

**Nebraska Producer's Examination for
Life, Accident and Health or Sickness Insurance Series 13-03
150 questions (plus 5 unscored items) 2.5-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/phone number/address/email 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

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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

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

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- 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 (210 Nebraska Administrative Code Ch. 19)
- Solicitation and sales (210 Nebraska Administrative Code Ch. 33)
 - Advertising (210 Nebraska Administrative Code Ch. 50)
 - Provisions/rules
 - Policy summary
 - Buyer's Guide (210 Nebraska Administrative Code Ch. 33 § 005, NAIC Current Model
 - Illustrations (210 Nebraska Administrative Code Ch. 72)
 - Suitability (44-8101 to 44-8109)
 - Backdating
- Selection criteria and unfair discrimination (44-1525(7)(a))
- Insurance Fraud Act (44-6601 to 44-6608)
- Privacy of Insurance Consumer Information Act (44-901 to 44-925) Neb. Rev. Stat. §44-901

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 General Insurance 10%

2.1 Risk management key terms

Risk

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Exposure
Hazard
Peril
Loss
Insurance

2.2 Methods of handling risk

Avoidance
Retention
Sharing
Reduction
Transfer

2.3 Other risk concepts

Elements of insurable risks
Adverse selection
Law of large numbers
Reinsurance

2.4 Types of insurers

Stock
Mutual
Fraternal benefit society

2.5 Financial rating services

A.M. Best
Standard and Poor's
Moody's

2.6 Distribution systems

Independent
Direct
Exclusive/captive agent
Exchanges

2.7 Law of agency

Insurer as principal
Producer/agent/broker-insurer relationships

2.8 Authority and powers of producers/agents/brokers

Express
Implied
Apparent

2.9 Elements of a legal contract

Offer and acceptance
Consideration
Competent parties
Legal purpose

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2.10 Legal interpretations affecting contracts

- Reasonable expectations
- Indemnity
- Utmost good faith
- Concealment
- Representations
- Misrepresentations
- Warranties
- Fraud

3.0 Life Insurance Basics 8%

3.1 Producer Authority and Powers

- Insurable interest (44-704)
- Personal uses of life insurance
 - Survivor protection
 - Estate creation/conservation
 - Cash accumulation
 - Security
 - Exemption from creditor claims/probate
- Needs approach to determining amount of personal life insurance
 - Types of information gathered
 - Determining lump-sum needs
 - Planning for income needs
- Business uses of life insurance
 - Key person
 - Buy-sell
- Factors in premium determination
 - Mortality
 - Interest
 - Expense
- Field underwriting
 - Application procedures
 - Required signatures
 - Notice of information practices and premium collection
 - Conditional receipt
- Policy delivery
 - Policy review
 - Effective date of coverage
 - Premium collection
 - Statement of Good Health
 - Delivery/electronic delivery requirements
- Information sources and regulation

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- Application
- Producer report
- Attending physician statement
- Investigative consumer report
- Medical Information Bureau (MIB)
- Medical examination and lab tests including HIV (RL 71-531)
- Financial information

Risk classifications

- Preferred
- Standard
- Substandard/rated
- Declined

4.0 Life Insurance Policies 9%

4.1 Characteristics of Level Term

- Renewability
- Level premium
- Convertibility
- Term-to-65

4.2 Decreasing Term

- Credit/mortgage protection

4.3 Whole Life

- Ordinary
- Limited pay
- Single premium

4.4 Characteristics of Whole Life

- Cash value
- Maturity
- Guarantees

4.5 Universal and Indexed Life

4.6 Variable products

- Regulation of variable products (44-2212, 44-2216; 210 Nebraska Administrative Code Ch.
- Qualifications of producers for the sale of variable products
- General account versus separate account

4.7 Specialized policies

- Joint life/first-to-die
- Survivorship life/second-to-die

4.8 Characteristics of Group Life

- Individual certificates
- Eligibility
- Plan sponsors
- Underwriting requirements

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Conversion (44- 1607(8–10), 44-1613, 44-1614)

Standard provisions

5.0 Life Insurance Policy Provisions, Options and Riders 9%

5.1 Required Provisions (44-502)

Ownership

Assignment

Entire contract (44-502(3))

Right to examine (free look) (44- 502.05)

Payment of premiums (44-502(1))

Grace period (44-502(2))

Reinstatement (44-502(11))

Incontestability (44-502(5))

Misstatement of age or sex (44-502(6))

Exclusions (44-502(5))

Suicide

Consideration

Insuring clause

5.2 Beneficiaries

Designation options

Individuals

Classes

Estates

Minors

Trusts

Succession

Primary

Contingent

Revocable versus irrevocable

Common Disaster Clause

5.3 Settlement Options

Types of settlement options

Cash payment

Interest only

Fixed-period installments

Fixed-amount installments

Life income

Single life

Joint and survivor

Retained asset account

Spendthrift clause

5.4 Nonforfeiture Options

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Types of nonforfeiture options

Cash surrender value

Extended term

Reduced paid-up insurance

5.5 Policy Loan and Withdrawal Options

Types of loans and withdrawals

Policy loans

Automatic premium loans

Withdrawals or partial surrenders

5.6 Dividend Options

Dividend options

Cash

Reduction of premium/loan

Accumulation at interest

One-year term

Paid-up additions

Paid-up insurance

5.7 Policy Riders

Disability riders

Waiver of premium

Waiver of cost of insurance (Universal Life)

Disability income benefit

Guaranteed insurability

Accelerated (living) and long-term care benefits/riders

Conditions for payment

Effect on death benefit

Qualifying events

Disclosure

Exclusions and restrictions

Additional insureds

Spouse/other-insured term

Children's term

Family term

Riders affecting death benefit

Accidental death and dismemberment

Cost of living

Return of premium

6.0 Annuities 6%

6.1 Annuity Basics

Annuity concepts and uses

Accumulation/annuity periods

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- Owner
- Annuitant
- Beneficiary
- Death of owner

Types of annuities

- Single premium
- Fixed premium
- Flexible premium
- Immediate
- Deferred

Features/aspects of annuities

- Nonforfeiture
- Surrender charges

Fixed versus variable annuities

- Interest rate guarantees
- Separate account
- General account

6.2 Payout Options

Life contingency benefit options

- Pure life
- Life with guaranteed minimum
- Single life
- Multiple life

Annuity certain payment options

- Installments for a fixed period/amount

7.0 Federal Taxation of Life Insurance and Annuities 4%

7.1 General

Taxation of amounts available to policyowner

- Cash value increases
- Dividends
- Loans
- Surrenders
- Accelerated benefits
- Death benefit

Taxation of amounts received by the beneficiary

- General rules and exceptions
- Settlement options
- Tax implications of estate as beneficiary

Section 1035 exchanges

Qualified versus nonqualified annuities

- General requirements

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Taxation of distributions/withdrawals/contributions

Premature distributions

During accumulation phase

Annuity phase, exclusion ratio

Modified endowment contracts (MECs)

Modified endowment versus life insurance

Seven-pay test

Distributions

8.0 Customer Relations and Privacy 1%

8.1 Networking and Client Support

Product suitability

8.2 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

9.0 Sickness and Accident Risk and Underwriting 8%

9.1 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

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Not catastrophic
Randomly selected

9.2 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

9.3 Replacement

Limitations and exclusions
 Pre-existing conditions
 Waiting periods

Replacement requirements
 Notifications
 Proof/certificate of creditable coverage
 Suitability

9.4 Policy Delivery Requirements

Statement of good health
Policy review

10.0 Individual Accident and Sickness Insurance Policy General Provisions and Clauses 6%

10.1 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))

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- 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))
- Proof of loss
- 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

Renewability clauses (44-787)

- 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

11.0 Disability 3%

11.1 General

- Total disability plans
 - Indemnity policy versus loss of income
- Social Security disability programs
 - Coordination of benefits
- Eligibility requirements

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- Characteristics of disability income insurance
 - Occupational versus non occupational
 - Definition of disability
- Elimination period, waiting period, probationary period, and benefit period

11.2 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

12.0 Medical Plans 6%

12.1 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

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Accidental death and dismemberment
Critical illness
Hospital indemnity
Vision and hearing

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

12.2 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

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- 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

12.3 Mental Health Parity and Addiction Equity Act (MHPAEA)

- Purpose of Mental Health Parity and Addiction Equity Act

13.0 Group Plans 6%

13.1 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 (44-1613; 44-32, 44-130)
 - 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

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Eligibility and the benefits of continuation under COBRA (44-1640 to 44-1645)

Events that lead to termination of coverage

14.0 Dental Insurance 2%

14.1 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

14.2 Group Plans

Characteristics of employer group dental insurance

Minimizing adverse selection

Integrated deductibles

15.0 Insurance for Senior Citizens and Individuals with Special Needs 5%

15.1 Long-Term Care

Continuing Education Requirements - Guidance Document F3

Coverage eligibility

- Underwriting

- Preexisting conditions

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

- Free look (44-3608; 210 Nebraska Administrative Code Ch. 36 § 017(017.01E))

- Guaranteed renewability

Elimination and benefit periods

Policy options

- Inflation protection

- Guarantee of insurability

- Return of premium

- Nonforfeiture options

- Waiver of premium

Benefit triggers

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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

Required disclosures

Outline of coverage (44-3607; 210 Nebraska Administrative Code Ch. 36 § 017(017.0

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

Trusted contacts (secondary addressee)

Potential future rate increases and cost of living adjustments

15.2 Medicaid

Medicaid benefits

Medicaid eligibility requirements

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

15.3 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

15.4 Medicare Supplements

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

The purpose of Medicare Supplement Insurance (210 Nebraska Administrative Code Ch. 36 § 012)

Standardized Medicare supplement plans and core benefits (210 Nebraska Administrative Code Ch. 36 § 013)

Policy requirements

Free-look (44-3608; 210 Nebraska Administrative Code Ch. 36 § 017(017.01E))

Pre-existing conditions (44-4513(2, 3))

Medicare Supplement Replacement

Re-entry following Medicare Advantage

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Pre-existing conditions

Waiting periods

16.0 Federal Tax Considerations for Sickness and Accident Insurance 2%

16.1 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 accounts (HRAs)

16.3 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