



FP-BoK Topic 11: Insurance

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TOPIC 11 OVERVIEW: INSURANCE

Both CFP professionals and QAFP professionals are expected to possess general knowledge of property and casualty insurance products, government and private health care insurance plans and creditor insurance. Their knowledge includes understanding the life and disability insurance needs for an individual, as well as the importance of the common contractual terms contained within life and disability insurance policies. Their expected knowledge will allow them to differentiate between term and permanent insurance and explain the purpose of critical illness insurance.

CFP professionals are further responsible for ensuring they have knowledge that will enable them to explain advanced uses of life insurance, estimate the critical illness and long-term care insurance needs for an individual and explain the types of insurance that may be held in a corporation, including the advantages and disadvantages of doing so.

Sub-Topic	Knowledge Topics Common to Both QAFP Professionals and CFP Professionals	Knowledge Topics For Which CFP Professionals Are Expected to Have Deeper Knowledge
11.1 Foundations of Risk and Insurance	☑	☑
11.2 Property and Casualty Insurance	☑	☑
11.3 Health Care Insurance	☑	☑
11.4 Disability Insurance	☑	☑
11.5 Critical Illness Insurance	☑	☑

Sub-Topic	Knowledge Topics Common to Both QAFP Professionals and CFP Professionals	Knowledge Topics For Which CFP Professionals Are Expected to Have Deeper Knowledge
11.6 Long-Term Care Insurance		☑
11.7 Foundations of Life Insurance	☑	
11.8 Advanced Uses of Life Insurance		☑
11.9 Creditor Insurance	☑	☑
11.10 Insurance for Corporations		☑
11.11 Taxation of Insurance		☑

Taxonomy of the FP-BoK

The **verbs** used in the FP-BoK articulate the depth of knowledge expected of QAFP professionals and CFP professionals. The verbs are grouped into four **knowledge levels** which set out the depth or level of knowledge required for each knowledge topic.

KNOWLEDGE LEVELS

Knowledge Level	Associated Verbs Used in the BoK
Awareness	Define, Identify
Understanding	Explain
Application	Determine, Compare, Estimate, Calculate, Convert
Evaluation	Evaluate, Interpret

GLOSSARY OF VERBS USED IN THE FP-BOK

Verb	Description
Define	To state exactly the meaning of
Identify	To be aware of / to recognize and correctly name / to locate an appropriate resource
Explain	To make clear the meaning of / to describe something in more detail or reveal relevant facts or ideas related to it
Determine	To ascertain / to come to a decision, such as by investigation or reasoning
Compare	To note the similarities and differences between two or more things
Estimate	To determine an approximate value for
Calculate	To find the value using mathematics
Convert	To change from one form or purpose to another
Evaluate	To reach a conclusion or make a through careful study
Interpret	To give the meaning of / to construe or understand / to translate orally

TOPIC 11 KNOWLEDGE REQUIREMENTS

11.1 FOUNDATIONS OF INSURANCE

11.1.1 FOUNDATIONS OF RISK AND INSURANCE

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify key trends related to insurance, such as:
 - Consolidation of insurance companies
 - Growth of reinsurance
 - Changing tax legislation
 - Evolution of underwriting processes
 - Increased concerns over privacy of data used to adjudicate insurance applications
- Define a peril.
- Identify potential perils that may cause possible loss, such as:
 - Deterioration of health
 - Disability
 - Death
 - Outliving financial resources
 - Liability issues
 - Property damage
 - Loss of information/data
- Identify the potential impact on net worth and cash flow due to a peril.
- Define risk.
- Identify methods that may be undertaken to manage risk, such as:
 - Risk avoidance
 - Risk reduction
 - Risk transfer/sharing
 - Risk retention
- Identify types of events against which insurance may protect, such as:
 - Personal
 - Property
 - Liability
 - Failure of others
- Identify how insurance uses the concept of risk pooling to cover a loss.
- Identify how insurance uses the concept of risk transfer/risk sharing to cover a loss.
- Define types of insurance that may be used to transfer/share risk, such as:
 - Property and casualty insurance
 - Automobile insurance
 - Home insurance / condominium insurance

- Tenant / renter insurance
 - Title insurance
 - Liability insurance
 - Commercial insurance
- Health care insurance
 - Government health care insurance
 - Private health services plans
- Living benefits
 - Disability insurance
 - Critical Illness insurance
 - Long-term care insurance
- Life insurance
 - Term insurance
 - Permanent insurance
 - Term-to-100
 - Whole life insurance
 - Universal life insurance
- Identify the types of insurance that are mandatory.
- Define the purpose of each type of insurance.
- Define sources from which insurance may be purchased.
 - Licensed insurance agent
 - Registered insurance broker
 - Insurance company†
- Identify types of insurance companies.
 - Stock insurance company
 - Mutual insurance company
 - Fraternal
- Identify the implications of under- or over-insurance coverage.

† While individuals may view insurance as being provided by their financial institution (e.g., for creditor insurance) or their employer (e.g., for group insurance), the insurance coverage is provided by an insurance company.

Additional Knowledge Expected of CFP Professionals

- Explain key trends related to insurance, such as:
 - Consolidation of insurance companies
 - Growth of reinsurance
 - Changing tax legislation
 - Evolution of underwriting processes

- Increased concerns over privacy of data used to adjudicate insurance applications
- Explain the potential impact on net worth and cash flow due to a peril.
- Explain methods that may be undertaken to manage risk, such as:
 - Risk avoidance
 - Risk reduction
 - Risk transfer/sharing
 - Risk retention
- Explain types of events against which insurance may protect, such as:
 - Personal
 - Property
 - Liability
 - Failure of others
- Explain how insurance uses the concept of risk pooling to cover a loss.
- Explain how insurance uses the concept of risk transfer/risk sharing to cover a loss.
- Explain the purpose of each type of insurance.
- Explain the implications of under- or over-insurance coverage.

11.1.2 MORTALITY

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Define terms used by insurers associated with mortality.
 - Mortality
 - Mortality risk
 - Mortality cost
- Identify statistics related to the rate of mortality for an individual with given characteristics.
- Identify how each of these factors may impact mortality risk:
 - Age
 - Gender
 - Smoking status
 - Health history
 - Family health history
 - Occupation
 - Personality
 - Lifestyle
- Identify the relationship between the factors that may impact the mortality risk of an individual and the mortality cost of providing life insurance to an individual.
- Define life expectancy.
- Identify the Projection Assumption Guidelines as a reliable source for life expectancy projections.
- Identify other sources for life expectancy projections, such as:

- Statistics Canada
- Insurance companies
- Identify the life expectancy for an individual with given characteristics based on the Projection Assumption Guidelines.

Additional Knowledge Expected of CFP Professionals

- Explain how each of these factors may impact mortality risk:
 - Age
 - Gender
 - Smoking status
 - Health history
 - Family health history
 - Occupation
 - Personality
 - Lifestyle
- Explain the relationship between the factors that may impact the mortality risk of an individual and the mortality cost of providing life insurance to an individual.

11.1.3 MORBIDITY

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Define morbidity.
- Identify statistics related to the rate of morbidity for an individual with given characteristics.
 - Rate of experiencing a disability
 - Rate of experiencing a critical illness
 - Rate of requiring long-term care
- Identify that the rate of morbidity for an individual may depend on:
 - Family health history
 - Individual health history
 - Occupation
 - Age
 - Access to health care
 - Financial circumstances
 - Personality
 - Lifestyle

11.2 PROPERTY AND CASUALTY INSURANCE

11.2.1 PROPERTY AND CASUALTY INSURANCE CONTRACT

Additional Knowledge Expected of CFP Professionals

- Define parties to a property and casualty insurance contract, such as:
 - Policy holder
 - Insured
 - Insurer
- Identify documents forming a property and casualty insurance contract.
 - Application
 - Policy
 - Riders or endorsements
- Identify the outcomes of an application for property and casualty insurance.
 - Approval
 - Decline
- Define the values that property and casualty insurance policies may use when computing the benefit payable for a loss.
 - Actual cash value
 - Replacement cost value
 - Salvage value
- Define the terms that property and casualty insurance policies may use when determining the loss covered.
 - Specified (or named) perils
 - All perils

11.2.2 AUTOMOBILE INSURANCE

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify that a Canadian automobile insurance policy is effective only in Canada and the United States.
- Identify that the type, amount and characteristics of mandatory automobile insurance may differ across Canadian jurisdictions, including provincial government insurance.
- Define terms of automobile insurance contracts, such as:
 - Legal liability
 - Use of vehicle (i.e., All-purpose, pleasure, business purposes)
 - Coverage (i.e., All perils, specified perils)
 - Negligence
 - Named insured
 - Third party
 - Absolute liability

- No-fault
- Deductible
- Identify types of coverage that an automobile insurance policy may provide, such as:
 - Liability insurance
 - Collision coverage
 - Comprehensive coverage
 - Personal injury protection
 - Uninsured/underinsured motorist protection
- Identify the purpose for which each type of automobile insurance coverage may be used.
- Identify uses of automobiles that may impact the insurance policy coverage required, such as:
 - All-purpose
 - Pleasure
 - Business
- Identify that changes in the use of an automobile may require changes to insurance coverage, potentially resulting in a change in premium.
- Identify factors that may impact the premium of an automobile insurance policy, such as:
 - Driving history (i.e., length, accidents, traffic-related convictions)
 - Geographic location
 - Type of vehicle
 - Quantitative driving factors (i.e., how often vehicle is driven, how far it is driven)
 - Optional coverages and endorsements added to policy
 - Value of coverage (i.e., liability protection, deductibles)

11.2.3 HOME INSURANCE / CONDOMINIUM INSURANCE

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify types of coverage that a home insurance policy may provide, such as:
 - Building coverage
 - Contents coverage
 - Additional living expenses
 - Personal liability
 - Medical expenses
 - Personal injury protection
- Identify the purpose for which each type of home insurance coverage may be used.
- Identify uses of residential property that may impact the insurance policy coverage required, such as:
 - Owner-occupied
 - Non-owner-occupied (i.e., rental property)
 - Dwelling under construction

- Business uses
- Identify that changes in the use of a property may require changes to insurance coverage, potentially resulting in a change in premium.
- Identify factors that may impact the premium of a home insurance policy, such as:
 - Structure of property
 - Age of property
 - Geographic location of property
 - Security systems
 - Proximity to fire hydrant/fire station
 - Heating source
 - Value of coverage (i.e., liability protection, deductibles)
- Identify features that may be added to a home insurance policy, such as:
 - Specific product coverage, such as for jewellery, art, collectibles or securities
 - Sewer backup coverage
 - Flood coverage
 - High wind coverage
 - Earthquake coverage
- Identify additional types of coverage that a condominium insurance policy may provide, such as:
 - Improvements and betterments
 - Supplemental coverage for condominium unit and/or common/shared space
- Identify the purpose for which each type of condominium insurance coverage may be used.
- Identify that as a condition of credit approval, a lender may require an individual to maintain home/condominium insurance on their property.

11.2.4 TENANT / RENTER INSURANCE

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify types of coverage that a tenant / renter insurance policy may provide, such as:
 - Contents coverage
 - Additional living expenses
 - Personal liability
 - Medical expenses
 - Damage to property
- Identify the purpose for which each type of tenant / renter insurance coverage may be used.

11.2.5 TITLE INSURANCE

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Define title.
- Identify types of coverage that title insurance may provide, such as:
 - Unknown title defects
 - Existing liens against the property's title
 - Encroachment issues
 - Title fraud
 - Errors in surveys and public records

Additional Knowledge Expected of CFP Professionals

- Explain the purpose of each type of title insurance coverage.
- Explain benefits of title insurance.
- Define types of title insurance.
 - Residential owner's policy
 - Residential existing owner's policy
 - Residential lender's policy

11.2.6 LIABILITY INSURANCE

Additional Knowledge Expected of CFP Professionals

- Identify types of coverage that liability insurance may provide, such as:
 - Commercial general liability insurance
 - Professional liability insurance (errors and omissions)
 - Cyber security insurance
 - Identity theft insurance
 - Environmental insurance
 - Executor insurance
- Identify types of coverage that liability insurance may provide, such as:
 - Director insurance
- Explain the purpose of each type of liability insurance.

11.3 HEALTH CARE INSURANCE

11.3.1 GOVERNMENT HEALTH CARE INSURANCE

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify characteristics of government-provided health care insurance in Canada, such as:
 - Publicly administered
 - Comprehensive provision of medically necessary services
 - Universally available to all residents (subject to waiting periods)
 - Portability of coverage between provinces and territories
 - Accessible (free of discrimination)
- Identify services generally covered under government-provided health care insurance plans, such as:
 - Medically required services (e.g., surgeries, doctor visits)
 - Hospital accommodations
 - Nursing services
 - Diagnostic services (e.g., X-rays, blood tests)
 - Drugs administered in a hospital
- Identify the maximum waiting period for a resident to be eligible for government-provided health care insurance.
- Identify how government health care insurance may provide benefits for residents who experience out-of-country health-care-related situations.
- Identify how government health care insurance in Canada is funded.

11.3.2 PRIVATE HEALTH SERVICES PLANS

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify types of private health services plans.
 - Individual plans
 - Group plans
- Identify how private health services plans in Canada are funded.
- Identify that insurance companies provide individual private health services plans.
- Identify sources of group private health services plans, such as:
 - Insurance companies
 - Employer-sponsored
 - Association-sponsored
- Identify parties who may be eligible for coverage under a private health service plan, such as:
 - Plan member
 - Plan member's spouse or common-law partner
 - Plan member's dependents

- Identify types of coverage generally provided by private health services plans, such as:
 - Extended health coverage (above and beyond government-provided benefits)
 - Prescription drug coverage
 - Ambulance service coverage
 - Increased level of hospital accommodation
 - Out-of-country medically required care coverage
 - Vision coverage
 - Auditory coverage
 - Paramedical services coverage
 - Special medical supplies (e.g., artificial limbs, prosthetics, medical equipment)
 - Dental coverage
 - Employee Assistance Programs, where services are provided by an authorized medical practitioner, as defined by the CRA
- Identify circumstances when an individual health services plan may be suitable, such as:
 - No group insurance in place through employer
 - Self-employed
 - Unemployed
 - Retired
 - Individual or dependent requires special or additional coverage not covered under current group plan
- Define factors that impact the value of benefits that may be received under a private health services plan, such as:
 - Deductible
 - Coinsurance
 - Maximum
 - Waiting periods
 - Limitations
 - Pre-existing condition clauses
- Identify how benefits are coordinated between private health service plans.
 - When an individual is eligible to receive benefits under multiple plans (e.g., their own plan and their spouse's plan, or their own multiple plans)
 - When dependents are eligible to receive benefits under multiple plans (e.g., their own plan and their parents'/guardians' plan)
- Identify factors that may impact the premium of a private health service plan, such as:
 - Value of coverage (i.e., deductibles, coinsurance, benefit maximums)
 - Age
 - Geographic location

Additional Knowledge Expected of CFP Professionals

- Identify the concept of a health and welfare trust.

11.3.3 TRAVEL INSURANCE

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify sources of travel insurance policies, such as:
 - Travel agent
 - Group insurance plans
 - Financial institutions
 - Insurance companies, agents and brokers
 - Credit card providers
- Identify types of coverage that may be available under a travel insurance policy, such as:
 - Emergency hospital visits/stays
 - Emergency surgeries
 - Health-care-related medical services (doctor and dentist)
 - Drugs and medical appliances related to a medical emergency
 - Ambulance services
 - Costs to return home for insured and travelling companions
 - Repatriation
- Identify optional coverages that may be available on a travel insurance plan, such as:
 - Trip cancellation
 - Trip interruption
 - Lost baggage
- Identify the purpose for which a travel insurance policy may be used, such as:
 - Individuals travelling outside of their province of residence, but remaining within Canada
 - Individuals travelling internationally
- Identify exclusions contained within travel insurance plans, such as:
 - Pre-existing condition
 - Condition that is unstable
 - Pregnancy
 - Acts of war
 - Self-inflicted injuries
 - Mental disorders
 - Locations with a travel advisory warning in place
- Identify when a travel insurance policy may be underwritten.
 - Pre-approval
 - Post-claim

- Identify types of travel insurance policies that may be available, such as:
 - Per trip
 - Annual coverage

Additional Knowledge Expected of CFP Professionals

- Identify the potential impact that may result from the time of underwriting for a travel insurance policy.
- Identify that travel insurance policies may contain a first-loss payable clause.
- Identify the potential implication of a first-loss payable clause.
- Identify factors that may impact the premium of a travel insurance policy, such as:
 - Number of individuals covered
 - Age
 - Benefit coverage
 - Length of coverage
 - Health history (pre-existing condition)

11.4 DISABILITY INSURANCE

11.4.1 DISABILITY INSURANCE

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify potential sources of income that an individual may draw from upon becoming disabled, such as:
 - Spousal income
 - Employment Insurance benefits
 - Canada Pension Plan benefits
 - Workers' compensation benefits
 - Other government-related disability programs
 - Group insurance plans
 - Individual insurance plans
 - Savings
 - Family and friends
 - Sale of assets
- Identify types of disability insurance policies that may be available.
 - Individual
 - Group
- Identify that an individual disability insurance policy may be obtained from an insurance company.
- Identify sources of group disability insurance policies, such as:
 - Insurance companies
 - Employer-sponsored
 - Creditor protection
 - Association-sponsored
- Identify factors that may impact an individual's ability to qualify for disability insurance, such as:
 - Medical
 - Age
 - Health history
 - Financial
 - Net worth
 - Income (earned and unearned)
 - Other disability plans in place
 - Occupation
 - Lifestyle

- Identify policy provisions associated with disability insurance contracts, such as:
 - Definition of the contract
 - Definition of earnings
 - Definition of disability
 - Definition of occupation
 - Terms associated with continuation of policy
 - Contestability period
 - Terms associated with provision of benefits
 - Limitations
 - Exclusions
 - Riders
- Identify definitions of earnings that may be used in a disability insurance policy, such as:
 - Base salary
 - Base salary plus bonuses
 - Base salary plus commissions
 - Average earnings over period of time
 - Net income of self-employed individual
 - Net income plus add-back for perquisites
- Define definitions of disability on which a disability policy may be based, such as:
 - Total disability
 - Presumed total disability
 - Residual disability
 - Partial disability
- Define definitions of occupation on which a disability policy may be based, such as:
 - Own occupation
 - Regular occupation
 - Any occupation
- Define terms associated with the continuation of a disability policy, such as:
 - Non-cancellable
 - Guaranteed renewable
 - Conditional renewable
 - Commercially renewable
 - Cancellable
- Define terms associated with the provision of a benefit under a disability insurance policy, such as:
 - Qualification or waiting period
 - Elimination period
 - Benefit period

- Identify factors that may impact the premium of a disability insurance policy, such as:
 - Definition of earnings
 - Definition of disability
 - Definition of occupation
 - Terms associated with the continuation of the policy
 - Length of qualification or waiting period
 - Length of elimination period
 - Length of benefit period
- Identify types of limitations that an insurer may impose on a disability policy, such as:
 - Maximum monthly, annual or lifetime dollar amount of benefit payable
 - Maximum percentage of income replacement
 - Benefit based on taxable or non-taxable income
 - Benefit limited by integration with other plans
- Identify the purpose of limitations in a disability policy.
 - Ensure that the insured individual does not profit from the receipt of benefits
 - Provide incentive to the individual to return to employment duties
- Identify potential provisions included in a disability insurance policy that provide incentive to an individual to return to work, such as:
 - Rehabilitation benefit provision
 - Recurrent disability provision
- Identify exclusions that may be included in a disability insurance policy, such as:
 - Acts of war
 - Normal pregnancy
 - Pre-existing conditions
 - Criminal offences
 - Air travel other than fare-paying passenger
 - High-risk recreational activities (e.g., mountain climbing, scuba diving, car racing).
 - Drug and alcohol abuse
 - Intentionally self-inflicted injuries
 - Attempted suicide
- Identify the purpose of riders that may be added to a disability insurance policy, such as:
 - Guaranteed insurability (i.e., changes in health, occupation, increase in income)
 - Cost of living adjustment
 - Partial disability
 - Health care providers' infection
 - Accidental death and dismemberment
 - Return of premium
 - Waiver of premium
 - Retirement protection

- Identify the types of approvals that may occur upon adjudication of an application for disability insurance, such as:
 - Approved as applied for
 - Approved with revision to terms of policy
 - Increased premium
 - Reduced benefit amount
 - Reduced benefit period
 - Extended elimination period
 - Exclusions based on medical history or lifestyle
- Define approaches to determine a suitable amount of disability insurance coverage for an individual, such as:
 - Cash flow replacement needs
 - Income replacement
- Identify elements that may be considered when structuring disability insurance coverage, such as:
 - Definition of disability
 - Definition of occupation
 - Ability to self-fund during qualification or waiting period
 - Ability to self-fund during elimination period
 - Length of benefit period
 - Maximum benefits payable
 - Integration with other sources of income
 - Continuation provisions
 - Earning potential
 - Affordability

Additional Knowledge Expected of CFP Professionals

- Estimate the need for disability insurance.
- Explain types of limitations that an insurer may impose on a disability policy, such as:
 - Maximum monthly, annual or lifetime dollar amount of benefit payable
 - Maximum percentage of income replacement
 - Benefit based on taxable or non-taxable income
 - Benefit limited by integration with other plans
- Explain the purpose of limitations in a disability policy.
 - Ensure that the insured individual does not profit from the receipt of benefits
 - Provide incentive to the individual to return to employment duties
- Explain potential provisions included in a disability insurance policy that provide incentive to an individual to return to work, such as:
 - Rehabilitation benefit provision

- Recurrent disability provision
- Explain the purpose of riders that may be added to a disability insurance policy, such as:
 - Guaranteed insurability (i.e., changes in health, occupation, increase in income)
 - Cost of living adjustment
 - Partial disability
 - Health care providers' infection
 - Accidental death and dismemberment
 - Return of premium
 - Waiver of premium
 - Retirement protection
- Explain approaches to determine a suitable amount of disability insurance coverage for an individual, such as:
 - Cash flow replacement needs
 - Income replacement
- Explain factors that may be considered when structuring disability insurance coverage, such as:
 - Definition of disability
 - Definition of occupation
 - Ability to self-fund during qualification or waiting period
 - Ability to self-fund during elimination period
 - Length of benefit period
 - Maximum benefits payable
 - Integration with other sources of income
 - Continuation provisions
 - Earning potential
 - Affordability
- Explain characteristics that may be used when comparing individual and group disability insurance policies.
 - Ownership and control
 - Cancellability
 - Period of coverage
 - Portability
 - Termination options
 - Application requirements
 - Definition of disability
 - Definition of occupation
 - Evidence of insurability requirements
 - Time of underwriting (pre- or post-claim)
 - Benefit recipient

- Optional riders
- Premium guarantees
- Premiums
- Tax impact

11.5 CRITICAL ILLNESS INSURANCE

11.5.1 CRITICAL ILLNESS INSURANCE

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify types of critical illness insurance policies that may be available.
 - Individual
 - Group
- Identify that an individual critical illness insurance policy may be obtained from an insurance company.
- Identify providers of group critical illness insurance policies, such as:
 - Insurance companies
 - Employer-sponsored
 - Creditor protection
 - Association-sponsored
- Identify the purpose for which critical illness insurance may be used.
- Identify models that a critical illness insurance policy may use, such as:
 - Permanent plan
 - Term plan
- Identify factors that may impact an individual's ability to qualify for critical illness insurance.
 - Medical
 - Age
 - Health history
 - Family health history
 - Financial
 - Benefit amount
 - Financial need based on current income and net worth
 - Lifestyle
- Identify illnesses that may be covered by a critical illness insurance policy, such as:
 - Life-threatening cancer
 - Heart attack
 - Stroke
 - Other life altering illnesses/diseases

Additional Knowledge Expected of CFP Professionals

- Identify policy provisions associated with critical illness insurance contracts, such as:
 - Covered illnesses
 - Term
 - Conversion options
 - Provision of benefits

- Premiums
- Exclusions
- Riders
- Define terms associated with the continuation of a critical illness policy, such as:
 - Non-cancellable
 - Guaranteed renewable
 - Conditional renewable
 - Cancellable
- Define terms associated with the provision of a benefit under a critical illness insurance policy, such as:
 - Benefit amount
 - Waiting period
 - Covered illnesses
 - Exclusions and limitations
- Identify terms associated with the conversion options that may be available on critical illness insurance policies, such as:
 - To permanent critical illness insurance
 - To long-term care
- Identify factors that may impact the premium of a critical illness insurance policy, such as:
 - Age
 - Sex/Gender
 - Current health
 - History of health
 - Type and number of covered illnesses
 - Benefit amount
 - Type and number of riders
- Identify premium pay periods on which a critical illness insurance policy may be based, such as:
 - Lifetime of insured
 - Limited pay
 - Specific term
- Identify exclusions that may be included in a critical illness insurance policy, such as:
 - Acts of war
 - Criminal offences
 - Intentional abuse of drugs and alcohol
 - Intentionally self-inflicted injuries
 - Attempted suicide
- Explain the purpose of riders that may be added to critical illness insurance policies, such as:

- Waiver of premium
- Return of premium (on death, surrender, maturity of policy)
- Automatic benefit increase
- Identify types of approvals upon adjudication of an application for critical insurance, such as:
 - Approved as applied for
 - Approved with revision to terms of policy
 - Increased premium
 - Reduced benefit amount
 - Exclusions based on medical history or lifestyle
- Explain factors that may be considered in structuring disability insurance coverage, such as:
 - Length of recovery period
 - Cash flow needs
 - Debt obligations
 - Goals (i.e., funding retirement or education goals)
 - Ability to self-fund during recovery period (e.g., draw on savings, sale of assets)
 - Other sources of income during recovery period
 - Affordability
- Explain characteristics that may be used when comparing individual and group critical illness insurance policies, such as:
 - Ownership and control
 - Cancellability
 - Period of coverage
 - Portability
 - Termination options
 - Application requirements
 - Covered illnesses
 - Evidence of insurability requirements
 - Time of underwriting
 - Benefit recipient
 - Optional riders
 - Premium guarantees
 - Premiums
 - Tax impact

11.6 LONG-TERM INSURANCE

11.6.1 LONG-TERM CARE INSURANCE

Additional Knowledge Expected of CFP Professionals

- Identify that an individual long-term care insurance policy may be obtained from an insurance company.
- Identify the purpose for which long-term care insurance may be used.
- Identify variables that may impact an individual's ability to qualify for long-term care insurance, such as:
 - Medical
 - Age
 - Health history
 - Financial
 - Policy structure
 - Lifestyle
- Identify policy provisions associated with long-term care insurance contracts, such as:
 - Policy structures
 - Terms associated with provision of benefits
 - Premiums
 - Exclusions
 - Riders
- Explain models that a long-term care insurance policy may use, such as:
 - Income mode
 - Indemnity model
 - Reimbursement model
- Identify the activities of daily living that long-term care insurance providers may use to determine when an individual becomes eligible to receive long-term care benefits.
 - Bathing
 - Dressing
 - Toileting
 - Transferring
 - Eating
 - Maintaining continence
- Identify cognitive impairments that may qualify for benefit coverage under a long-term care insurance policy.
- Define types of care that a long-term care insurance policy may cover, such as:
 - Home care
 - Facility care
 - Professional care

- Skilled care
- Non-skilled care
- Define terms associated with a long-term care insurance policy, such as:
 - Elimination period
 - Benefit amount
 - Benefit period
 - Premium payment period
 - Optional benefits
 - Exclusions and limitations
- Identify benefit periods that may be provided under a long-term care insurance policy, such as:
 - Lifetime of insured
 - Specific term
 - Number of years
 - To a specified age
- Explain the purpose of riders that may be added to long-term care insurance policies, such as:
 - Waiver of premium
 - Inflation protection
 - Durable medical equipment
 - Future purchase option
- Identify premium pay periods on which a long-term care insurance policy may be based, such as:
 - Lifetime of insured
 - Limited pay
 - Specific term
- Identify exclusions that may be included in a long-term care insurance policy, such as:
 - Acts of war
 - Criminal offences
 - Intentional abuse of drugs and alcohol
 - Intentionally self-inflicted injuries
 - Attempted suicide
 - Mental conditions that do not have an organic cause
- Identify factors that may impact the premium of a long-term care insurance policy, such as:
 - Age
 - Current health
 - Health history
 - Benefit amount
 - Length of benefit period

- Length of elimination period
 - Type and number of additional options
- Identify types of approvals upon adjudication of an application for long-term care insurance, such as:
 - Approved as applied for
 - Approved with revision to terms of policy
 - Increased premium
 - Reduced benefit amount
 - Exclusions based on medical history or lifestyle
 - Altered plan design
- Explain factors that may be considered in structuring long-term care insurance coverage, such as:
 - Length of long-term care period
 - Cash flow needs
 - Ability to self-fund during long-term care period
 - Other sources of income during long-term care period
 - Affordability

11.7 FOUNDATIONS OF LIFE INSURANCE

11.7.1 FOUNDATIONS OF LIFE INSURANCE

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Explain foundational uses of life insurance, such as:
 - Paying final expenses of insured
 - Replacing income/asset values
 - Funding of goals (upon the death of an individual)
 - Retirement of debt
 - Education costs for survivors
- Explain approaches to determine a suitable amount of life insurance for an individual, such as:
 - Expense coverage
 - Cash flow replacement
- Explain characteristics that may be used when comparing term life insurance, whole life, term-to-100 and universal life insurance, such as:
 - Premiums over time
 - Premium options
 - Duration of policies
 - Flexibility
 - Options for non-payment
 - Cash values
 - Impact of interest rates
 - Involvement in investment decisions
 - Impact on overall asset allocation
 - Diversification
 - Tax impact

11.7.2 LIFE INSURANCE CONTRACTS

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Define parties to a life insurance contract, such as:
 - Policyholder
 - Insured
 - Insurer
- Identify the documents forming a life insurance contract.
 - Application
 - Policy
 - Riders
 - Ancillary documents referred to in policy

- Delivery receipt
- Define insurability.
- Identify elements that an insurance company may use to determine an individual's insurability, such as:
 - Age
 - Gender
 - Medical history
 - Previous claims
 - Amount of coverage requested
- Identify types of approvals upon adjudication of an application for life insurance, such as:
 - Approval with standard premiums
 - Approval with rated premiums (discounted or added premium)
 - Approval with restrictions
- Define insurable interest as it relates to life insurance.
 - The time at which it must be in place for a policy to be valid
 - The relationship of the policyholder to the life insured
- Define material fact.
- Define material misrepresentation.
- Define terms associated with the validity of a life insurance contract, such as:
 - Void contract
 - Voidable contract
- Identify how the validity of a life insurance contract may be impacted.
 - When a mistake with respect to a material fact is made
 - When a material fact is omitted
 - When a misrepresentation of a material fact is made
- Define underwriting.
- Define the periods when a life insurance contract may be underwritten.
 - Pre-approval
 - Post-claim
- Identify benefits and risks associated with pre-approval and post-claim underwriting.
- Identify policy provisions associated with life insurance contracts, such as:
 - Definition of the contract
 - Death benefit / coverage amount
 - Length of coverage
 - Beneficiaries
 - Settlement options
 - Riders / endorsements / floaters
 - Misstatements (of age or sex)
 - Material misrepresentation

- Fraudulent misrepresentation
- Incontestability clause
- Right to rescind the contract
- Cash values
- Non-forfeiture options
- Policy loan provisions
- Reinstatement provisions for lapsed or cancelled policy
- Suicide clause
- Identify the coverage amounts / death benefit options available on life insurance policies.
 - Level death benefit
 - Increasing death benefit
 - Decreasing death benefit
- Identify the types of joint life insurance policies.
 - Joint first-to-die
 - Joint last-to-die
- Identify the purposes for which joint first-to-die and joint last-to-die life insurance policies may be used.
- Define terms associated with the continuation of a life insurance policy, such as:
 - Cancellable
 - Non-cancellable
 - Guaranteed renewable
 - Conditional renewable
 - Commercially renewable
 - Convertible
- Define a beneficiary for a life insurance policy.
- Identify entities who may be named as a beneficiary of a life insurance policy, such as:
 - Individual
 - Trust
 - Charitable organization
 - Corporation
- Identify the impact of naming each entity as a beneficiary.
- Explain the impact of naming a minor child as a beneficiary of a life insurance policy.
- Explain the impact of naming multiple children as beneficiaries of a life insurance policy.
- Identify who may receive the proceeds of a life insurance policy.
 - When a beneficiary is named
 - When the beneficiary and insured predecease the policyholder
 - When the beneficiary predeceases the policy holder, and the policyholder predeceases the insured
- Define the types of beneficiaries that may exist on a life insurance policy.

- Irrevocable
- Revocable
- Preferred
- Contingent
- Identify advantages and disadvantages of beneficiary designations on a life insurance policy.
 - Naming a revocable beneficiary
 - Naming an irrevocable beneficiary
 - Naming a preferred beneficiary
 - Naming a contingent beneficiary
 - Naming the estate as a beneficiary
- Identify the actions for which the policyholder requires the consent of the irrevocable beneficiary named on a life insurance policy.
- Identify the actions for which the policyholder does not require the consent of the irrevocable beneficiary named on a life insurance policy.
- Identify parties who are preferred beneficiaries.
- Identify the documents in which a beneficiary to a life insurance policy may be designated.
 - For revocable beneficiaries
 - For irrevocable beneficiaries
- Identify when a beneficiary to a life insurance policy may be designated.
 - For revocable beneficiaries
 - For irrevocable beneficiaries
- Explain the potential impact of a discrepancy in beneficiary designations within an insurance contract and a will.
- Identify settlement options that may be available to a beneficiary, such as:
 - Lump sum payment
 - Funds held on deposit
 - Annuity installment payments
- Identify the tax treatment to a beneficiary from receiving the proceeds of a life insurance policy.
- Identify the purpose of riders that may be added to a life insurance policy, such as:
 - Waiver of premium
 - Accidental death and dismemberment
 - Guaranteed insurability
 - Convertible
 - Cost of living adjustments
 - Term insurance
 - Return of premium
 - Family income benefit

- Identify the grace period for a life insurance policy.
- Identify that a life insurance policy that has lapsed may be reinstated with conditions.
- Identify the suicide clause for a life insurance policy.
 - Minimum timeframe
 - Maximum timeframe
 - Impact if policy lapses
- Identify that an advanced benefit may be available on a life insurance policy under certain circumstances, such as a shortened life expectancy.
- Identify factors that may impact the premium of a life insurance policy, such as:
 - Age
 - Current health status
 - Health history
 - Weight
 - Smoking and drinking status
 - Gender
 - Value of death benefit
 - Term of policy
- Identify elements that may be considered in structuring life insurance coverage, such as:
 - Cash flow replacement needs
 - Final expenses
 - Retirement of debt
 - Education costs for survivors
 - Tax liabilities upon death of insured
 - Bequests
 - Equalization of estate for survivors
 - Continuation provisions
 - Future insurability
 - Affordability

Additional Knowledge Expected of CFP Professionals

- Explain factors that an insurance company may use to determine an individual's insurability, such as:
 - Age
 - Gender
 - Medical history
 - Previous claims
 - Amount of coverage requested
- Explain insurable interest as it relates to life insurance.
 - The time at which it must be in place for a policy to be valid

- The relationship of the policyholder to the life insured
- Explain how the validity of a life insurance contract may be impacted.
 - When a mistake with respect to a material fact is made
 - When a material fact is omitted
 - When a misrepresentation of a material fact is made
- Explain benefits and risks associated with pre-approval and post-claim underwriting.
- Explain the coverage amounts / death benefit options available on life insurance policies.
 - Level death benefit
 - Increasing death benefit
 - Decreasing death benefit
- Explain the types of joint life insurance policies.
 - Joint first-to-die
 - Joint last-to-die
- Explain the purposes for which joint first-to-die and joint last-to-die life insurance policies may be used.
- Explain advantages and disadvantages of beneficiary designations on a life insurance policy.
 - Naming a revocable beneficiary
 - Naming an irrevocable beneficiary
 - Naming a preferred beneficiary
 - Naming a contingent beneficiary
 - Naming the estate as a beneficiary
- Explain the actions for which the policyholder requires the consent of the irrevocable beneficiary named on a life insurance policy.
- Explain the actions for which the policyholder does not require the consent of the irrevocable beneficiary named on a life insurance policy.
- Explain settlement options that may be available to a beneficiary, such as:
 - Lump sum payment
 - Funds held on deposit
 - Annuity installment payments
- Explain the tax treatment to a beneficiary from receiving the proceeds of a life insurance policy.
- Explain the purpose of riders that may be added to a life insurance policy, such as:
 - Waiver of premium
 - Accidental death and dismemberment
 - Guaranteed insurability
 - Convertible
 - Cost of living adjustments
 - Term insurance
 - Return of premium

- Family income benefit
- Explain factors that may be considered in structuring life insurance coverage, such as:
 - Cash flow replacement needs
 - Final expenses
 - Retirement of debt
 - Education costs for survivors
 - Tax liabilities upon death of insured
 - Bequests
 - Equalization of estate for survivors
 - Continuation provisions
 - Future insurability
 - Affordability
- Explain characteristics that may be used when comparing individual and group life insurance policies, such as:
 - Types of policies available
 - Ownership and control
 - Cancellability
 - Period of coverage
 - Portability
 - Termination options
 - Application requirements
 - Evidence of insurability requirements
 - Time of underwriting
 - Benefit recipient
 - Optional riders
 - Premium guarantees
 - Premiums
 - Tax impact

11.7.3 TERM LIFE INSURANCE

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Explain the purpose of term life insurance.
- Explain for whom term insurance may be suitable.
- Identify types of term life insurance policies, such as:
 - 5-year
 - 10-year
 - 20-year
 - Annual-renewable term
 - Term-65

- Explain advantages and disadvantages of term life insurance.
- Explain options available upon maturity of a term life insurance policy.
- Estimate the need for term insurance.
- Explain the relationship between an individual's age and the premium for a term life insurance policy.
 - During the term of the contract
 - Upon maturity / At renewal
- Calculate the amount that may be payable from a term life insurance policy.
 - As a beneficiary
 - As a policyholder
- Explain how each of these factors may impact the decision to purchase term insurance:
 - Likelihood of risk occurring
 - Financial impact should risk occur
 - Ability to self-fund the potential loss (using income, liquidation of assets)
 - Tax impacts (associated with disposition of property and liquidation of assets)
 - Impact on standard of life
 - Impact on future goals
 - Estate planning objectives
 - Personal attitudes towards the use of insurance
 - Length of coverage required
 - Permanency of coverage required
 - Age of life insured
 - Health of life insured
 - Cash flow available for premiums
 - Policy features
- Evaluate how each of the factors may impact the decision to purchase term insurance.
- Explain how each of these factors may impact the decision to renew or convert a term life insurance policy:
 - Need for insurance
 - Goals
 - Insurability
 - Affordability
 - Cost of establishing new policy
- Evaluate how each of the factors may impact the decision to renew or convert a term life insurance policy.

11.7.4 PERMANENT LIFE INSURANCE

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Explain the purpose of permanent life insurance.

- Explain for whom permanent insurance may be suitable.
- Define the types of permanent life insurance.
 - Term-to-100
 - Whole life
 - Universal life
- Explain advantages and disadvantages of the types of permanent life insurance.
- Estimate the need for permanent insurance.
- Determine how each of these factors may impact the suitability of permanent insurance:
 - Likelihood of risk occurring
 - Financial impact should risk occur
 - Ability to self-fund the potential loss (using income, liquidation of assets)
 - Tax impacts (associated with disposition of property and liquidation of assets)
 - Impact on standard of living
 - Impact on future goals
 - Estate planning objectives
 - Personal attitudes toward the use of insurance
 - Length of coverage required
 - Permanency of coverage required
 - Age of life insured
 - Health of life insured
 - Cash flow available for premiums
 - Policy features
- Evaluate how each of the factors may impact the suitability of permanent insurance.

Term-to-100

- Explain for whom a term-to-100 insurance may be suitable.
- Explain attributes of a term-to-100 life insurance policy, such as:
 - Constancy of death benefit
 - Constancy of premiums
 - Period over which premiums are payable
 - Period over which coverage is in effect

Whole Life Insurance

- Explain for whom a whole life insurance policy may be suitable.
- Explain attributes of a whole life insurance policy, such as:
 - Constancy of death benefit
 - Constancy of premiums
 - Period over which premiums are payable
 - Period over which coverage is in effect
 - Cash values

- Define terms associated with a whole life insurance policy, such as:
 - Reserve
 - Cash value
 - Cash surrender value
 - Participating policy
 - Non-participating policy
 - Dividends
- Explain options available to an individual when receiving a dividend from a whole life insurance policy.
 - Receive as cash
 - Use to automatically reduce the premium
 - Used to pay-up a policy or purchase additional insurance
 - Accumulate it within the policy
 - Use to purchase reducing term insurance
- Explain how premiums may be offset using dividends.
- Explain the impact to an individual when receiving a dividend from a whole life insurance policy.
 - Impact on amount of insurance coverage
 - Tax impact
- Explain payment options for a whole life insurance policy.
 - Level premium payment
 - Limited payment (i.e., paid up over shorter time period)

Universal Life

- Explain for whom a universal life policy may be suitable.
- Explain attributes of a universal life insurance policy, such as:
 - Variability of death benefit
 - Variability of premiums/contributions
 - Variability of cost of insurance (yearly renewable term, level term)
 - Period over which premiums are payable
 - Period over which coverage is in effect
 - Cash values
 - Number of lives that may be insured
- Explain the concept of how universal life insurance works.
- Explain the coverage amounts / death benefit options available on universal life insurance policies, such as:
 - Level death benefit
 - Level death benefit plus account value
 - Level death benefit plus accumulated deposits

- Indexed death benefit
- Identify types of investments that may be held within a universal life insurance policy, such as:
 - Guaranteed types of investments
 - Variable types of investments
- Explain the potential impact of the choice of investments on a universal life insurance policy.
 - On the value of the investment
 - On the value of the insurance
 - On the premium (contributions) required

Endowment Policies

- Define an endowment policy.

11.8 ADVANCED USES OF LIFE INSURANCE

11.8.1 ACCESSING CASH VALUES FROM PERMANENT LIFE INSURANCE POLICIES

Additional Knowledge Expected of CFP Professionals

- Identify methods whereby cash values may be accessed from a permanent insurance policy, such as:
 - Policy loan
 - Partial or full surrender of policy
 - Assignment for collateral
- Explain for whom accessing cash values from a permanent insurance policy may be beneficial.
- Explain advantages and disadvantages of using an insurance policy loan.
- Identify types of insurance policies that may be used to obtain a policy loan, such as:
 - Whole life
 - Universal life
 - Impaired term life
- Explain factors to consider when using a policy loan to access cash values from a life insurance policy, such as:
 - Impact on death benefit upon death of the insured
 - Impact on cash surrender value if policy surrendered
 - Impact on use of non-forfeiture options
 - Interest obligations
 - Payment options
 - Payment requirements
 - Cost of borrowing
 - Tax deductibility of interest
- Explain advantages and disadvantages of assigning the cash surrender value of a life insurance policy as collateral for a loan.
- Explain advantages and disadvantages of partially or fully surrendering an insurance policy to access the cash surrender value of the policy.
- Identify types of insurance policies for which the cash surrender value may be assigned as collateral for a loan, such as:
 - Term
 - Whole life
 - Universal life
- Explain factors to consider when assigning the cash surrender value of a life insurance policy as collateral for a loan.
 - Impact on death benefit upon death of the insured
 - Impact on cash surrender value if policy surrendered

- Impact on use of non-forfeiture options
- Interest obligations
- Payment options
- Payment requirements
- Cost of borrowing
- Tax deductibility of interest
- Explain potential outcomes if the loan balance exceeds the maximum allowable percentage of the cash surrender value that may be borrowed against.
 - Policyholder is required to provide additional security to third party financial institution
 - Policyholder surrenders policy to cover loan amount
 - Policyholder faces tax implication on mortality gain of policy if surrendered
- Explain the possible ways that the loan balance may exceed the maximum allowable percentage of the cash surrender value that may be borrowed against.
- Identify that a tax liability may exist when accessing cash values from a permanent life insurance policy.

11.8.2 ADVANCED USES OF LIFE INSURANCE

Additional Knowledge Expected of CFP Professionals

- Explain advanced uses of insurance, such as:
 - Funding goals upon death
 - Bequests
 - Charitable giving
 - Preserving capital
 - Equalizing estate for survivors
 - Funding tax liability upon death
 - Funding business continuation or succession upon death of key person
 - Providing income stream
 - Maximizing defined benefit pension income
 - Funding for Retirement Compensation Arrangements (RCA) or Supplemental Executive Retirement Plans (SERP)
 - Diversifying assets
 - Maintaining privacy of assets
 - Guaranteeing future insurability
 - Acting as collateral against debt
- Identify the purpose for which an insurance trust may be used.
- Identify that it may be possible to sell a life insurance policy to a third party, subject to jurisdictional legislation and regulation.

11.9 CREDITOR INSURANCE

11.9.1 CREDITOR INSURANCE

Knowledge Common to Both QAFP Professionals and CFP Professionals

- Identify types of insurance that may be offered through credit providers, such as:
 - Life insurance
 - Disability insurance
 - Critical illness insurance
 - Accidental death and dismemberment insurance
 - Job loss insurance
- Identify the types of credit for which creditor insurance may be available, such as:
 - Mortgage
 - Loan
 - Line of credit
 - Credit card
- Identify factors to consider when contemplating the purchase of creditor insurance, such as:
 - Ownership and control
 - Cancellability
 - Period of coverage and expiry
 - Minimum and maximum amounts of coverage
 - Portability
 - Termination options
 - Application requirements
 - Definitions (i.e., disability and occupation for disability insurance)
 - Covered illnesses (for critical illness insurance)
 - Evidence of insurability requirements
 - Time of underwriting (pre- or post-claim)
 - Value of benefit payable
 - Beneficiary
 - Optional riders
 - Premium guarantees
 - Premiums
 - Potential impact of declines on other insurance applications
 - Tax impact

Additional Knowledge Expected of CFP Professionals

- Explain factors to consider when contemplating the purchase of creditor insurance, such as:
 - Ownership and control
 - Cancellability

- Period of coverage and expiry
- Minimum and maximum amounts of coverage
- Portability
- Termination options
- Application requirements
- Definitions (i.e., disability and occupation for disability insurance)
- Covered illnesses (for critical illness insurance)
- Evidence of insurability requirements
- Time of underwriting (pre- or post-claim)
- Value of benefit payable
- Beneficiary
- Optional riders
- Premium guarantees
- Premiums
- Potential impact of declines on other insurance applications
- Tax impact

11.10 INSURANCE FOR CORPORATIONS

11.10.1 INSURANCE FOR CORPORATIONS

Additional Knowledge Expected of CFP Professionals

- Identify the types of insurance that may be owned by a business, such as:
 - Life insurance
 - Disability insurance
 - Critical illness insurance
 - Business interruption insurance (i.e., overhead insurance)
- Explain advantages and disadvantages of corporate-owned insurance.
- Explain how the proceeds of corporate-owned life insurance may be used by a business.
 - To pay expenses
 - To pay debts
 - To pay costs related to replacing key person (i.e., talent acquisition, training, remuneration)
 - Establish reserve to offset drop in revenues
 - To pay tax-free dividend to shareholders
 - To redeem shares upon the death of a shareholder
- Explain the tax treatment of corporate-owned life and disability insurance.
 - When premiums are paid by the business
 - When premiums are paid by the individual
 - When benefits are received by the business
 - When benefits are received by the individual's estate or their beneficiary
- Explain who may qualify as a key person to a business.
- Identify the purpose for which key person insurance may be used.
 - Key person life insurance
 - Key person disability insurance
- Explain how insurance may be used to fund a buy-sell agreement.
- Identify the concept of a split dollar insurance

11.11 TAXATION OF INSURANCE

11.11.1 TAXATION OF INSURANCE

Additional Knowledge Expected of CFP Professionals

- Identify the tax treatment associated with an insurance policy.
 - When premiums are paid for a policy by the insured
 - When premiums are paid for a policy by the insured's employer
 - When premiums are shared between an insured and their employer
 - When benefits are received for a policy where an insured paid the premiums
 - When benefits are received for a policy where an insured's employer paid the premiums
 - When benefits are received for a policy where an insured and their employer shared the premiums
- Define terms associated with the taxation of a life insurance policy, such as:
 - Face amount
 - Exempt policy
 - Non-exempt policy
 - Net cost of pure insurance (NCPI)
 - Adjusted cost basis (ACB)
 - Accumulating amount (or fund)
 - Fair market value (FMV)
 - Cash surrender value (CSV)
 - Maximum Tax Accumulation Reserve (MTAR)
- Identify events when a life insurance policy is deemed to have been disposed, such as:
 - Transfer of the policy ownership
 - Surrender of a portion or the entire policy
 - A policy loan (after March 31, 1978)
 - Maturity of the policy during the insured's lifetime
- Identify when transfers of a life insurance policy may be made on a tax-deferred basis.
 - To children or grandchildren where the child or grandchild is the life insured
 - To a spouse
- Identify that there may be a tax impact on the disposition of a life insurance policy.