

Standard Insurance Company

Individual Disability Insurance

1100 SW Sixth Avenue Portland OR 97204-1093

Producer Instructions for

The Business Equity ProtectorSM
(Disability Buy/Sell Insurance)

DEFINITION OF POLICYOWNER

The policyowner for a disability buy/sell policy can be either another owner of a business (Cross Purchase) or the business entity (Entity Purchase). If the proposed policyowner is a business entity, the authorized signee must be someone other than the proposed insured. **The proposed insured cannot be the policyowner of his/her own policy.**

REQUIRED FORMS AND INFORMATION

- The **Business Equity ProtectorSM Application Supplement** (Form 7202) and the **Certification of Buy/Sell Agreement** (Form 7204) must accompany the application.
- All financial questions must be answered on The Business Equity Protector Application Supplement.
- For a **Cross Purchase** arrangement, we require a completed 7202 and 7204 from each policyowner.
- For an **Entity Purchase** arrangement, only one of each form 7202 and 7204 is required. All of the proposed insureds must sign on the same form. An authorized representative must sign on behalf of the company as the policyowner.

COMPLETING SIGNATURE SECTION OF APPLICATION

When it is a Cross Purchase:

In addition to the proposed insured, the owner of the policy must also complete the signature section of the application.

When the policyowner is a business entity:

Ask the authorized representative of the company to sign on the *Signature of Policyowner* line. His or her title must be included. Enter the name of the business entity on the *Print Name of Policyowner* line.

EXAMPLE

<u>John Smith</u>	Signed at <u>xxx</u>	<u>xx</u>	on <u>00/00/00</u>
Signature of Proposed Insured	City	State	Date

<u>Thomas Jones, President</u>	Signed at <u>xxx</u>	<u>xx</u>	on <u>00/00/00</u>
Signature of Policyowner (If other than Proposed Insured)	City	State	Date
If a business entity is policyowner, signature and title of authorized representative			

<u>ABC Company</u>	<u>000-00-0000</u>
Print Name of Policyowner	Owner's Tax ID Number (If other than Proposed Insured)
If a business entity is policyowner, also print title of authorized representative and company name	

<u>xxx</u>	<u>xxx,xx 00000</u>	<u>xxx</u>
Owner's Address	City, State & Zip Code	Email Address (optional)

<u>xxx</u>	Signed at <u>xxx</u>	<u>xx</u>	on <u>00/00/00</u>
Signature of Producer	City	State	Date

Standard Insurance CompanyIndividual Division
1100 SW Sixth Avenue Portland OR 97204-1093**Disability Buy-Out Fact Sheet
Application Supplement**

This Application Supplement is part of the application(s) for insurance on the proposed insureds, as outlined in Question 6 below.

1. Name of business entity: _____ Date organized: _____
2. Form of business: (Check one.) ☐ C Corp ☐ S Corp ☐ Partnership ☐ LLC ☐ LLP ☐ Other: _____
3. Nature of business: (Briefly describe product, service, etc.) _____

4. Financial Data for Business Entity:	Last Full Year as of (date)_____:	Previous Year as of (date)_____:
a. Assets:	\$	\$
b. Liabilities:	\$	\$
c. Net Worth (Book Value):	\$	\$
d. Gross Income/Sales:	\$	\$
e. Net Profit (Loss):	\$	\$
f. Business Owners' Compensation from the Business Entity, including bonuses and commissions:	\$	\$

5. a. What is your estimate of the current fair market value of the business entity? \$ _____
- b. How was this determined? _____

6. Names of All Proposed Insured Business Owners:	Age:	Position or Title:	Current Annual Total Compensation From This Business:	Percent of Business Owned:	Monthly Amount of Disability Income Coverage In Force:	Other Disability Buy-Out Coverage In Force:

For Questions 7 through 14, please use the Remarks section on Page 2 to give details and explanations.

7. Is there a written disability buy-sell agreement in effect for this business entity? ☐ Yes ☐ No
- a. If yes, a copy of the agreement may be requested at the underwriter's discretion.
- b. If no, when will a disability buy-sell agreement be executed? _____
- A buy-sell agreement must be in effect within one year after the effective date of any disability buy-out policy issued.**
8. Are all business owners of this business entity being insured for disability buy-out? If no, please explain.... ☐ Yes ☐ No
9. Are there any familial relationships among the business owners? If yes, please explain. ☐ Yes ☐ No
10. Are there related business entities? ☐ Yes ☐ No
- a. If yes, are those entities included in the buy-sell agreement? ☐ Yes ☐ No
- b. If not included in the buy-sell agreement, please explain.
11. Do any proposed insured business owners have life insurance in force or applied for
to fund a buy-out requirement at death? If no, explain. ☐ Yes ☐ No
12. Do all proposed insured business owners work full-time in the business? If no, please explain. ☐ Yes ☐ No
13. Are all proposed insured business owners aware of the need for a formal disability buy-sell
agreement that coincides with the provisions of the proposed coverage? If no, please explain. ☐ Yes ☐ No

(THIS FORM CONTINUES ON THE NEXT PAGE.)

- 15. Remarks:**

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Standard Insurance Company

Individual Disability Insurance
1100 SW Sixth Avenue Portland OR 97204

Certification of Buy/Sell Agreement

The undersigned has applied for The Business Equity Protector disability insurance policy (the "Policy") from Standard

Insurance Company: _____
Name of Insured Policy Number (if known)

The undersigned understands and acknowledges that disability benefits under the Policy will be payable only if there is an enforceable disability buy-out obligation under a written buy/sell agreement which buy/sell agreement must be fully executed and in effect prior to the onset of the disability for which benefits are claimed. The undersigned understands that the buy/sell agreement does not have to be fully executed and in effect at the time the Policy is issued, but the buy/sell agreement must be executed and in effect no later than one year after the Policy effective date.

Therefore, the undersigned certifies the following (Either Part A or Part B must be signed):

A. No buy/sell agreement has been executed at this time.

I acknowledge that no buy/sell agreement has been executed at this time, and I certify that a written, enforceable buy/sell agreement will be executed and in effect within one year from the effective date of the Policy. I understand if no buy/sell agreement is executed and in effect within one year of the policy effective date the Policy will be void from the beginning and of no force and effect, and no disability benefits will be paid under the policy. I agree to provide the certification set forth in section B below to Standard Insurance Company at its home office within one year of the Policy's effective date.

Signature of Proposed Policyowner
(or Authorized Representative of Proposed Policyowner)

Date

Print Name of Proposed Policyowner or Authorized Representative

Title (if applicable)

Print Name of Proposed Policyowner, if entity purchase

B. A written buy/sell agreement is in effect at this time.

I certify that a written buy/sell agreement between the appropriate parties has been executed and is in effect at this time.

Signature of Proposed Policyowner
(or Authorized Representative of Proposed Policyowner)

Date

Print Name of Proposed Policyowner or Authorized Representative

Title (if applicable)

Print Name of Proposed Policyowner, if entity purchase

This Certification is not a buy/sell agreement. The terms of the policy shall control any questions that may arise at the time of any claim for benefits.