



51A Middle Street Newburyport MA 01950  
Phone: 800-588-7039 Fax: 877-902-4284  
[contact@bhfe.com](mailto:contact@bhfe.com) [www.bhfe.com](http://www.bhfe.com)

## Course Information

---

**Course Title:** *Business Insurance Overview #366021*

**Number of continuing education credit hours recommended for this course:**

In accordance with the standards of the National Registry of CPE Sponsors and the CFP Board, CPE credits have been granted based on a 50-minute hour.

**CPA: 3** (All states)

National Registry of CPE Sponsors ID Number: 107615.  
Sponsor numbers for states requiring sponsor registration  
Florida Division of Certified Public Accountancy: 4761 (Ethics #11467)  
Hawaii Board of Accountancy: 14003  
New York State Board of Accountancy (for ethics): 002146  
Ohio State Board of Accountancy: M0021  
Pennsylvania Board of Accountancy: PX 178025  
Texas State Board of Accountancy: 009349

**CFP®: 2** CFP Board Course ID#: 257118

**Course Description**

Every business needs insurance to mitigate its exposure to risk. This course is designed to enhance one's knowledge of business insurance by providing an overview of the insurance industry, including the operations and distribution systems of insurers. It also notes the more common insurance policy terms and conditions, the types of insurance most applicable to businesses, and how to manage and account for insurance. There is a particular emphasis on managing the cost of insurance. In short, this course shows how to determine which risks require insurance and which types of insurance to buy.

**Program Delivery Method:** NASBA QAS Self-Study (interactive)

**Subject Codes/Field of Study**

NASBA (CPA): Finance

CFP Board: Insurance

**Course Level, Prerequisites, and Advance Preparation Requirements**

Program level: Overview

Prerequisites: None

Advance Preparation: None

## Course Content

Publication/Revision date:8/27/2021.

Author: Steven M. Bragg, CPA.

Final exam (online): Fifteen questions (multiple-choice).

### Instructions for taking this course

**Note:** Download and save the PDF of this course to your computer for future reference, and to enable the search function (Menu: Edit>Find) and bookmarks (icon on left side of document window) for easier navigation.

In order to receive CPE credit for this course, you must complete the course within one year of the date of purchase. This includes achieving a passing grade of at least 70% on the final exam. Exams may be retaken if not passed on the first attempt (no charge).

Complete the course by following the learning assignments and objectives listed below and studying the review questions after each major section in the text. Once you have completed each learning assignment and you are confident that the learning objectives have been met, answer the final exam questions (online).

### Instructions for Taking the Final Exam Online

- Login to your account online at [www.bhfe.com](http://www.bhfe.com).
- Go to "My Account" and view your courses.
- Select "Take Exam" for this course and follow instructions.

**Have a question?** Call us at 800-588-7039 or email us at [contact@bhfe.com](mailto:contact@bhfe.com).

## Learning Objectives

---

- Recognize the types of insurance offered by insurers.
- Identify the classifications of sellers of insurance products.
- Specify the measurements used to judge the performance of insurers.
- Recognize the conditions needed for a risk to be insurable.
- Identify the reasons for the different clauses used in an insurance contract.
- Specify the benefits and problems associated with each type of insurance.
- Identify the differences between the various types of life insurance.
- Recognize the methods used to reduce the cost of insurance.
- Specify the circumstances under which self-funded insurance might be successful.

## About the Author

---

**Steven Bragg, CPA**, has been the chief financial officer or controller of four companies, as well as a consulting manager at Ernst & Young. He received a master's degree in finance from Bentley College, an MBA from Babson College, and a Bachelor's degree in Economics from the University of Maine. He has been a two-time president of the Colorado Mountain Club, and is an avid alpine skier, mountain biker, and certified master diver. Mr. Bragg resides in Centennial, Colorado. He has written more than 250 books and courses, including *New Controller Guidebook*, *GAAP Guidebook*, and *Payroll Management*.

2021 by AccountingTools, Inc. All rights reserved.

Published by AccountingTools, Inc., Centennial, Colorado.

No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, except as permitted under Section 107 or 108 of the 1976 United States Copyright Act, without the prior written permission of the Publisher. Requests to the Publisher for permission should be addressed to Steven M. Bragg, 6727 E. Fremont Place, Centennial, CO 80112.

**Limit of Liability/Disclaimer of Warranty:** While the publisher and author have used their best efforts in preparing this book, they make no representations or warranties with respect to the accuracy or completeness of the contents of this book and specifically disclaim any implied warranties of merchantability or fitness for a particular purpose. No warranty may be created or extended by written sales materials. The advice and strategies contained herein may not be suitable for your situation. You should consult with a professional where appropriate. Neither the publisher nor author shall be liable for any loss of profit or any other commercial damages, including but not limited to special, incidental, consequential, or other damages.

# Table of Contents

---

<b>Chapter 1 - Overview of Business Insurance .....</b>	<b>1</b>
Types of Insurers .....	1
Insurance Distribution .....	2
Insurance Company Analysis .....	3
Insurer Operations .....	4
Insurer Financial Performance.....	4
Insurer Failures.....	5
Insurance Pricing.....	5
An Insurable Risk.....	6
The Insurable Interest Concept.....	6
Insurance Policy Terms and Conditions .....	6
Indemnity.....	7
Deductibles .....	7
Limit of Insurance .....	7
Coinsurance .....	7
Exclusions.....	8
Insurance Riders .....	8
Perils .....	8
Endorsements.....	8
Losses and Claims .....	8
Who is the Payee?.....	9
<b>Chapter 2 - Types of Business Insurance.....</b>	<b>11</b>
Boiler and Machinery Insurance.....	11
Business Interruption Insurance .....	11
Policy Inclusions.....	12
Additional Coverages .....	12
Management Actions.....	13
Commercial Automobile Insurance .....	13
Commercial Crime Insurance.....	14
Commercial General Liability Insurance.....	14
Coverage Limitations.....	15
Umbrella Coverage.....	15
Credit Insurance.....	15
Cyber Risk Insurance.....	16
Management Actions.....	17
Directors and Officers Liability Insurance .....	17
Management Actions .....	17
Additional Coverages .....	18
Fidelity Bonds .....	18
Inland Marine Insurance.....	18
Life Insurance.....	18
Group Term Life Insurance .....	19
Medical Insurance.....	20
Political Risk Insurance .....	22
Professional Liability Insurance .....	22
Property Insurance.....	22
Types of Property .....	22
Policy Inclusions.....	22
Policy Exclusions .....	23

Additional Coverages .....	23
Coverage Limitations.....	24
Valuation Issues.....	24
Management Actions .....	24
Surety Bonds .....	25
Surplus Lines Insurance.....	25
State Unemployment Insurance .....	26
Unemployment Benefit Claims .....	28
Workers' Compensation Insurance.....	28
Policy Inclusions.....	29
Management Actions .....	29
Reinsurance .....	29
Insurance for the Home Business .....	30
<b>Chapter 3 - Insurance Management .....</b>	<b>33</b>
Managing the Cost of Insurance .....	33
Broker Training .....	33
Odds Analysis.....	33
Insurer Messaging.....	34
Covered Items Analysis.....	34
Double Coverage Analysis .....	34
Split Limits Elimination .....	34
Continual Policy Updates .....	34
Unlikely Payouts.....	34
Non-Comparability .....	35
Deductibles Analysis .....	35
Small Claims Avoidance .....	35
Inventory Reduction .....	35
Delayed Payments .....	36
Self-Funded Insurance.....	36
Captive Insurance Company.....	36
Insurance Claim Problems.....	37
Insurance Claims Administration .....	37
Core Reports.....	38
Losses Report .....	38
Incidents Report.....	38
Insurance Claims Report.....	39
Accounting for Insurance .....	39
Insurance Payments .....	39
Claims Receipts .....	40
<b>Answers to Course Questions .....</b>	<b>42</b>
<b>Glossary .....</b>	<b>45</b>
<b>Index .....</b>	<b>47</b>