

**Nebraska Producer's Examination for
Accident and Health or Sickness Insurance Series 13-02
100 questions (plus 5 unscored items) 2-hour time limit**

1.0 Insurance Regulation 15%

1.1 General

State specific licensing requirements

License issuance (44-4052, 44-4053)

Application

License maintenance

Change of name/address (44-4054(8))

Assumed business name (44-4057)

Reporting of actions (44-4065)

Continuing education including exemptions (44-3901 to 44-3908)

Penalties

Appointment and termination process

License duration

Renewal/nonrenewal (44-4054)

Reinstatement

Continuation

Termination (44-4062)

Surrender

Lapse

Inactivity due to military service

Inactivity due to extenuating circumstances

Disciplinary actions related to the license

Denial

Suspension (44-2633, 44-4059)

Surrender

Revocation or refusal to issue or renew (44-2633, 44-4059)

Penalties

Civil

Criminal (28-631)

Hearings (44-4059(2))

Fines (44-2634, 44-4059(4))

Cease and desist order (44-1529, 44-1542)

1.2 Licensing Types, Purposes, and Processes

License types (44-4054)

Producer (44-4049, 44-4054)

Consultant (44-2606 to 44-2635)

Agency

Resident (44-2625, 44-4055, 44-4063)

Nonresident (44-2625, 44-4055, 44-4063)

Temporary (44-4058)

Licensing requirements

Eligibility and qualification

Licensing exemptions (44-4051)

1.3 State Regulation

Acts constituting insurance transaction

Negotiate

Sell

Solicit

Director's general duties and powers (44-101.01, 44-2635)

Producer regulatory requirements

Policy signatures

Application signatures

Premium payment

Producer representation

Commissions/compensation and fees (44-4060)

Controlled business (44-361.01, 44-361.02)

Appointment (44-4061)

Fiduciary responsibility

Impersonation

Records maintenance (44-5905)

Claims reporting

Company regulatory requirements

Solvency

Financial requirements

Certificate of authority (44-303)

State of domicile

Records maintenance (44-5905)

Policy forms/rates/exceptions

Appointment/termination

Capital and surplus requirements (44-214, 44-305)

Unfair trade practices complaint register (44-1525(9))

Difference between admitted, non-admitted, foreign, and domestic insurers

Unfair trade practices

Unfair discrimination (44-1525(7))

Misrepresentation (44-1525(1))

False or deceptive advertising (44-1525(2))

Claims settlement

Boycott (44-1525(4))

Coercion (44-1525(4))

Intimidation (44-1525(4))

Defamation (44-1525(3))

False financial statements

Fraud

- Illegal inducements including rebating and twisting (44-361, 44-1525(8))
- Misappropriation of funds
- Testimonials
- Comparisons
- Nondisclosure of fees or charges (44-354)
- Other prohibited practices
 - Commingling of funds
 - Non-transparency
 - STOLI/IOLI
 - Prohibited fees/premiums/extra charges
 - Larceny
 - Acting without a license
- Unfair claims settlement practices (44-1539, 44-1540)
- Nonpublic personal information and privacy protection
- Policy replacement
- Solicitation and sales
 - Advertising
 - Provisions/rules
 - Policy summary
 - Buyer's Guide
 - Illustrations
 - Suitability
 - Backdating
- Selection criteria and unfair discrimination
- Insurance Fraud Act (44-6601 to 44-6608)
- Privacy of Insurance Consumer Information Act (44-901 to 44-925) Neb. Rev. Stat. §44-902(1)(a)

1.4 Federal Regulation

- Federal Law (18 U.S. Code § 1033)
- Fair Credit Reporting Act (15 USC 1681–1681d)
- Fraud and false statements including 1033 and 1034 waiver
- "Prohibited Persons" Waiver (Consent to Work) (18 U.S. Code § 1033-1034)
- Other federal regulations
 - Do Not Call List (Telephone Consumer Protection Act)
 - Can-Spam Act
 - Sarbanes-Oxley Act
 - Consumer Data Privacy and Security Act
 - Gramm-Leach-Bliley Act

2.0 Customer Relations and Privacy 2%

2.1 Networking and Client Support

- Product suitability

2.2 Recording, Reporting, and Securing Client Information

- HIPAA privacy and security (EDI) rules

Records maintenance and security

Required disclosures

Buyer's/shopper's guide

HIV consent

3.0 Authority and Contracts 12%

3.1 Producer Authority and Powers

Types of producer authority

Express

Implied

Apparent

Law of agency

Distribution systems

Independent

Direct

Exclusive/captive agent

Captive agent

Health insurance exchanges

3.2 Insurance Contracts

Elements of insurance contracts

Offer

Acceptance

Competent parties

Legal purpose

Distinct characteristics

Contract of adhesion

Aleatory

Personal

Unilateral

Conditional

Legal interpretation of contracts

Ambiguities

Reasonable expectations

Indemnity

Utmost good faith

Representations

Misrepresentations

Warranties

Concealment

Fraud

Waiver

Estoppel

Insurable interest

4.0 Risk and Underwriting 12%

4.1 Risk Management

Risk management key terms

- Risk
- Exposure
- Hazard
- Peril
- Loss

Methods of handling risk

- Avoidance
- Retention
- Sharing
- Reduction
- Transfer

Other concepts affecting risk

- Elements of insurable risks
- Adverse selection
- Law of large numbers
- Reinsurance
- Indemnity

Elements of insurable risk

- Due to chance
- Definite and measurable
- Statistically predictable
- Not catastrophic
- Randomly selected

4.2 Underwriting

Risk classifications

- Preferred
- Standard
- Substandard

Allowable sources of underwriting information

- Application
- Producer report
- Attending physicians' statement
- Investigative consumer report
- Medical information bureau (MIB)
- Medical examinations and lab tests including HIV consent (RL 71-531)

Purpose and process of underwriting

Unfair discrimination (44-749)

- Blindness
- Genetic characteristics

Field underwriting

- Application process

Common errors or omissions related to underwriting

Failing to give required disclosures

Misrepresenting client information

4.3 Replacement

Limitations and exclusions

Pre-existing conditions

Waiting periods

Replacement requirements

Notifications

Proof/certificate of creditable coverage

Suitability

4.4 Policy Delivery Requirements

Statement of good health

Policy review

5.0 Individual Accident and Sickness Insurance Policy General Provisions and Clauses 10%

5.1 Risk Management

Individual optional provisions (44-710.04)

Change of occupation (44-710.04(1))

Age/gender misstatement (44-710.04(2))

Insurance with other insurers (44-710.04(4))

Other insurance in this insurer (44-710.04(3))

Unpaid premiums (44-710.04(7))

Cancellation (44-710.04(8))

Conformity with state statutes (44-710.04(9))

Illegal occupation (44-710.04(10))

Intoxicants and narcotics (44-710.04(11))

Individual policy mandatory provisions (44-710.03)

Time limit on certain defenses (44-710.03(2))

Physical exam and autopsy (44-710.03(10))

Legal actions (44-710.03(11))

Change of beneficiary (44-710.03(12))

Entire contract (44-710.03(1), 44-710.12)

Grace period (44-710.03(3))

Reinstatement (44-710.03(4))

Claims forms (44-710.03(5–9))

Notice of claims (44-710.03(5–9))

Proofs of loss (44-710.03(7))

Time of payment of claims (44-710.03(5–9))

Payment of claims (44-710.03(5–9))

Other provisions

Free look period (44-710.18)

Insuring clause

- Consideration clause
- Coordination of benefits
- Renewability clause (44-787)

Renewability clauses

- Noncancelable
- Guaranteed renewable
- Conditionally renewable at option of insurer
- Nonrenewable including cancelable and short-term health

Policy exclusions

- Intentionally inflicted
- War
- Elective procedures
- Workers' compensation

6.0 Disability 8%

6.1 General

- Total disability plans
 - Indemnity policy versus loss of income
- Social Security disability programs
 - Coordination of benefits
- Eligibility requirements
- Characteristics of disability income insurance
 - Occupational versus non occupational
 - Definition of disability
- Elimination period, waiting period, probationary period, and benefit period

6.2 Types and Classes

- Short-term versus long-term group disability income insurance
- Business disability insurance
 - Key person
 - Buy-sell policy
- Individual versus group policies
- Total, partial, presumptive, and residual disability
- Qualification for individual disability income insurance benefits
 - Own occupation and any occupation
- Effect of preexisting conditions on disability eligibility

7.0 Medical Plans 12%

7.1 General

- Difference between insureds and subscribers/participants
- Methods by which insurers control health care costs
 - Coinsurance
 - Copayments
 - Deductibles
- Characteristics of HMOs, PPOs, EPOs, and POS
 - Provider network

Out of network

Primary care

Specialist

Utilization review

Prepaid

Fee for service

Expense based

Methods of cost containment

Utilization review (44-5416 to 44-5431)

Preventive care

Second opinion

Hospital outpatient benefits

Urgent care centers

Characteristics of major medical plans

Characteristics of excepted benefit plans

Marketplace to customize suitable insurance plans for businesses and individuals

Types of excepted (limited) benefit plans

Accident only

Accidental death and dismemberment

Critical illness

Hospital indemnity

Vision and hearing

Characteristics of Flexible savings accounts (FSAs), Health savings accounts (HSAs), Health Reimbursement Arrangements (HRAs), High Deductible Health Plans (HDHPs)

7.2 Affordable Care Act (ACA)

Eligibility requirements

Patient protections

No lifetime limits/annual limits

Guaranteed issue

Pre-existing conditions

Preventive care without cost sharing

Dependent age

Appeal rights

Maternity coverage

Newborn coverage

No rescission

Emergency care

Enrollment periods

Definition of qualified health plan

Ten Essential Benefits

1. Ambulatory patient services

2. Emergency Services

3. Hospitalization

4. Pregnancy, maternity, and newborn care (both before and after birth)
5. Mental health and substance use disorder services, including behavioral health treatment (this includes counseling and psychotherapy)
6. Prescription drugs
7. Rehabilitative and habilitative services and devices (services and devices to help people with injuries, disabilities, or chronic conditions gain or recover mental and physical skills)
8. Lab results
9. Preventive and wellness services and chronic disease management
10. Pediatric services, including oral and vision care

Rate setting factors

- Geographic rating area
- Family composition
- Age
- Tobacco use

Non-discrimination

Types of ACA plans

- Metal levels
- Catastrophic

Premium tax credits and subsidies.

Federal versus state exchange/marketplace

Requirements for continuation of individual coverage, special enrollment period, and loss of minimum essential coverage

Events that lead to termination of coverage

7.3 Mental Health Parity and Addiction Equity Act (MHPAEA)

Purpose of Mental Health Parity and Addiction Equity Act

8.0 Group Plans 12%

8.1 General

Blanket policy

No loss/no gain statutes

Group underwriting (44-760)

General characteristics of group plans

- Group contract, certificate of coverage
- Experience versus community rating
- Conversion
- Contributory versus non-contributory

Types of eligible groups

- Individual employer groups
- Multiple-Employer Trusts/Welfare Arrangements
- Associations

Coverage eligibility

Open enrollment

- Waiting periods
- Part-time employees
- Dependent/spousal coverage
- Disabled children
- Small group and large group eligibility and renewability (44-5259, 44-5253)
- Types of funding and administration
 - Self-funded versus insured
- Federal regulations of employer group insurance plans
 - Applicability
 - Fiduciary responsibilities
 - Effects on contributions
 - Reporting and disclosure requirements
 - ERISA
- Eligibility and the benefits of continuation under COBRA (44-1640 to 44-1645)
- Events that lead to termination of coverage

9.0 Dental Insurance 5%

9.1 General

- Indemnity plans, PPO/HMO dental plans, prepaid dental plans
- Stand-alone dental plan (SADPs)
- Types of dental treatment/service categories
 - Endodontics
 - Orthodontics
 - Periodontics
 - Prosthodontics
 - Restorative care
 - Oral surgery
 - Diagnostic and preventive
 - Basic and major
- The role of the federal health insurance marketplace in dental insurance
- Cost sharing
 - Deductibles
 - Coinsurance
 - Copay

9.2 Group Plans

- Characteristics of employer group dental insurance
- Minimizing adverse selection
- Integrated deductibles

10.0 Insurance for Senior Citizens and Individuals with Special Needs 8%

10.1 Long-Term Care

- Continuing Education Requirements - Guidance Document F3
 - Coverage eligibility
 - Underwriting
 - Preexisting conditions (44-4513(2), 44-4513(3))

Exclusions (210 Nebraska Administrative Code Ch. 46, § 006(006.02))

Free look (44-4515)

Guaranteed renewability

Elimination and benefit periods

Policy options

Inflation protection

Guarantee of insurability

Return of premium

Nonforfeiture options

Waiver of premium

Benefit triggers

Activities of daily living

Cognitive impairment

Coverages

Home healthcare (210 Nebraska Administrative Code Ch. 46, § 005(005.10), § 010)

Hospice

Assisted living (210 Nebraska Administrative Code Ch. 46, § 005(005.21))

Adult daycare (210 Nebraska Administrative Code Ch. 46, § 005(005.02))

Respite care

Purpose and levels of care

Skilled

Intermediate

Custodial

Cancellations or unintentional lapses (210 Nebraska Administrative Code Ch. 46, § 007)

Required disclosures

Outline of coverage (44-4516; 210 Nebraska Administrative Code Ch. 46, § 026)

Shopper's guide (210 Nebraska Administrative Code Ch. 46, § 027)

Trusted contacts (secondary addressee)

Potential future rate increases and cost of living adjustments

10.2 Medicaid

Medicaid benefits

Medicaid eligibility requirements

The effects of the expansion of Medicaid benefits on long-term care and prescription drugs

10.3 Medicare

Medicare eligibility requirements

Role of primary and secondary insurance

Effects of employer group health plans on employees with disabilities and employees over 65

Part A: Hospital Insurance eligibility, enrollment, coverage, and exclusions

Part B: Medical Insurance eligibility, enrollment, coverage, and exclusions

Part C: Medicare Advantage Plans eligibility, enrollment, coverage, and exclusions

Part D: Prescription Drug Plans eligibility, enrollment, coverage, and exclusions

10.4 Medicare Supplements (Reg Ch 36 Sec 001)

Eligibility and enrollment (210 Nebraska Administrative Code Ch. 36, § 011)

The purpose of Medicare Supplement Insurance

Standardized Medicare supplement plans and core benefits

Policy requirements

- Free-look

- Pre-existing conditions

Medicare Supplement Replacement

- Re-entry following Medicare Advantage

- Pre-existing conditions

- Waiting periods

11.0 Federal Tax Considerations 4%

11.1 Premiums and Benefits

Tax treatment of premiums and benefits for sole proprietors, partners, and limited liability corporations

Tax treatment of premiums and benefits for employer group insurance

- Medical

- Disability income

Tax treatment of premiums and benefits for individual coverages

- LTC

- Medical expense

- Health insurance

Tax consideration for Flexible spending accounts (FSAs), Health savings accounts (HSAs), and Health Reimbursement Arrangements (HRAs)

11.3 Disability

Tax considerations for disability insurance for personally-owned and employer/group health insurance

Tax considerations for Social Security Disability and Workers Compensation

Tax considerations for business disability insurance

- Key person

- Buy-sell policy