

Your Exam Content Outline

The following outline describes the content of one of the Nebraska insurance examinations. The outlines are the basis of the examinations. The examination will contain questions on the subjects contained in the outline. The percentages indicate the relative weights assigned to each part of the examination. For example, 10 percent means that 6 questions will be drawn from the section on a 60-question exam, 10 will be drawn on a 100-question exam and 15 will be drawn on a 150-question exam.

Nebraska Producer's Examination for Accident and Health or Sickness Insurance Series 13-02

100 questions – Two-hour time limit

1.0 Insurance Regulation 10%

1.1 Licensing

- Process (44-4052, 4053)
- Types of licensees (44-4054)
 - Producers (44-4049, 4054)
 - Consultants (44-2606–2635)
 - Resident versus nonresident (44-2625, 4055, 4063)
 - Temporary (44-4058)
- Maintenance and duration
 - Renewal (44-4054)
 - Name or address change (44-4054(8))
 - Reporting of actions (44-4065)
 - Assumed names (44-4057)
- Continuing education requirements including ethics education (44-3901–3908)
- Disciplinary actions
 - Right to hearing (44-4059(2))
 - Suspension, revocation or refusal to issue or renew (44-2633, 4059)
 - Fines (44-2634, 4059(4))
 - Cease and desist order (44-1529, 1542)

1.2 State regulation

- Director's general duties and powers (44-101.01, 2635)
- Company regulation
 - Certificate of authority (44-303)
 - Capital and surplus requirements (44-214, 305)
 - Unfair claims settlement practices (44-1539, 1540)
 - Examination of books and records (44-1527, 5904)
 - Appointment (44-4061)
 - Termination of appointment (44-4062)
 - Unfair trade practices complaint register (44-1525(9); Reg Ch 21)
- Producer regulation
 - Sharing commissions (44-4060)
 - Controlled business (44-361.01, .02)
 - Prohibited fees or charges (44-354)
 - Records retention (44-5905)

- Unfair trade practices
 - Misrepresentation (44-1525(1))
 - False advertising (44-1525(2))
 - Defamation of insurer (44-1525(3))
 - Boycott, coercion or intimidation (44-1525(4))
 - Unfair discrimination (44-1525(7))
 - Rebating (44-361, 1525(8))
- Insurance Fraud Act (44-6601–6608)
- Privacy of Insurance Consumer Information Act (44-901–925)

1.3 Federal regulation

- Fair Credit Reporting Act (15 USC 1681–1681d)
- Fraud and false statements (18 USC 1033, 1034)

2.0 General Insurance 10%

2.1 Concepts

- Risk management key terms
 - Risk
 - Exposure
 - Hazard
 - Peril
 - Loss
- Methods of handling risk
 - Avoidance
 - Retention
 - Sharing
 - Reduction
 - Transfer
- Elements of insurable risks
 - Adverse selection
 - Law of large numbers
 - Reinsurance

2.2 Insurers

- Types of insurers
 - Stock companies
 - Mutual companies
 - Fraternal benefit societies
 - Reciprocal
 - Lloyd's associations
 - Risk retention groups
 - Surplus lines
- Private versus government insurers
- Admitted versus nonadmitted insurers
- Domestic, foreign and alien insurers
- Financial status (independent rating services)
- Marketing (distribution) systems

2.3 Producers and general rules of agency

- Insurer as principal

Producer/insurer relationship
Authority and powers of licensees
Express
Implied
Apparent
Responsibilities to the applicant/insured

2.4 Contracts

Elements of a legal contract
Offer and acceptance
Consideration
Competent parties
Legal purpose
Distinct characteristics of an insurance contract
Contract of adhesion
Aleatory contract
Personal contract
Unilateral contract
Conditional contract
Legal interpretations affecting contracts
Ambiguities in a contract of adhesion
Reasonable expectations
Indemnity
Utmost good faith
Representations/misrepresentations
Warranties
Concealment
Fraud
Waiver and estoppel

3.0 Sickness and Accident Insurance Basics 12%

3.1 Definitions of perils

Accidental injury
Sickness

3.2 Principal types of losses and benefits

Loss of income from disability
Medical expense
Dental expense
Long-term care expense

3.3 Classes of health insurance policies

Individual versus group
Private versus government
Limited versus comprehensive

3.4 Limited policies

Limited perils and amounts
Required notice to insured
Types of limited policies
Accident-only
Specified (dread) disease
Hospital indemnity (income)
Credit disability
Blanket insurance (teams, passengers, other)
Prescription drugs
Vision care

3.5 Common exclusions from coverage

3.6 Producer responsibilities in individual health insurance

Marketing requirements

Advertising (Reg Ch 14 Sec 001–020)
Life and Health Insurance Guaranty Association
(44-2719.01)

Sales presentations
Field underwriting
Nature and purpose
Disclosure of information about individuals
Application procedures
Requirements at delivery of policy
Common situations for errors/omissions

3.7 Individual underwriting by the insurer

Underwriting criteria
Sources of underwriting information
Application procedures
Producer report
Attending physician statement
Investigative consumer (inspection) report
Medical Information Bureau (MIB)
Medical examinations and lab tests including
HIV (RL 71-531)

Unfair discrimination (44-749)

Classification of risks

Preferred
Standard
Substandard

3.8 Considerations in replacing health insurance

Pre-existing conditions
Benefits, limitations and exclusions
Underwriting requirements
Producer liability for errors and omissions

4.0 Individual Sickness and Accident Insurance Policy General Provisions 10%

4.1 Uniform required provisions (44-710.03)

Entire contract: changes (44-710.03(1), .12)
Time limit on certain defenses (44-710.03(2))
Grace period (44-710.03(3))
Reinstatement (44-710.03(4))
Claim procedures (44-710.03(5–9))
Physical examinations and autopsy
(44-710.03(10))
Legal actions (44-710.03(11))
Change of beneficiary (44-710.03(12))

4.2 Uniform optional provisions (44-710.04)

Change of occupation (44-710.04(1))
Misstatement of age (44-710.04(2))
Other insurance in this insurer (44-710.04(3))
Insurance with other insurers
Expense-incurred basis (44-710.04(4))
Other benefits (44-710.04(5))
Unpaid premium (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))

4.3 Other general provisions

Right to examine (free look) (44-710.18)
Insuring clause

- Consideration clause
- Renewability clause (44-787)
 - Noncancelable
 - Guaranteed renewable
 - Conditionally renewable
 - Renewable at option of insurer
 - Nonrenewable (cancelable, term)

5.0 Disability Income and Related Insurance 10%

5.1 Qualifying for disability benefits

- Inability to perform duties
 - Own occupation
 - Any occupation
- Pure loss of income (income replacement contracts)
- Presumptive disability
- Requirement to be under physician care

5.2 Individual disability income insurance

- Basic total disability plan
 - Income benefits (monthly indemnity)
 - Elimination and benefit periods
 - Waiver of premium feature
- Coordination with social insurance and workers compensation benefits
 - Additional monthly benefit (AMB)
 - Social insurance supplement (SIS)
 - Occupational versus nonoccupational coverage
- At-work benefits
 - Partial disability benefit
 - Residual disability benefit
- Other provisions affecting income benefits
 - Cost of living adjustment (COLA) rider
 - Future increase option (FIO) rider
 - Relation of earnings to insurance (44-710.04(6))
- Other cash benefits
 - Accidental death and dismemberment
 - Rehabilitation benefit
 - Medical reimbursement benefit (nondisabling injury)
- Refund provisions
 - Return of premium
 - Cash surrender value
- Exclusions

5.3 Unique aspects of individual disability underwriting

- Occupational considerations
- Benefit limits
- Policy issuance alternatives

5.4 Group disability income insurance

- Group versus individual plans
- Short-term disability (STD)
- Long-term disability (LTD)

5.5 Business disability insurance

- Key person disability income
- Disability buy-sell policy

5.6 Social Security disability

- Qualification for disability benefits
- Definition of disability
- Waiting period
- Disability income benefits

5.7 Workers compensation

- Eligibility
- Benefits

6.0 Medical Plans 13%

6.1 Medical plan concepts

- Fee-for-service basis versus prepaid basis
- Specified coverages versus comprehensive care
- Benefit schedule versus usual/reasonable/customary charges
- Any provider versus limited choice of providers
- Insureds versus subscribers/participants

6.2 Types of providers and plans

- Major medical insurance (indemnity plans)
 - Characteristics
 - Common limitations
 - Exclusions from coverage
 - Provisions affecting cost to insured
- Health maintenance organizations (HMOs)
 - General characteristics
 - Preventive care services
 - Primary care physician versus referral (specialty) physician
 - Emergency care
 - Hospital services
 - Other basic services
- Preferred provider organizations (PPOs)
 - General characteristics
 - Open panel or closed panel
 - Types of parties to the provider contract
- Point-of-service (POS) plans
 - Nature and purpose
 - Out-of-network provider access (open-ended HMO)
 - PCP referral (gatekeeper PPO)
 - Indemnity plan features

6.3 Cost containment in health care delivery

- Cost-saving services
 - Preventive care
 - Hospital outpatient benefits
 - Alternatives to hospital services
- Utilization management (44-5416-5431)
 - Prospective review
 - Concurrent review

6.4 Nebraska requirements (individual and group)

- Eligibility requirements
 - Newborn child coverage (44-710.19)
 - Dependent coverage (44-710.01)
 - Full-time students (44-710.01)
- Benefit offers
 - Treatment for alcoholism (44-769-781)

Treatment of bones or joints of the face, neck or head (44-789)

6.5 HIPAA (Health Insurance Portability and Accountability Act) requirements

- Eligibility
- Guaranteed issue
- Pre-existing conditions
- Creditable coverage
- Renewability

6.6 Health savings accounts (HSAs)

- Definition
- Eligibility
- Contribution limits

7.0 Group Sickness and Accident Insurance 11%

7.1 Characteristics of group insurance

- Group contract
- Certificate of coverage (44-761(2))
- Experience rating versus community rating

7.2 Types of eligible groups

- Employment-related groups
 - Individual employer groups
 - Multiple-Employer Trusts (METs) or Welfare Arrangements (MEWAs)
- Associations (alumni, professional, other)
- Customer groups (depositors, creditor-debtor, other)

7.3 Marketing considerations

- Advertising
- Regulatory jurisdiction/place of delivery

7.4 Employer group health insurance

- Nebraska underwriting requirements (44-760)
- Insurer underwriting criteria
 - Characteristics of group
 - Plan design factors
 - Persistency factors
 - Administrative capability
- Eligibility for insurance
 - Annual open enrollment
 - Employee eligibility
 - Dependent eligibility
- Coordination of benefits provision
- Change of insurance companies or loss of coverage
 - Coinsurance and deductible carryover
 - No-loss no-gain
 - Events that terminate coverage
 - Extension of benefits
 - Continuation of coverage under COBRA and Nebraska specific rules (44-1640–1645)
 - Conversion privilege (44-1613; 44-32,130)

7.5 Small employer group medical plans

- Definition of small employer (44-5253)
- Renewability of coverage (44-5259)
- Benefit plans offered — basic and standard (44-5260)
- Marketing (44-5266)
- Prohibited practices (44-5266)

8.0 Dental Insurance 2%

8.1 Types of dental treatment

- Diagnostic and preventive
- Restorative
- Oral surgery
- Endodontics
- Periodontics
- Prosthodontics
- Orthodontics

8.2 Indemnity plans

- Choice of providers
- Scheduled versus nonscheduled (comprehensive) plans
- Benefit categories
 - Diagnostic/preventive services
 - Basic services
 - Major services
- Deductibles and coinsurance
- Combination plans
- Exclusions
- Limitations
- Predetermination of benefits

8.3 Employer group dental expense

- Integrated deductibles versus stand-alone plans
- Minimizing adverse selection

9.0 Insurance for Senior Citizens and Special Needs Individuals 16%

9.1 Medicare

- Nature, financing and administration
- Part A — Hospital Insurance
 - Individual eligibility requirements
 - Enrollment
 - Coverages and cost-sharing amounts
- Part B — Medical Insurance
 - Individual eligibility requirements
 - Enrollment
 - Coverages and cost-sharing amounts
 - Exclusions
 - Claims terminology and other key terms
- Part C — Medicare Advantage
- Part D — Prescription Drug Insurance

9.2 Medicare supplements

- Purpose (Reg Ch 36 Sec 001)
- Open enrollment (Reg Ch 36 Sec 011)
- Standardized Medicare supplement plans (Reg Ch 36 Sec 009)
 - Core benefits
 - Additional benefits
- Nebraska regulations and required provisions
 - Standards for marketing (Reg Ch 36 Sec 020)
 - Advertising (44-3608.01; Reg Ch 36 Sec 019)
 - Appropriateness of recommended purchase and excessive insurance (Reg Ch 36 Sec 021)
 - Buyer's guide (Reg Ch 36 Sec 017(017.01F))
 - Outline of coverage (44-3607; Reg Ch 36 Sec 017(017.03))

- Guaranteed issue for eligible persons (Reg Ch 36 Sec 012)
- Right to return (free look) (44-3608; Reg Ch 36 Sec 017(017.01E))
- Unfair trade practices (44-3610)
- Replacement (Reg Ch 36 Sec 018, 023)
- Minimum benefit standards (Reg Ch 36 Sec 008)
- Required disclosure provisions (Reg Ch 36 Sec 017)
- Permitted compensation (Reg Ch 36 Sec 016)
- Notice of change (Reg Ch 36 Sec 017(017.02))
- Medicare Select (Reg Ch 36 Sec 010)

9.3 Other options for individuals with Medicare

- Employer group health plans
 - Disabled employees
 - Employees with kidney failure
 - Individuals age 65 and older
- Medicaid
 - Eligibility
 - Benefits

9.4 Long-term care (LTC) insurance

- LTC, Medicare and Medicaid compared
- Eligibility for benefits
- Levels of care
 - Skilled care
 - Intermediate care
 - Custodial care
 - Home health care (Reg Ch 46 Sec 005(005.10), 010)
 - Adult day care (Reg Ch 46 Sec 005(005.02))
 - Respite care
 - Assisted living (Reg Ch 46 Sec 005(005.21))
- Benefit periods
- Benefit amounts
- Optional benefits
 - Guarantee of insurability
 - Return of premium
- Qualified LTC plans
- Exclusions (Reg Ch 46 Sec 006(006.02))
- LTC Partnerships
- Underwriting considerations
- Nebraska regulations and required provisions
 - Standards for marketing (Reg Ch 46 Sec 020)
 - Advertising (Reg Ch 46 Sec 019)
 - Shopper's guide (Reg Ch 46 Sec 027)
 - Outline of coverage (44-4516; Reg Ch 46 Sec 026)
 - Suitability (Reg Ch 46 Sec 021)
 - Right to return (free look) (44-4515)
 - Unintentional lapse (Reg Ch 46 Sec 007)
 - Incontestability (44-4517.01)
 - Replacement (Reg Ch 46 Sec 006(006.05), 012, 022)
 - Benefit standards (44-4509)
 - Nonforfeiture (44-4517.02; Reg Ch 46 Sec 023)
 - Benefit triggers (Reg Ch 46 Sec 024, 025)

- Inflation protection (Reg Ch 46 Sec 011)
- Prohibited policy provisions (44-4513)
- Renewal considerations (Reg Ch 46 Sec 006(006.01))
- Continuation of benefits (Reg Ch 46 Sec 006(006.04))
- Required disclosure provisions (Reg Ch 46 Sec 008)
- Pre-existing conditions (44-4513(2, 3))

9.5 Nebraska Comprehensive Health Insurance Pool

- Eligibility (44-4221)
- Coverages and limits (44-4226; Reg Ch 44 Sec 006, 007, 010)
- Exclusions (44-4228(1))
- Deductibles and coinsurance (44-4226(3); Reg Ch 44 Sec 004, 008)

10.0 Federal Tax Considerations for Sickness and Accident Insurance 6%

10.1 Personally-owned health insurance

- Disability income insurance
- Medical expense insurance
- Long-term care insurance

10.2 Employer group health insurance

- Disability income (STD, LTD)
- Medical and dental expense
- Long-term care insurance
- Accidental death and dismemberment

10.3 Medical expense coverage for sole proprietors and partners

10.4 Business disability insurance

- Key person disability income
- Buy-sell policy

10.5 Health savings accounts (HSAs)