
FUNDAMENTALS OF INSURANCE FOR FINANCIAL PLANNING

Burton T. Beam, Jr.
David L. Bickelhaupt
Robert M. Crowe



The American College
Bryn Mawr, Pennsylvania

Huebner School Series

***Fundamentals of Insurance
for Financial Planning***

*Burton T. Beam, Jr.
David L. Bickelhaupt
Robert M. Crowe*

The American College/Bryn Mawr, Pennsylvania

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To
Lindsay and Chris
BTB

To my wife, Lee,
and to all insurance
students and their teachers
DLB

To my children and grandchildren
and to Pat,
who made them all possible
RMC

Preface

Few fields have changed as dramatically over the last few years as insurance. New life insurance and annuity products have been developed. Medical expense insurance has evolved rapidly in a largely managed care environment. Long-term care insurance is becoming increasingly common. Disability income insurance continues to change as a result of underwriting results. And property and liability policies continue to be adapted to changing family and legal environments. In addition, the structure of the industry has become much different with the growth of large financial services conglomerates. We have made every attempt to capture these changes in this book.

This book is a basic text in insurance and, like most other “fundamentals” or “principles” books, covers theory as well as current products and practices. However, many of these other books focus on what is needed by a college student who is going to become an insurance consumer, a risk manager, or an insurance company employee. We have taken a different approach and have emphasized what we feel is necessary for a financial planner to know about insurance in order to best serve clients. This service can be in the form of either product sales or analysis and evaluation of existing insurance programs. We have also attempted to cover all of the insurance topics that a financial planner must master in order to become a Certified Financial Planner (CFP) or a Chartered Financial Consultant (ChFC).

Following introductory chapters on risk, insurance, the insurance industry, and basic legal principles and contract analysis, the book’s focus turns to the various types of insurance by first looking at social insurance, including Social Security and Medicare. For most clients, these and employer-provided benefits are the foundation on which an individual insurance program is built. This is followed by an in-depth discussion of life insurance, annuities, medical expense insurance, disability income insurance, long-term care insurance, homeowners insurance, automobile insurance, and other property and liability insurance coverages. Both the personal and business needs of clients are addressed.

We have included two special features in this book that we believe will be of value to students. The first is a series of checklists for evaluating and comparing insurance products. The second is a list of up-to-date sources for further in-depth study. This is not a traditional bibliography that identifies other sources that cover essentially the same material as the text. Rather, the sources listed enable a financial planner to obtain a much more comprehensive understanding of a topic than we can cover in one book.

Writing a book of this nature and length requires a lot of hard work by a lot of people. However, we as authors have the ultimate responsibility for providing you with the best book possible. It would be foolish to believe that this first edition is the definitive treatment of the subject. Please take some time to give us your constructive comments on how we can better improve future editions. Also, if this book contains any errors, we apologize, and each of the authors acknowledges that the errors are the fault of one of the other authors.

Burton T. Beam, Jr.

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- *McGill's Life Insurance*, edited by Edward E. Graves
- *McGill's Legal Analysis of Life Insurance*, edited by Edward E. Graves and Burke A. Christensen
- *Disability Income Insurance: The Unique Risk* by Charles F. Soule
- *Group Benefits: Basic Concepts and Alternatives* by Burton T. Beam, Jr.

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All of these individuals and source materials have made this a better book, and we are grateful.

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