

**BUSINESS OVERHEAD EXPENSE
SUPPLEMENTARY APPLICATION**

Underwritten by certain Underwriters at Lloyd's, London, England
through **Hunter McCorquodale Inc.**

Yonge-Eglinton Centre

#2910 - 2300 Yonge Street, P.O. Box 2396, Toronto, ON M4P 1E4



| 1. What is the Proposed Insured's share of office expenses? _____ % | | | | |
|--|--|---|----------------------|---------------|
| 2. List employees: | | | | |
| Name | Title/Duties | Average no. hours worked weekly | Date of Hire (mm/yy) | Annual Salary |
| #1 | | | | |
| #2 | | | | |
| #3 | | | | |
| #4 | | | | |
| #5 | | | | |
| 3. Please show your share of the average monthly amount of eligible business expenses incurred (see over for list of covered and uncovered expenses): | | | | |
| Expense Category | Actual for: <input type="checkbox"/> Last 12 months; or <input type="checkbox"/> Last complete fiscal year | Projected for: <input type="checkbox"/> Next 12 months; or <input type="checkbox"/> Current fiscal year | | |
| i) Employee salaries and benefits | | | | |
| ii) a. Rent or | | | | |
| b. Property taxes and mortgage interest payments plus depreciation or principal payments | | | | |
| iii) Office maintenance | | | | |
| iv) Public utilities (heat, water, electricity) | | | | |
| v) Telephone, postage, paging, fax, and answering service | | | | |
| vi) Accounting services | | | | |
| vii) Professional association membership fees | | | | |
| viii) Property and liability insurance premiums | | | | |
| ix) a. Leased equipment and furniture, or | | | | |
| b. Interest payments plus depreciation or scheduled principal payments for equipment/furniture | | | | |
| x) Interest plus scheduled principal payments for loan(s) from a financial institution(s) to purchase business. | | | | |
| xi) Other eligible expenses (Itemize if >10% of total): | | | | |
| | | | | |
| | | | | |
| | | | | |

I hereby acknowledge and agree that this supplementary application forms a part of my application for disability insurance with Lloyd's through Hunter McCorquodale Inc., and is subject to the Declaration and Authorization in Section H of the application.

Signed at _____ this _____ day of _____, 20 _____

Signature of Owner

COVERED OVERHEAD EXPENSES means those expenses incurred, while You are Disabled, that are usual and customary in the operation of Your business or profession, and that are necessarily incurred despite Your absence due to Total Disability, in order to maintain the viability of Your business or practice until You return to work.

Covered Overhead Expenses include (but are not limited to) the following:

1. Electricity, heat, water, laundry, telephone, answering or paging services, janitorial services and postage;
2. Salaries, benefit costs and payroll taxes for employees that are not directly involved in generating revenue for the business;
3. Salaries, benefit costs and payroll taxes for employees that contribute directly to the generation of revenue for the business but require your direct and personal supervision in order to do so;
4. With respect to furniture, equipment and implements of Your Regular Occupation, either leasing costs, or interest payments plus the greater of scheduled depreciation for tax purposes or scheduled monthly principal payments;
5. Occupancy costs, including rent, or monthly payments for space in a building in which you have ownership or shared ownership but in which You do not reside. This consists of property taxes and mortgage interest payments, plus the greater of scheduled depreciation for tax purposes or the scheduled principal payments of a mortgage;
6. Accounting or bookkeeping services;
7. Membership fees in professional associations;
8. Monthly costs related to an automobile used for business purposes. This consists of parking, insurance premiums and lease payments or scheduled depreciation, to the extent that such expenses are allowable as income tax deductions;
9. Insurance premiums for property and liability coverages;
10. Scheduled interest and principal payments for a business loan from a recognized financial institution, used to purchase ownership in the business or professional practice;
11. General office supplies that are not directly consumed in the performance of Your Regular Occupation;
12. Advertising or other services contracted for prior to the onset of Disability.

Expenses that are not considered Covered Overhead Expenses include, but are not limited to:

1. Goods for sale, additions to inventory or any other items that would customarily be billed to clients;
2. Salaries, fees, or other remuneration paid or payable to:
 - a. You;
 - b. Any member of Your profession;
 - c. Any person sharing Your business expenses;
 - d. Any person hired after the onset of Disability; or
 - e. Any person that is not actively involved in Your business or professional practice, to whom a salary is paid for income splitting purposes;
3. Bonuses, commissions or other forms of incentive compensation paid or payable to any employee;
4. Promotion, charitable contributions, travel, convention, education or entertainment costs;
5. Bad debts;
6. Income taxes;
7. Premiums for life insurance policies on Your life unless the premiums are deductible for income tax purposes;
8. Expenses that were incurred prior to the onset of Disability;
9. Overhead Expenses that are otherwise insured by a similar policy issued by Us or another insurer prior to the Effective Date;
10. Any type of expense for which Your business or professional practice was not legally liable prior to the onset of Disability or for which You or the business are no longer liable.