

## RISK MANAGEMENT AND INSURANCE PLANNING

A total of 72 Principal Knowledge Topics (PKTs) were derived from the 2015 Job Task Analysis. These topics serve as a blueprint for the CFP® Certification Examination and form the curriculum framework for CFP Board’s education requirement. Only content that can be tied directly to one of these topics is accepted for continuing education.

**How to Use this Document:** CE Sponsors are encouraged to use this series of documents as a resource and guide when offering programs or creating self-study courses on any PKT. The stated learning objectives (LOs), along with their level of complexity, when used singularly or in combination, are specific and measurable. They set the learning expectation for the participant and when used as the basis for an assessment will accurately measure learning outcomes.

CFP Board encourages CE Sponsors to periodically review the breakdown of courses by PKT category and consider establishing programs and courses to fill content gaps. That breakdown, which is updated each month, can be found [here](#).

D. Risk Management and Insurance Planning	Overview	Intermediate	Advanced
<b>D.22. Principles of risk and insurance</b>			
a. Explain the risk management process.	✓		
b. Provide examples of the four primary risk management techniques available to clients.	✓		
c. Describe how insurers use risk pooling to pay for losses incurred by policyholders.	✓		
<b>D.23. Analysis and evaluation of risk exposures</b>			
a. Identify and measure liability, automobile, homeowner’s, flood, earthquake, health, disability, long-term care, and life risks. Follow up with carrier.	✓		
b. Explain maximum possible and maximum probable loss amount to a client.		✓	
<b>D.24. Health insurance and health care cost management (individual)</b>			
a. Compare and contrast group and individual health insurance alternatives, including fee for service and managed care health plans.			✓
b. Incorporate expected retiree health costs in a client’s retirement plan, in consideration of household financial resources, existing or future coverage under group insurance plans, and Medicare.			✓
c. Explain alternatives for acquiring health coverage including COBRA and Medicaid.			✓

	Overview	Intermediate	Advanced
<b>D.25. Disability income insurance (individual)</b>			
a. Describe differences between short-term and long-term disability plans and identify the policy provisions that should be included in privately-purchased disability policies.	✓		
b. Create a plan for meeting individual disability income needs, in consideration of household financial resources, and existing coverage under employer plans, Social Security, and disability income insurance options. Retirement plan contribution coverage.		✓	
c. Calculate the tax implications of paying for and receiving disability benefits.	✓		
<b>D.26. Long-term care insurance (individual)</b>			
a. Identify activities of daily living that can trigger the need for long-term care.	✓		
b. Develop an appropriate long-term care insurance plan based on needs, financial resources, policy coverage, and cost. Tax benefits for long term care Individuals and employer benefits.		✓	
<b>D.27. Annuities</b>			
a. Explain the characteristics of an annuity including contribution and distribution options and differentiating between immediate and deferred annuities.			✓
b. Compare and contrast annuities (fixed and variable) with other investment alternatives, including an analysis of costs, contract terms, and taxation.			✓
<b>D.28. Life insurance (individual)</b>			
a. Explain the underwriting factors commonly used in the life underwriting process.	✓		
b. Differentiate between term, whole life, variable, universal, and VUL policies and select the most appropriate type of coverage to match a client's specific circumstances.		✓	
c. Calculate a client's insurance needs using alternative approaches, including the capital needs, human life value, capital retention, income retention, inforce ledgers, and income multiplier methods.		✓	
d. Recommend whether a policy should be replaced based upon quantitative and qualitative factors.		✓	
e. Describe common life insurance termination options. Process to get to a termination decision? The cost related to any termination decision (Surrender Cost).		✓	
f. Recommend life insurance purchase and benefits distribution options based upon needs, financial resources, and cost.		✓	

	Overview	Intermediate	Advanced
<b>D.29. Business uses of insurance</b>			
a. Recognize the complications of closely owned and/or family owned businesses.		✓	
b. Distinguish the difference between the three types of buy/sell agreements and their appropriate uses.		✓	
i. The Cross Purchase Agreement		✓	
ii. The Entity Purchase Agreement		✓	
iii. The Wait and See Agreement		✓	
c. Explain the potential financial risk to the company due to the loss of a key employee.	✓		
d. Identify the opportunity to provide non-qualified benefits for business owners and key executives.		✓	
i. Section 162 Executive Bonus Plan		✓	
ii. Non-Qualified Deferred Compensation		✓	
<b>D.30. Insurance needs analysis</b>			
a. Perform an insurance needs analysis for a client, including disability, life, health, long-term care, property, and liability.		✓	
<b>D.31. Insurance policy and company selection</b>			
a. Define and communicate key insurance policy terms, coverage, conditions, and exclusions.		✓	
b. Recommend appropriate insurance products, given a client's stage in the life cycle, family circumstances, and needs.		✓	
c. Recommend insurance companies based upon an evaluation of service, personnel, financial risks, company ratings, and claims processes.		✓	

	Overview	Intermediate	Advanced
<b>D.32. Property and casualty insurance</b>			
a. Identify the primary components of property and casualty insurance and how each component fits into a client's comprehensive financial plan.	✓		
b. Differentiate among the basic homeowners insurance (HO) forms and features and explain how to evaluate and compare policies.		✓	
c. Identify the primary components of automobile insurance and assess any potential property damage or liability exposures.		✓	
d. Explain the role of personal and business liability insurance in comprehensive financial planning and how personal umbrella liability policy (PUP) and business liability insurance interacts with other property and liability insurance products.			✓

This is a product of the Council on Education as part of CFP Board's CE Quality Initiative.

We encourage you to review *Guidelines for Developing a Quality Live Program or Online Course* and other helpful documents found under [Resources for CE Sponsor](#).

For more information or questions email [CESponsor@cfpboard.org](mailto:CESponsor@cfpboard.org) or call **(202) 379-2258**.