



51A Middle Street Newburyport MA 01950

Phone: 800-588-7039

contact@bhfe.com

www.bhfe.com

Course Information

Course Title: *Business Insurance Overview*

#366024

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: 0004761 (Ethics #0011467)

Hawaii Board of Accountancy: 14003

New York State Board of Accountancy (for ethics): 002146

Ohio State Board of Accountancy: CPE .51 PSR

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.

Course Content

Publication/Revision date: 8/9/2024.

Author: Steven M. Bragg, CPA.

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

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

Instructions for Taking This Course

- Log in to your secure account at www.bhfe.com. Go to "My Account."
- You must complete this course within one year of purchase (If the course is "Expired," contact us and we will add the latest edition of the course to your account (no charge).
- To retain the course-PDF after completion (for future reference) and to enable enhanced navigation: From "My Account," Download and save the course-PDF to your computer. This will enable the search function (Menu: Edit>Find) and bookmarks (icon on left side of document window).
- Complete the course by following the learning objectives listed for the course, studying the text, and, if included, studying the review questions at the end of each major section (or at the end of the course).
- Once you have completed studying the course and you are confident that the learning objectives have been met, answer the final exam questions (online).

Instructions for Taking the Online Exam

- Log in to your secure account at www.bhfe.com. Go to "My Account."
- A passing grade of at least 70% is required on the exam for this course.
- You will have three attempts to pass the exam (call or email us after three unsuccessful attempts for instructions).
- The exam is not timed, and it does not need to be completed in one session.
- For a printed copy of the exam questions, open the exam and press "Print Exam."
- Once you pass the exam, the results (correct/incorrect answers) and certificate of completion appear in "My Account." A confirmation email is also sent.
- CFP Board and IRS credit hours, if applicable, are reported on Tuesdays and at the end of the month.

Have a question? Call us at 800-588-7039 or email us at 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 300 books and courses, including *New Controller Guidebook*, *GAAP Guidebook*, and *Payroll Management*. He has also written the science fiction novel *Under an Autumn Sun*, first book in *The Auditors* trilogy.

Copyright © 2024 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

Chapter 1 - Overview of Business Insurance	1
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
Chapter 2 - Types of Business Insurance.....	11
Boiler and Machinery Insurance.....	11
Business Interruption Insurance	11
Policy Inclusions.....	12
Additional Coverages	12
Management Actions.....	13
Cargo Insurance.....	13
Commercial Automobile Insurance	14
Commercial Crime Insurance.....	14
Commercial General Liability Insurance.....	14
Coverage Limitations.....	15
Umbrella Coverage.....	15
Credit Insurance.....	15
Cyber Risk Insurance.....	17
Management Actions	17
Directors and Officers Liability Insurance	17
Management Actions.....	18
Additional Coverages	18
Fidelity Bonds	18
Inland Marine Insurance.....	18
Life Insurance.....	19
Group Term Life Insurance	19
Medical Insurance.....	21
Political Risk Insurance	22
Professional Liability Insurance	22
Property Insurance.....	22
Types of Property	22
Policy Inclusions.....	23

Policy Exclusions	23
Additional Coverages	23
Coverage Limitations.....	24
Valuation Issues.....	24
Management Actions.....	25
Surety Bonds	25
Surplus Lines Insurance.....	26
State Unemployment Insurance.....	26
Unemployment Benefit Claims	28
Workers' Compensation Insurance.....	29
Policy Inclusions.....	29
Management Actions.....	29
Reinsurance	30
Insurance for the Home Business	30
Chapter 3 - Insurance Management	33
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
Answers to Course Questions	42
Glossary.....	45
Index	47