

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

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

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

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

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

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

(Use dark ink. This will be photographed.)

This application supplement is part of application(s) for insurance on the proposed insureds, as outlined in #4 and #5 below.

1. Name of Business Organization: _____ Date Organized: _____
 2. Form of Business (check one): Partnership C Corporation S Corporation Prof. Corporation
 Limited Liability Co. Indicate if Co. has a manager (give name) or is "member-managed": _____
 Other: _____

	Current Year	Last Year	Two Years Ago
3. Financial Data for Business Entity:	As of _____ (Date)	As of _____ (Date)	As of _____ (Date)
a. Current Assets:	\$ _____	\$ _____	\$ _____
b. Non-Current Assets:	_____	_____	_____
c. Current Liabilities:	_____	_____	_____
d. Non-Current Liabilities:	_____	_____	_____
e. Net Worth (Book Value):	_____	_____	_____
f. Gross Income/Sales:	_____	_____	_____
g. Net Profit (Loss) After Taxes:	_____	_____	_____
h. Officers' Compensation, including bonuses and dividends:	_____	_____	_____

4.	Names Of All Business Owners	Position Or Title	Current Annual Total Compensation From This Business	Percent Of Business Owned	Monthly Amount Of Disability Income Coverage In Force	Life Buy-Out Coverage In Force
			\$	%	\$	\$

5. Are all business owners of this business entity being insured? Yes No
 If no, explain: _____

6. Business Valuation Method Used (check one):
 Professional Service Organization – Owners' Compensation and Business Profit times two, plus Net Worth (including accounts receivable).
 Dental Practices – Owners' Compensation and Business Profit times one and one-half, plus Net Worth (including accounts receivable).
 CPA Firms – 150% of last three full year average of Gross Fees, plus Net Worth (excluding accounts receivable).
 All Others – Weighted Average – After Tax Income plus 15% of Owners' Compensation, times Earnings Factor (1-10), plus Net Worth.

(THIS FORM CONTINUES ON THE NEXT PAGE.)

Name of Business Organization: _____

For YES answers to Questions #7 through #8b, and for NO answers to Questions #9 through #11, please furnish details in #12 below.

7. Has the business organization experienced a net loss or a year to year decrease in net profit, before income taxes, in any of the last 5 years? Yes No
8. On any business owners proposed for this insurance:
- a. Is there individual or group disability insurance or a salary continuation agreement in force, or applied for? Yes No
- b. Is there other Disability Buy-Out coverage in force, contemplated or applied for? Yes No
9. Are all proposed insureds employed 100% of time in the business? Yes No
10. Is there a written disability Buy-Sell Agreement in effect?
 If yes, please attach a copy of the agreement. Yes No
- a. If no, will a disability Buy-Sell Agreement be executed?
 If yes, indicate when in Remarks section. Yes No
 If no, disability Buy-Out insurance will not be issued.
11. Are all business owners aware of the need for a formal disability Buy-Sell Agreement that coincides with the provisions of the proposed coverage? Yes No

12. Other details: _____

Remarks: _____

I DECLARE that all answers to the above questions are true and complete to the best of my knowledge and belief. I agree that this application supplement shall be part of any contract of insurance based on such application. A photocopy of this application supplement is as valid as the original. In this application supplement, "I" refers to each proposed insured who signs below.

SOLICITING AGENT'S SIGNATURE	City, State Where Signed By Owner	Date
_____ Owner's Signature, if other than a Proposed Insured	_____ Date	_____ Signature of Proposed Insured
_____ Signature of Proposed Insured	_____ Date	_____ Signature of Proposed Insured
_____ Signature of Proposed Insured	_____ Date	_____ Signature of Proposed Insured
_____ Signature of Proposed Insured	_____ Date	_____ Signature of Proposed Insured

Standard Insurance Company

Certification of Buy/Sell Agreement

Individual Disability Insurance
1100 SW Sixth Avenue Portland OR 97204

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.