

Business Equity ProtectorSM

Sample Policy For Disability Buy/Sell Insurance

For Use In California Only



Standard Insurance Company

Individual Disability Income Insurance



Standard Insurance Company

INSURED:

POLICY NUMBER:

DISABILITY POLICY FOR BUSINESS BUY-OUT EXPENSE

We, Standard Insurance Company, a stock life insurance company, agree with the Owner to pay the benefits of this policy according to its provisions.

This is a Disability policy for Business Buy-Out Expense. We issued this policy to the Owner in consideration of the payment of the premium and the statements made in the application. The application is part of the policy.

RENEWAL OF POLICY SUBJECT TO SPECIFIED CONDITIONS. This policy may be continued until the Termination Date shown on the data page, subject to certain conditions. The policy will end prior to the Termination Date if one of those conditions occurs. See the Policy Termination provision. 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.**

RIGHT TO RETURN POLICY. If not satisfied with this policy, the Owner may return it for cancellation within 20 days after receipt by the Owner. The policy must be returned to the sales representative who sold it, to any Standard agency office, or to our home office. The policy will then be void from the beginning. Any premium paid for it will be refunded.

When used in this policy, "we", "us" and "our" mean Standard Insurance Company and "you" and "your" mean the Insured.

READ THIS POLICY CAREFULLY. It is a legal contract between the Owner and Standard Insurance Company.

If there are questions or concerns regarding this policy, the owner may contact a Standard Insurance Company agent or its home office at the address and telephone number shown below. The owner may also contact the Consumer Services Division of the California Department of Insurance at 300 S. Spring Street, Los Angeles, California 90013, 800-927-HELP. However, the Consumer Services Division should be contacted only after all contacts between the owner and Standard Insurance Company have failed to produce a satisfactory solution to the problem.

Signed at our home office
1100 S.W. Sixth Avenue Portland, Oregon 97204
(800) 247-6888

STANDARD INSURANCE COMPANY

By



J. Greg Ness
President



Holley Y. Franklin

Corporate Secretary

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DEFINITIONS

ACTIVE FULL-TIME EMPLOYMENT - You average working at least 30 hours a week for the Business over any continuous six month period. In determining Active Full-Time Employment, the Business includes any subsidiary or parent company of the Business and any company that provides contracted services to the Business.

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

AGGREGATE BENEFIT LIMIT - [The maximum amount of Buy-Out Expense that we will reimburse under the policy](#). This amount is shown on the data page.

BENEFIT PERIOD - The period of time we will pay disability benefits. This period is shown on the data page.

BUSINESS - The business entity, named in the application, in which you have an ownership interest. It also means the same business entity under a new name.

BUSINESS OWNER - Any person or entity with an ownership interest in the Business.

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 after 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. We are not a party to this agreement.

COMMENCEMENT DATE - The first day immediately following the completion of the Waiting Period.

CONCURRENT DISABILITY - If a Disability is caused by more than one Injury or Sickness, or from a combination, it is a Concurrent Disability. We will pay benefits for a Concurrent Disability as if there was only one Injury or Sickness. In no event will you be considered to have more than one Disability at the same time.

DISABILITY/DISABLED - Total Disability, as defined below.

EFFECTIVE DATE - The date on which this policy becomes effective. This date is shown on the data page.

FAMILY MEMBER - The spouse, parent, son, daughter, brother or sister of you or any other Business Owner.

INJURY - Injury sustained by you:

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

INSURED - The Insured under this policy, as shown on the data page.

ISSUE AGE - The Insured's Issue Age, as shown on the data page.

LUMP SUM BENEFIT LIMIT - [The maximum amount of Buy-Out Expense that may be payable under this policy in a single sum](#). If the lump sum or downpayment funding method is elected, this amount is shown on the data page.

MONTHLY BENEFIT LIMIT - [The maximum amount of monthly Buy-Out Expense that may be payable under the policy](#). If the monthly or downpayment funding method is elected, this amount is shown on the data page.

OWNER - The Owner of this policy as shown on the data page, unless later changed as provided for in the policy.

PHYSICIAN - Any licensed medical professional, other than you, a Business Owner, an employee of the Business or a Family Member. The Physician must be practicing and diagnosing within the scope of his or her medical or professional license.

POLICY ANNIVERSARY - The anniversary of the policy's Effective Date occurring each year the policy remains in force.

POLICY MONTH - A month measured from the same date in a month as the policy's Effective Date.

RECOVERY/RECOVERED - This means you are no longer Disabled from the same cause or causes that caused the most recent Disability.

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.

REINSTATEMENT DATE - The date the policy is made effective when reinstated.

RISK CLASS - The Risk Class as shown on the data page.

SICKNESS - Your Sickness or disease which first manifests itself:

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

SUBSTANTIAL AND MATERIAL ACTS - This means those acts normally required for the performance of your Regular Occupation and which cannot be reasonably omitted or modified.

TERMINATION DATE - The policy ends on this date, unless it ended earlier as outlined under the policy termination provision. This date is shown on the data page.

TOTAL DISABILITY/TOTALLY DISABLED – Because of your Injury or Sickness, you are unable to perform with reasonable continuity the Substantial And Material Acts of your Regular Occupation in the usual and customary way.

WAITING PERIOD - That number of days, measured from the first day of your Disability, during which you must be Disabled before disability benefits become payable. The Waiting Period is shown on the data page. More information on the Waiting Period is provided under EXCLUSIONS AND LIMITATIONS.

BENEFITS

BENEFIT FOR TOTAL DISABILITY - The benefit for Total Disability will become payable under the funding method shown on the data page on the later of:

1. The Commencement Date; or
2. The date a Buy-Out Expense is payable to you as a result of your Total Disability.
The policy must be in force on this date.

Once policy benefits become payable under the monthly or downpayment funding method, we will continue to pay the benefit for Total Disability whether or not you remain Totally Disabled if:

1. The policy benefit limits have not been exceeded;
2. The total benefit paid to you under the policy has not exceeded the total Buy-Out Expense under the Buy-Sell Agreement; and
3. You are not performing any work for the Business.

In determining whether you perform any work for the Business, the Business shall include any subsidiary or parent company of the Business and any company that provides contracted services to the Business.

The amount of benefit for Total Disability we will pay will equal the Buy-Out Expense and will be payable under the funding method shown, subject to the benefit limit shown on the data page times the applicable percentage from the table below:

Total <u>Disability Starting:</u>	Percentage of <u>Benefit Limit:</u>
Prior to your 61st birthday:	100%
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%

Regardless of the funding method, the total of all payments we make may not exceed the lesser of the total amount of Buy-Out Expense or the Aggregate Benefit Limit, subject to any percentage limitations as provided for above.

In addition to all requirements outlined under the CLAIMS section, written proof of the following must be given to us at our home office before benefits become payable:

1. A copy of the Buy-Sell Agreement in effect when your Total Disability begins;
2. The Buy-Out Expense amounts and the dates these amounts are due;
3. The method of valuation of the Business provided for in the Buy-Sell Agreement; and
4. The identity of all buyers of your ownership interest under the Buy-Sell Agreement. This information must include each buyer's name and address, and the percentage of your ownership interest being purchased by each buyer.

We have the right to examine the financial records of the Business and the parties to the Buy-Sell Agreement, as necessary, to ensure that the value of the Business used to determine the Buy-Out Expense is reasonable based on generally accepted principals of business valuation. Such financial records may include, but are not limited to, federal income tax returns, income statements, balance sheets and audit reports.

INSURANCE WITH OTHER INSURERS - If you have valid insurance coverage under any other Buy-Out Expense insurance with another insurer as of the Commencement Date, the benefit limit under this policy will be reduced to such proportion of the applicable benefit limit hereunder bears to the total benefit limits of all Buy-Out Expense insurance payable for such loss. We will refund that portion of the premium paid for this policy as shall exceed such proportion.

FUNDING METHOD - The funding method for this policy is shown on the data page. When the benefit for Total Disability is payable, benefits will be paid under the funding method shown, as described below:

1. **MONTHLY** - Each month, we will pay an amount equal to the Buy-Out Expense owed to you by the Owner for that month, but not more than the Monthly Benefit Limit shown on the data page. The total of all payments we make may not exceed the lesser of the total amount of Buy-Out Expense or the Aggregate Benefit Limit. Benefits will not be payable beyond the Benefit Period shown on the data page.
2. **DOWNPAYMENT** - We will pay an amount equal to the initial Buy-Out Expense, but not more than the Lump Sum Benefit Limit shown on the data page. This payment will be made in a single sum. Each month after that, we will pay an amount equal to the Buy-Out Expense owed to you by the Owner for that month, but not more than the Monthly Benefit Limit shown on the data page. The total of all payments we make may not exceed the lesser of the total amount of Buy-Out Expense or the Aggregate Benefit Limit. Benefits will not be payable beyond the Benefit Period shown on the data page.
3. **LUMP SUM** - We will pay an amount equal to the total Buy-Out Expense owed to you by the Owner, but not more than the Lump Sum Benefit Limit shown on the data page. This payment will be made in a single sum. Instead of receiving this payment in a single lump sum, the Owner may request that the lump sum amount be paid in equal guaranteed installments over a period not to exceed ten years. Prior to the payment of any installment benefits we must agree with the Owner to the following:

- a. The method of payment;
- b. The frequency of payments; (monthly, quarterly, semi-annual or annual); and
- c. The period of time over which payments will be made.

The total of all payments we make may not exceed the lesser of the total amount of Buy-Out Expense or the Aggregate Benefit Limit. However, we will credit interest on any unpaid installment payments.

BUY-SELL AGREEMENT CERTIFICATION - No benefit will be payable under the policy unless a Buy-Sell Agreement is in effect at the time you become Totally Disabled. Further, the Buy-Sell Agreement must be in effect no later than one year after the Effective Date, and the Buy-Sell Agreement must remain continuously in effect until the time Total Disability begins. We may require written certification, on our form, that a Buy-Sell Agreement was in effect within one year after the Effective Date and that the same Buy-Sell Agreement is still in effect at the time you become Totally Disabled.

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.

We will require copies of applicable billings and written proof of the amounts paid for these fees.

TRANSFER AND CONVERSION OPTIONS

TRANSFER OF COVERAGE OPTION - If [after two years](#) from the Effective Date, your Active Full-Time Employment with the Business terminates and all the following apply:

1. You have not reached your 58th birthday;
2. You are not Totally Disabled;
3. No benefits have ever been paid under this policy; and
4. You are working full-time in a different business in which you do not own more than a 90% share or less than a 10% share;

then you may be insured under a similar policy with a new owner without submitting evidence of your health, provided that the following conditions are met:

1. The new policy is applied for, in writing, by you and the new owner within 90 days after this policy terminates as a result of the termination of your Active-Full Time Employment with the Business;

2. You meet all of our underwriting requirements then in effect, other than those related to your health; and
3. This type of policy is available for issue by us in the state where the new policy is applied for.

The following terms and conditions will apply to the new policy:

1. The premium will be based on our rates in effect on the date of issue for your attained age on that date. Your risk class will be the same as for this policy;
2. The waiting period for the new policy will not be shorter than the Waiting Period for this policy;
1. The new policy will only cover a disability which begins after the effective date of the new policy. The new policy can only exclude those conditions excluded by this policy; and
2. Coverage and benefit limits under the new policy will be subject to our underwriting limits in effect at the time of application. The new policy's benefit limits may not exceed those in this policy. When underwriting the new policy, we will take into account the total benefits limit of all Buy-Out Expense insurance applied for or in effect with any insurance company, including Standard Insurance Company, at that time.

CONVERSION OPTION - *If this policy terminates because you become owner of more than 90% of the Business, this policy may be converted to an individual disability income policy.* This conversion must be applied for in writing by the Owner before your 60th birthday, and within 90 days after this policy terminates.

The following conditions will apply to the new policy:

1. The monthly benefit cannot exceed an amount which, if added to your benefits from all disability income policies, would exceed the maximum monthly benefit we offer to like new applicants on the date of the conversion. In any event, the monthly benefit cannot exceed \$1,000.
2. The benefit period will be 24 months.
3. Benefits cannot be payable before the 91st day of total disability.
4. The premium will be based on our rates in effect on the date of conversion for your gender, and your occupation and attained age on that date.
5. The new policy will only cover a disability which begins after the effective date of the new policy. The new policy can only exclude those conditions excluded by this policy.
6. You will be the owner of the new policy.

EXCLUSIONS AND LIMITATIONS

EXCLUSIONS FROM COVERAGE - We will not pay benefits for:

1. Disability due to act of War or act incident to War. War includes any declared or undeclared War, whether civil or international, involving nations and/or sovereign territories. Acts of War or acts incident to War do not include acts of terrorism, so long as such acts are isolated in nature and related to and not arising from War, as defined above.

2. Disability caused or contributed to by your:
 - a. Committing or attempting to commit a felony; or
 - b. Actively participating in a riot. "Actively participating" does not include your being at the scene of a riot while performing your official duties.
3. Intentional, self-inflicted Injury or Sickness.
4. Any Disability or condition we have excluded by name or specific description in an endorsement made part of the policy.

WAITING PERIOD LIMITATION - The Waiting Period is that period, measured from the first day of your Disability, during which you must be Disabled before benefits become payable. No benefits are payable for any Disability experienced during this period. Benefits start after the Waiting Period ends, on the Commencement Date, if you are Totally Disabled on that date. You do not have to be Disabled during the entire Waiting Period for benefits to become payable, so long as the total number of days of Recovery during the Waiting Period does not exceed 180 days. Regardless of the number or length of any periods of Recovery that may occur during your Waiting Period, for any benefit to become payable, the Waiting Period must be satisfied within the total number of days which equals the number of days of the Waiting Period shown on the data page plus 180 days.

PRE-EXISTING CONDITIONS - For Disabilities caused or substantially contributed to by a Pre-existing Condition, or by medical or surgical treatment of a Pre-existing condition, we will pay benefits only if, on the date you become Disabled, the policy has been continuously in force for 24 consecutive months.

A Pre-existing Condition is any physical or mental condition, whether diagnosed or undiagnosed, which was misrepresented or not disclosed in your application, and for which:

1. You have received a Physician's advice, treatment or services; or
2. A reasonably prudent person would have sought medical advice, care or treatment for symptoms occurring;

during the 365 day period ending the day before this policy's Effective Date.

TIME LIMIT ON CERTAIN DEFENSES - After two years from this policy's Effective Date, no misstatements, except fraudulent misstatements, made by you or the Owner, in the application for the policy, shall be used to:

1. Rescind the policy; or
2. Deny a claim for Disability starting after the end of such two-year period.

For Disability starting after two years from the policy's Effective Date, no claim will be reduced or denied because a disease or physical condition existed before such date, unless it is specifically excluded or there was a fraudulent misstatement in the application for the policy.

CLAIMS

TIME OF TOTAL DISABILITY - We will pay benefits under this policy only for a Total Disability which occurs while this policy is in force and there is a Buy-Sell Agreement in effect. Termination of the policy will not affect any claim for Disability, provided that:

1. Your Disability begins within 30 days after the date of the Injury or Sickness causing your Disability; and
2. Your Injury or Sickness occurs while this policy is in force. (See Policy Termination.)

WRITTEN NOTICE OF CLAIM - We must be given written notice of claim by you or the Owner:

1. Within 30 days after a Total Disability starts; or
2. As soon as is reasonably possible.

Written notice must be given:

1. To us at our home office; or
2. To any of our authorized sales representatives.

Written notice must include your name and the policy number.

CLAIM FORMS - We will send you a claim statement within 15 days after we receive written notice of claim. If you do not receive our forms within 15 days after you ask for them, you may submit the claim in a letter sent to us at our home office. The letter should include the date the Disability began and the cause and nature of the Disability.

WRITTEN PROOF OF TOTAL DISABILITY - We must receive written proof of Total Disability within 90 days after the end of your Waiting Period. If that is not reasonably possible, the claim will not be affected, provided written proof is furnished as soon as is reasonably possible. However, unless you lack legal capacity, we must be given written proof within one year after the 90th day referred to above for that claim to be valid.

Each of the following elements of proof of Total Disability must be provided to us at your expense. We will not pay any benefits until we receive written proof of all of the following:

1. You became Disabled while insured under this policy and while it was in force;
2. You have satisfied the Waiting Period; and
3. We receive such additional information as we may reasonably require in connection with the claim.

You must also submit all of the following documents at your expense:

1. A completed claim statement signed by you;
2. A completed claim statement signed by your Physician;
3. A written authorization, signed by you on our form, for us to obtain records and information needed to determine your eligibility for benefits;
4. Information required under BENEFITS regarding the Buy-Sell Agreement and Business; and
5. Such other documents and additional information as we may reasonably require.

If any required documentation is not provided within 90 days after we mail our request, your claim may be denied.

INVESTIGATION OF THE CLAIM - We will conduct a prompt investigation of the claim. We will not pay any benefits until we have had a reasonable time to conduct an investigation of the claim and we have determined that benefits are payable.

MEDICAL EXAM - We can have Physicians or specialists examine you, at our expense, as often as reasonably necessary while you claim to be Disabled. Any such examination will be conducted by one or more Physicians or specialists we choose. We may defer payment of benefits if you fail to attend an examination or fail to cooperate with the person conducting the examination.

TIME OF PAYMENT - After we receive satisfactory written proof of Total Disability and all other conditions are met:

1. We will immediately pay benefits then due as provided by the policy's funding method; and
2. We will pay any benefits due that are payable periodically at the end of each month during the Benefit Period.

PAYMENT OF CLAIMS - We will pay all benefits to the Owner or the Owner's successor in interest, unless the Owner designates a payee to receive such benefits. Designation of a payee, or change of a previously designated payee must be in writing and signed by the Owner. At the Owner's request, we will provide a form for designating or changing a payee.

PREMIUMS, REINSTATEMENT AND TERMINATION

PREMIUMS - The premium is the amount we charge at regular intervals to keep this policy in force. The premium is shown on the data page. We cannot change premium rates while this policy is in force. Premiums are payable at our home office. The first premium is due on the Effective Date. If the first premium is not paid, the policy is never in force.

Premiums may be paid on an annual, semi-annual or quarterly basis. Also, the Owner may request a special monthly premium mode, subject to our rules and our approval. We may terminate this special mode at any time by writing to the Owner.

The Owner may request a change of premium mode by writing to us. The change is subject to our rules and approval. No change of premium mode will be allowed while you are Disabled.

GRACE PERIOD - A 31 day grace period to pay premiums follows the due date of each premium except the first. The policy will continue in force during the grace period. If a premium is not paid by the end of its grace period, the policy will terminate. If you become Disabled during the grace period, we will deduct all due and unpaid premiums from any benefits paid.

REINSTATEMENT - If this policy terminates because a premium is not paid by the end of the grace period, the Owner may request that it be reinstated, anytime within six months after termination.

If we receive the required premium and do not require an application for reinstatement, our acceptance of the required premium will reinstate the policy.

If we receive the required premium but we require an application for reinstatement and issue a conditional receipt for the premium tendered, reinstatement is subject to our approval and will be effective on the date we approve the application. However, if we disapprove the application, we must mail notice of our disapproval to the Owner within 45 days after the date of the conditional receipt. If we do not mail notice of our disapproval before that time, the policy will be reinstated as of the 45th day.

Except for those reinstatements for which we do not require and approve an application for reinstatement, the reinstated policy will not cover any Disability except Disability due to:

1. Injury sustained after the Reinstatement Date; or
2. Sickness that began more than ten days after the Reinstatement Date.

We may add or change provisions or limitations by way of endorsement when we reinstate the policy. Except for the provisions or limitations that may be added or changed, the Owner's rights and our rights will be the same as before the policy terminated.

POLICY TERMINATION - If a premium is not paid by the end of its grace period, the policy will terminate. This policy will also terminate on 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 your death. However, benefit payments begun prior to your death under the monthly or downpayment funding methods will continue as provided for under the policy terms.

After we receive notice of your death, we will refund to the Owner or Owner's estate any premium paid beyond the date of your death. We will refund not more than 12 months' premium paid for the period beyond the date the policy terminates if termination occurs due to numbers 2 or 3, above.

In addition, the Owner may terminate this policy by sending a written request to us at our home office. We will refund any unearned premium to the Owner or the Owner's estate.

GENERAL PROVISIONS

THE CONTRACT - This insurance is provided in consideration of our receipt of the completed application and payment of all required premiums. This policy and all attachments, including any benefits, riders, endorsements and copies of the application and application supplements, make up the whole contract. No one, including our sales representative, has the right to change or waive any part of this policy unless the change is approved in writing by our president and corporate secretary.

CONFORMITY WITH STATE STATUTES - Any provision in this policy which, on its Effective Date, conflicts with the laws of the state in which the application was taken, is amended to meet the minimum requirements of such laws.

LEGAL ACTION - Legal action cannot be brought against us until at least 60 days following the date written proof is received by us under Written Proof Of Total Disability. Also, legal action may not be brought against us after three years from the date written proof is required under Written Proof Of Total Disability.

MISSTATEMENTS - If your Issue Age or sex has been misstated, any benefits will equal those that the premiums paid would have purchased at your correct Issue Age and sex.

NOTICE - Changes, transfers, designation of payee and other requests will not affect us until they have been signed by the Owner and we have received them at our home office and, where required, we have approved them.

OWNER - An individual Owner may name a successor owner who will become the new owner if he or she dies before you. If no named successor individual owner is living when the Owner dies, the Owner's estate will become the new owner.

STANDARD INSURANCE COMPANY

EXTENDED BENEFIT OPTION RIDER

BENEFITS

The third paragraph, chart and fourth paragraph of the Benefit For Total Disability provision in the policy's BENEFITS section are changed to read:

The amount of benefit for Total Disability we will pay will equal the Buy-Out Expense and will be payable under the funding method shown, subject to the benefit limit shown on the data page times the applicable percentage from the table below:

<u>Total Disability Starting:</u>	<u>Percentage of Benefit Limit:</u>
Prior to your 65th birthday:	100%
On or after your 65th birthday, but prior to your 66th birthday:	80%
On or after your 66th birthday, but prior to your 67th birthday:	60%
On or after your 67th birthday, but prior to your 68th birthday:	40%
On or after your 68th birthday:	20%

Regardless of the funding method, the total of all payments we make may not exceed the lesser of the total amount of Buy-Out Expense or the Aggregate Benefit Limit, subject to any percentage limitations as provided for above.

GENERAL PROVISIONS

RIDER PREMIUM - The annual premium for this rider is shown on the data page.

RIDER EFFECTIVE DATE - The effective date for this rider is the same as this policy's Effective Date, unless a different effective date has been given to this rider.

TIME LIMIT ON CERTAIN DEFENSES - The policy's Time Limit On Certain Defenses provision will apply to this rider based on this rider's effective date.

TERMINATION - This rider will terminate on the earliest of:

1. The Termination Date shown on the data page; or
2. The date the policy terminates for any reason.

In addition, the Owner may terminate this rider by sending a written request to us at our home office. We will refund any unearned premium to the Owner or the Owner's estate.

PART OF POLICY - This rider is part of the policy to which it is attached. All policy terms and conditions which have not been changed by, or do not conflict with this rider will apply to this rider.

STANDARD INSURANCE COMPANY

By



J. Greg Ness
President



Holley Y. Franklin
Corporate Secretary

STANDARD INSURANCE COMPANY

FUTURE BUY-OUT EXPENSE OPTION RIDER

DEFINITIONS

OPTION DATE - Each even-numbered anniversary of the policy Effective Date that occurs on or before this rider's Expiration Date, and while this rider is in force.

UNIT OF INCREASE - The amounts by which the policy benefit limits can be increased on an Option Date, as shown on the data page. The maximum number of Units Of Increase is also shown on the data page.

EXPIRATION DATE - The date this rider ends. That date is shown on the data page.

BENEFIT

FUTURE BUY-OUT EXPENSE OPTION BENEFIT - The Owner may apply for all or a part of one Unit Of Increase as of any Option Date.

If all or part of a Unit Of Increase is not used as of an Option Date, the Owner may carry the unused part over and apply for it on the next Option Date. However, the Owner may not carry it over beyond that Option Date.

On the first Option Date, the Owner may also apply for up to one additional Unit Of Increase if the Insured is not Disabled on the date of that application. All of the initial Unit Of Increase must be exercised before any portion of the additional Unit Of Increase is used. None of this additional Unit Of Increase may be carried over to the next Option Date.

In no event may the Owner exercise more than two Units Of Increase as of any Option Date. To apply for all or part of a carried over Unit Of Increase, the Owner must first exercise all of the current Unit Of Increase. The total number of Units Of Increase exercised can never exceed the maximum number of Units Of Increase shown on the data page.

If the Insured qualifies for any increase applied for, we will increase the Aggregate Benefit Limit by the amount applied for, subject to any policy limitations. If the policy funding method calls for monthly payments, the Monthly Benefit Limit will be adjusted to meet the new Aggregate Benefit Limit.

QUALIFYING AND APPLYING FOR AN INCREASE - The Owner must apply for the increase in writing, on a form satisfactory to us, within 60 days prior to an Option Date. At the time the Owner applies for an increase, the amount applied for, when added to all existing and applied for Business buy-out coverage may not exceed our limits. By "our limits," we mean the maximum Business buy-out coverage we offer to new applicants in the Insured's Risk Class at the time of the application. We will make this determination by using our underwriting rules and issue and participation limits in effect at the time of application for the increase. We will require financial information regarding the Business. The Insured may not be Disabled on the date of the application for an increase. Evidence of the Insured's health will not be required.

WHEN AN INCREASE IS EFFECTIVE - If approved, any increase in the benefit limits under this rider will be effective as of the applicable Option Date.

PREMIUM FOR EACH INCREASE - The premium for each increase will be based on the rate for the Insured's age at his or her nearest birthday as of the applicable Option Date. The premium mode will be the same as for the base policy. We will figure the premium according to either:

1. The Insured's class of risk when we issued the policy; or
2. The Insured's class of risk on the Option Date applicable to the increase;

whichever is more favorable to the Insured.

The first premium for each increase must be paid at the time the increase is applied for. Payment may be made at our home office or to an authorized sales representative.

GENERAL PROVISIONS

RIDER PREMIUM - The annual premium for this rider is shown on the data page.

RIDER EFFECTIVE DATE - The effective date for this rider is the same as this policy's Effective Date, unless a different effective date has been given to this rider.

TIME LIMIT ON CERTAIN DEFENSES - The policy's Time Limit On Certain Defenses provision will apply to this rider based on this rider's effective date.

TERMINATION - This rider will terminate on the earliest of:

1. The Expiration Date;
2. The date the total of all increases in the Aggregate Benefit Limit equals the value of the maximum Units Of Increase shown on the data page; or
3. The date the policy terminates for any reason.

In addition, the Owner may terminate this rider by sending a written request to us at our home office. We will refund any unearned premium to the Owner or the Owner's estate.

PART OF POLICY - This rider is part of the policy to which it is attached. All policy terms and conditions which have not been changed by, or do not conflict with this rider will apply to this rider.

STANDARD INSURANCE COMPANY

By



J. Greg Ness
President



Holley Y. Franklin
Corporate Secretary



This is not a contract. It is only a brief summary of policy terms. Any coverage issued is subject to the terms of the policy. Some policy provisions may vary by state. The policy has exclusions and limitations, and terms under which the policy may be continued in force or discontinued. Optional riders are subject to underwriting and reinsurance availability. The addition of optional riders may increase premiums and some riders may not be available in all states. A medical exam may be required when you apply for a policy. For costs and complete details of coverage please contact your insurance representative or The Standard at 800.247.6888.

Standard Insurance Company
1100 SW Sixth Avenue
Portland OR 97204
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Business Equity Protector
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