



12. THE ECONOMICS OF INSURANCE & INVESTMENTS

This Course Provides:

5 CE Credits Life & A&S for all Provinces EXCEPT AB

AB - 5 CE Credits Life & NO A&S

5 CE Credits General (P&C) for all Provinces except Alberta

QC resident Advisors will receive 5 PDUs

What Will the Advisor Learn by Taking this Course?

In short, this course should help insurance professionals (in Life, Accident and Sickness or General Insurance) better understand the economic importance of insurance - by describing how it helps:

- mitigate loss
- generate savings and investment capital
- create the conditions necessary for other productive economic activities
- facilitate "supply"
- fuel "demand"
- support "trade"

Completing this course will also offer insurance professionals who are licensed in Life, A&S or General insurance an insight into several economic concepts that are essential to anyone who purports to be an insurance professional - things like:

- the concept of "shared risk"
- risk management
- constructive risk taking
- adverse selection
- moral hazard
- equity issues
- the role of government in insurance policy
- the concept of LP-HC (low probability-high consequence) events
- the source of the poor decisions that are often made by consumers when it comes to insurance coverage

A solid knowledge of the economic aspects of insurance will help insurance professionals better articulate the economic benefits of insurance and investments and help manage insurance risk better and the decision-making based on economic fact, and how biases and emotions can affect the buying process. This will especially be

useful in the sale of investments that contain Segregated funds for which the advisor is licensed to sell.

In further detail, this course covers:

- An introduction to Economics and why it is important for the Financial Advisor to know when interacting with their clients and prospects.
- The study of - Microeconomics – determining what we pay for services and products and Macroeconomics – how economics affect Countries and their relationships with other Countries.
- The Law of Supply and Demand.
- The CPI and the effect on the Canadian economy.
- The effects of the impact of unemployment and a changing business cycle.
- The study of inflation and it's correlation to your client's investment strategies.
- How the Financial Advisor can help their clients and prospects when they are considering the various investments available.
- The social and economic value of insurance.
- Behavioral economics and insurance
- Understanding Insurance and the shared responsibility.
- Micro-insurance.
- Social & Economic value of insurance products.
- Insurance and Systemic Risk.
- Insurance—A stabilizer in the last crisis.
- The Government's role in Insurance.
- Financial markets and investments - investing in the Money, Bond , Debt and Equity markets.
- Canada Savings Bonds, Treasury Bills and Money Market Funds.
- Investments with an insurance component.
- Investment objectives & the benefits of long-term investing.
- How do your clients pick their investments? What criteria is important during the selection process?
- How returns on investments are arrived at.
- Tax deferred investment and retirement plans.
- Using Segregated Funds for your clients and prospects
- Investments and their various forms of taxation.
- The various types of risks that the Advisor must let their clients and prospects. know about before investing.
- Present value vs. future values of money.

- Definitions that the advisor needs to know.