rider; it is not the rider and does not modify or change the provisions of any policy or rider. May not be available in all states.

Disability insurance has limitations and exclusions. For costs and complete details of coverage, contact your Principal Financial representative.

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State Approvals as of 6/15/2009*

Key Person Replacement
insurance policy

Business Loan Protection rider
(for OE insurance)

State	Status	Illustrations	Status	Illustrations
Alabama	Approved	Available 1/26/09	Approved	Available 1/26/09
Alaska	Approved	Available 1/26/09	Approved	Available 1/26/09
Arizona	Approved	Available 1/26/09	Approved	Available 1/26/09
Arkansas	Approved	Available 1/26/09	Approved	Available 1/26/09
California	Different product series (Solutions II)			
Colorado	Approved	Available 3/1/09	Approved	Available 5/1/09
Connecticut	Approved	Available 4/15/09	Approved	Available 3/1/09
Delaware	Approved	Available 1/26/09	Approved	Available 1/26/09
DC	Approved	Available 1/26/09	Approved	Available 1/26/09
Florida				
Georgia	Approved	Available 1/26/09	Approved	Available 1/26/09
Hawaii	Approved	Available 3/1/09	Approved	Available 1/26/09
Idaho	Approved	Available 1/26/09	Approved	Available 1/26/09
Illinois				
Indiana	Approved	Available 3/1/09	Approved	Available 1/26/09
Iowa	Approved	Available 1/26/09	Approved	Available 1/26/09
Kansas	Approved	Available 1/26/09	Approved	Available 1/26/09
Kentucky	Approved	Available 3/1/09	Approved	Available 3/1/09
Louisiana	Approved	Available 4/15/09		
Maine	Approved	Available 1/26/09	Approved	Available 1/26/09
Maryland	Approved	Available 5/1/09		
Massachusetts	Approved	Available 4/15/09	Approved	Available 1/26/09
Michigan	Approved	Available 1/26/09	Approved	Available 1/26/09
Minnesota	Approved	Available 2/12/09	Approved	Available 1/26/09
Mississippi	Approved	Available 3/1/09	Approved	Available 1/26/09
Missouri	Approved	Available 2/12/09	Approved	Available 3/21/09
Montana			Approved	Available 4/15/09
Nebraska	Approved	Available 1/26/09	Approved	Available 1/26/09
Nevada	Approved	Available 6/15/09	Approved	Available 2/12/09
New Hampshire	Approved	Available 6/15/09	Approved	Available 1/26/09
New Jersey	Approved	Available 2/12/09	Approved	Available 4/15/09
New Mexico	Approved	Available 3/1/09	Approved	Available 1/26/09
New York				
North Carolina	Approved	Available 1/26/09	Approved	Available 1/26/09
North Dakota			Approved	Available 1/26/09
Ohio	Approved	Available 4/15/09	Approved	Available 4/15/09
Oklahoma	Approved	Available 1/26/09	Approved	Available 1/26/09
Oregon	Approved	Available 3/1/09	Approved	Available 1/26/09
Pennsylvania	Approved	Available 1/26/09	Approved	Available 1/26/09
Rhode Island	Approved	Available 3/1/09	Approved	Available 3/1/09
South Carolina	Approved	Available 1/26/09	Approved	Available 2/12/09
South Dakota	Approved	Available 1/26/09	Approved	Available 1/26/09
Tennessee	Approved	Available 1/26/09	Approved	Available 1/26/09
Texas	Approved	Available 1/26/09	Approved	Available 1/26/09
Utah				
Vermont			Approved	Available 3/1/09
Virginia	Approved	Available 5/1/09	Approved	Available 2/12/09
Washington	Approved	Available 1/26/09	Approved	Available 1/26/09
West Virginia	Approved	Available 1/26/09	Approved	Available 1/26/09
Wisconsin	Approved	Available 1/26/09	Approved	Available 1/26/09
Wyoming	Approved	Available 1/26/09	Approved	Available 1/26/09

*For up-to-date approvals, visit: principal.com/distateapprovals | Principal Life Insurance Company | Des Moines, IA 50392
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