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**Addendum: for use with South Carolina Life, Health, and Life & Health online ExamFX courses and study guides version #18988en (Life) and 18996en (L&H), per exam content outline updates.**

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*The following are **content additions** to supplement your existing text unless otherwise indicated:*

**LIFE**

*The following chapter has been **deleted** from the exam content outline and is no longer testable: **Qualified Plans***

**HEALTH**

**Disability Income and Related Insurance**

**E. Business Disability Insurance**

**Business Overhead Expense**

**Business overhead expense (BOE)** insurance is a unique type of policy that is sold to small business owners who must continue to meet overhead expenses such as rent, utilities, employee salaries, installment purchases, leased equipment, etc., following a disability. The business overhead expense policy reimburses the business owner for the actual overhead expenses that are incurred while the business owner is totally disabled. This policy does not reimburse the business owner for his or her salary, compensation, or other form of income that is lost as a result of disability. There is usually an elimination period of 15 to 30 days and benefit payments are usually limited to one or two years. The benefits are usually limited to covered expenses incurred or the maximum monthly benefit stated in the policy. The premiums paid for BOE insurance are tax deductible to the business as a business expense. However, the benefits received are taxable to the business as received.

**Federal Tax Considerations for Health Insurance**

**A. Personally-owned Health Insurance**

**Long-Term Care Insurance**

**Long-term care** premium payments are deductible as a medical expense to the extent that when added to all other unreimbursed medical expenses, the total exceeds 10% of the taxpayer's adjusted gross income if the taxpayer itemizes his/her deductions. However, there is a limit on the amount of premium that can be deducted depending on the age of the insured (taxpayer) at the end of the year. The IRS sets annual limits for that amount, and any premium above these limits will not be considered a medical expense, and therefore, cannot be tax deductible.