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The Entrepreneur's Umbrella-BOE Insurance

This weekend we were watching The Millionaire Inside on CNBC. The episode was *Debt Makeover* and one case study hit home.

Paul was a successful entrepreneur who was diagnosed with non-Hodgkin's lymphoma. He turned his back on his business in order to dedicate himself to his treatment and recovery. He borrowed from savings and started charging inventory to his credit cards in order to keep the business afloat. As a result he is \$270k in debt and at risk of losing both his business and his home.

Three things jumped out at me:

- **He wants to do right and honor his debts:** Recovery starts with taking responsibility.
- **By intermingling his business and personal affairs he has put everything at risk:** This is why incorporating (or forming a LLC/LLP) is critical. Once you have the structure you must keep your personal life and your business separate. If he had done this it would just be his business in jeopardy. Now he may lose everything.
- **This could have been avoided by Business Overhead Expense (BOE) insurance.**

What is BOE insurance?

BOE insurance is a subset of disability insurance. It pays your rent, employee salaries, and other overhead expenses while disability pays your paycheck. It basically keeps the lights on until you can get back to work.

BOE insurance is common among professionals (doctors, dentists, lawyers, etc) but is not so well known by small businesses. It isn't for everyone but can be a tool to protect your company if something happens to the owner.

More info

[Wikipedia](#)

[Bankrate.com: When you're ill, BOE insurance inoculates your business from harm](#)

[The CPA Journal: Disability Insurance Planning for Professionals](#)

[Financial Web: Disability Insurance for Businesses](#)

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