

**Business overhead expense** (BOE) [disability insurance](#) pays the insured's business [overhead](#) expenses if he or she becomes disabled. A BOE [policy](#) pays a monthly benefit based on actual expenses, not anticipated profits. It is designed for businesses that rely on a small number of people (or one person) to produce revenue.

The following business overhead expenses are typically covered by a BOE disability policy:<sup>[1]</sup>

- Rent
- Interest payments on some business debts
- Utilities
- Employees' salaries and payroll taxes
- Postage and stationery
- Equipment maintenance
- Rental, lease, or depreciation of office equipment
- Taxes on the business property location
- Insurance premiums for Workers' Compensation, employee medical, and liability
- Accounting fees
- Professional memberships and subscriptions

Policies do not cover the salary of a temporary employee hired to do the duties of the disabled. Income taxes, the cost of inventory, and the cost of furniture are some expenses that are not covered.

## Characteristics

- **Benefit Periods:** BOE insurance policies have short benefit periods that do not usually exceed two years.
- **Maximum Benefits:** BOE insurance policies offer a maximum monthly benefit, but only pay actual overhead expenses if they are less than that maximum benefit. With some insurers, any unused benefit can be applied to increase future monthly maximums or to extend the benefit period.
- **Taxation:** BOE insurance benefits are subject to income tax, but the premiums are tax deductible as a business expense.
- **Rates:** BOE insurance rates are based on the insured's age (at time of purchase), occupation, and health status. Once a BOE policy is owned, coverage can be increased without providing evidence of medical insurability.<sup>[2]</sup>

## References

1. [^ American Bar Endowment](#) Accessed 31 March 2007.
2. [^ Doctor Disability Insurance "Business Overhead Expense"](#) Accessed 31 March 2007.