**LACP Exam Content Outline**

The Life and Annuity Certified Professional (LACP) exam is designed by industry subject matter experts to assess the ability of test takers to assess client needs and implement solutions in accordance with the highest ethical standards and professionalism. The composition of the exam is based on a comprehensive job analysis performed by life insurance and annuity subject matter experts in 2017. Candidates must demonstrate proficiency in the following areas: Product Knowledge; Consultative Sales Process; and Ethical, Legal and Regulatory Requirements. The following outline presents the content identified in that job analysis to guide the composition of the exam.

**Product Knowledge**

Professionals who wish to become a LACP must possess a depth of knowledge in order to deliver thorough and competent advice to clients seeking financial services and solutions in life insurance and annuities.

**LACP Product Knowledge Outline**

1. Life Insurance
   1. Permanent
      1. Whole Life (e.g., participating, non-participating, single premium, limited pay)
      2. Universal Life
      3. Variable Life
      4. Variable Universal Life
      5. Index Universal Life
      6. Modified Benefit Life (Guaranteed Issue/Senior Life Plans)
      7. Pre-Need Burial Insurance
      8. Debit/Industrial Life Insurance
      9. Joint Life Insurance (first/last to die)
      10. Group Life Insurance
      11. Family Policy
      12. Life/Long-Term Care Hybrid
   2. Term
      1. Level
      2. Annual Renewable
      3. Convertible
      4. Group
      5. Return of Premium
      6. Accidental Life Insurance
      7. Credit Life Insurance
2. Annuities
   1. Immediate Type
      1. Fixed
      2. Fixed Equity Indexed
      3. Variable
      4. Settlement Options
      5. Single/Joint Life
      6. Period Certain
      7. Life Certain
      8. Installment Refund
      9. Medically Underwritten
   2. Deferred Type
      1. Fixed
      2. Fixed Equity Indexed
      3. Variable
      4. Longevity/Defined Income Annuity
      5. Settlement Options
      6. Single/Joint Life
      7. Period Certain
      8. Life Certain
      9. Installment Refund
3. Annuity/Long-Term Care Hybrid
4. Riders
   1. Life
      1. Term
      2. Spouse/Other Insured
      3. Child
      4. Accidental Death & Dismemberment/Double Indemnity
      5. Return of Premium
      6. Accelerated Benefit
      7. Waiver of Premium or Charges
      8. Disability Income
      9. Guaranteed Insurability
      10. Conversion Options
      11. Critical Illness
      12. Long Term Care
      13. Paid-Up Additions
   2. Annuities
      1. Withdrawal/Income Benefits
         * Guaranteed Minimum Income Benefit
         * Guaranteed Minimum Withdrawal Benefit
         * Guaranteed Lifetime Withdrawal Benefit
      2. Long Term Care
      3. Cost of Living/Inflation-Adjusted
      4. Disability, Unemployment & Terminal Illness
      5. Death Benefit (e.g., enhanced, stepped up)
      6. Impaired Risk
      7. Cash/Installment Refund
5. General Policy Provisions
   1. Company Ratings
   2. Participating/Non-Participating
   3. Underwriting Classifications
   4. Replacements
   5. Modified Endowment
   6. Parties to Contracts
      1. Ownership
      2. Annuitant
      3. Beneficiaries
   7. Elements of Contracts
      1. Policy Loans
      2. Mortality Costs
      3. Fees and Expenses
      4. Accumulation Values
6. Concepts and Uses:
   1. Life insurance Individual
      1. Income replacement
      2. Estate planning
      3. Legacy planning
      4. Debt reduction
      5. Children’s insurance
      6. Education funding
      7. Pension maximization
      8. Premium financing
      9. Business market
         * Succession planning
         * Debt reduction
         * Key person
         * Buy Sell
         * P.S.-58 Rates
         * Retirement plans
           + Defined benefit
           + Deferred compensation

Executive bonus

* 1. Annuities
     1. Qualified and Non-qualified Tax Status
     2. Accumulation and Distribution Phases
     3. IRC 72(t), IRC 72(q)

**Consultative Sales Process**

LACP holders are agents and advisors who have developed an effective consultative selling approach by applying the skills, techniques and best practices to the sales process. They establish trust and rapport with clients using appropriate communications strategies while employing a fact-finding process to understand a client’s situation, including goals, needs, tolerance for risk, and perceptions about their circumstances. They present solutions and Initiate execution of the plan as agreed upon by clients using appropriate resources, applications, and follow up to ensure the solution is implemented.

**LACP Consultative Sales Process Outline**

1. Develop target markets by demonstrating proficiency in the needs and resources of potential clients in order to recommend effective solutions.

Knowledge of:

* 1. Procedures for reviewing a current book of business
  2. Unique attributes of various target markets
  3. Market research including job surveys and client interviews
  4. Strategies for cultivating referrals

1. Establish trust and rapport with clients using appropriate communication strategies to demonstrate the value that a trained professional provides and encourage cooperation during needs assessment.

Knowledge of:

* 1. Multi-step client service process
  2. Strategies for systematic engagement
  3. Verbal and non-verbal communication
  4. Methods for transitioning through the client service process

1. Gather pertinent information from clients by employing a fact-finding process to understand their situation, including their goals, needs, tolerance for risk, and perceptions about their circumstances.

Knowledge of:

* 1. Methods for interviewing a client and completing a standardized, thorough fact finder to determine the client’s wants and needs
  2. Procedures for field underwriting
  3. Methods for transitioning through the client service process

1. Evaluate client needs, risk tolerance, goals, and perceptions using a systematic process to determine recommendations, identify product options, and determine if input from other professionals is needed.

Knowledge of:

* 1. Pertinent tools
  2. Aggregation and analysis of data
  3. Product knowledge
  4. Implications of professional and personal strengths and limitations
  5. Community resources for referral and collaboration

1. Present solutions to clients after verifying information and goals to gain agreement for implementation.

Knowledge of:

* 1. Verbal and non-verbal communication
  2. Strategies for gaining agreement for implementation
  3. Identification and resolution of questions and objections

1. Initiate execution of the plan as agreed upon by clients using appropriate resources, applications, and follow up to ensure the solution is implemented.

Knowledge of:

* 1. Internal procedures and follow up systems
  2. Circumstances that require amendment of a plan
  3. Strategies for amending plans

1. Follow up with clients on a reasonably recurring basis to review performance of the plan and changes in client circumstances.

Knowledge of:

* 1. Standardized review process including follow up meetings
  2. Review of initial action plan
  3. Follow up questionnaire to determine any changes in status
  4. Steps for implementing any changes to the plan
  5. Client management system

1. Establish a reliable process for documenting client interaction, providing a historical context and rationale for advice and continuity of planning beyond basic compliance.

Knowledge of:

* 1. Record keeping tools (e.g. client management systems) and practices.
  2. Commitment to details.
  3. Security protocols for client information

**Ethical, Legal and Regulatory Requirements**

LACP holders agree to adhere to a high standard of ethics in accordance with prevailing standards to protect client interests. They monitor industry legislative and regulatory changes to ensure compliance, and they observe good business practices in accordance with the law and professional expectations to safeguard client interests.

**LACP Ethical, Legal, and Regulatory Requirements Outline**

1. Maintain ethical behavior in accordance with prevailing standards to protect client interests.

Knowledge of:

* 1. Industry standards for professional ethics (e.g., NAIFA Code of Ethics)
  2. Application of ethics in typical client scenarios

1. Exercise prudence using thorough procedures and thoughtful consideration of client needs and resources to ensure appropriate recommendations.

Knowledge of:

* 1. Obligations of the client
  2. Obligations to the client
  3. Obligations to the company
  4. Obligations that pertain when considering and/or making replacements

1. Establish a business continuity plan to ensure ongoing quality in client service and maintain viability if disruptions occur.

Knowledge of:

* 1. Role of privacy regulations
  2. Typical policies for continuity and privacy (e.g., development of a business plan, succession planning)
  3. Implications of various agent contracts
  4. Data back up and redundancy

1. Observe good business practices in accordance with the law and professional expectations to safeguard client interests.

Knowledge of:

* 1. License requirements as they pertain to professional title and scope within and across jurisdictions and products
  2. Difference between fixed and variable licensing.
  3. Boundaries that apply when an agent is asked about a product for which he/she is not licensed (e.g., a licensed insurance agent can discuss specifics regarding fixed products but must not make specific recommendations about or sell variable products without a securities license)
  4. Typical business insurance for an agent (e.g., errors and omissions, general liability)
  5. Typical protocols for communicating with clients (e.g., setting expectations, tools to support communication, do-not-call list obligations)
  6. Basic bookkeeping and accounting principles
  7. Elements of various agent contracts

1. Monitor industry legislative and regulatory changes using a systematic process to ensure compliance.

Knowledge of:

* 1. Ways that changing regulations impact the effectiveness of advice
  2. Strategies and resources for monitoring legislative news (e.g., NAIFA SmartBrief, NAIFA GovAlerts, other industry news)

1. Maintain awareness of industry trends and practices through continuing education to provide better solutions for clients.

Knowledge of:

* 1. Awareness and engagement in industry meetings such as local NAIFA meetings and NAIFA membership
  2. Credible sources of industry information

1. Safeguard the privacy of clients and their financial information using up-to-date security practices.

Knowledge of:

* 1. Typical company rules regarding privacy
  2. Industry standards for privacy including encryption software
  3. Security of various communication and technology devices and systems (e.g. mobile technology, wireless communications, etc.)
  4. Laws that specifically pertain to privacy (e.g., Health Information Portability and Accountability Act, Gramm-Leach-Bliley Act)