

**Nebraska Producer's Examination for
Life and Annuities, 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, 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 (44-3901–3908)

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

Probation

Suspension (44-2633, 4059)

Surrender

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

Penalties

Civil

Criminal

Hearings (44-4059(2))

Fines (44-2634, 4059(4))

Cease and desist order (44-1529, 1542)

1.2 Licensing Types, Purposes, and Processes

License types (44-4054)

- Producer (44-4049, 4054)
- Consultant (44-2606–2635)
- Public adjuster
- Agency
- Resident (44-2625, 4055, 4063)
- Nonresident (44-2625, 4055, 4063)
- Temporary (44-4058)
- Surplus lines
- Crop

Licensing requirements

- Eligibility and qualification

1.3 State Regulation

Acts constituting insurance transaction

- Negotiate
- Sell
- Solicit

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

Producer regulatory requirements

- Policy signatures
- Application signatures
- Premium payment
- Producer representation
- Commissions/compensation and fees (44-4060)
- Controlled business (44-361.01, .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, 305)
- Unfair trade practices complaint register (44-1525(9); Reg Ch 21)

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, 1525(8))

Misappropriation of funds

Testimonials

Comparisons

Nondisclosure of fees or charges (44-354)

Other prohibited practices

Comingling of funds

Non-transparency

STOLI/IOLI

Prohibited fees/premiums/extra charges

Larceny

Acting without a license

Unfair claims settlement practices (44-1539, 1540)

Nonpublic personal information and privacy protection

Policy replacement (Reg Ch 19)

Solicitation and sales (Reg Ch 33)

Advertising (Reg Ch 50)

Provisions/rules

Policy summary

Buyer's Guide (Reg Ch 33 Sec 005, NAIC Current Model Buyer's Guide)

Illustrations (Reg Ch 72)

Suitability (44-8101–8109)

Backdating

Selection criteria and unfair discrimination (44-1525(7)(a))

Insurance Fraud Act (44-6601–6608)

Privacy of Insurance Consumer Information Act (44-901–925)

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
 Terrorism Risk Insurance Act
 Consumer Data Privacy and Security Act
 National Flood Insurance Program

2.0 General Insurance

10%

2.1 Risk management key terms

Risk
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

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
 - 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, 2216; Reg Ch 15 Sec 006, 011)
- 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
- Conversion (44- 1607(8–10), 1613, 1614)
- Standard provisions

5.0 Individual Health Insurance Policy General Provisions and Clauses **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

- 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
 - 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

- 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
- 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))
- 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), .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

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
 - 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 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

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, 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
- Domestic partners/civil unions
- Small group and large group eligibility and renewability
- Small Business Health Options Program (SHOP)
- 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 (44-1640–1645)
- 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

Coverage eligibility

- Underwriting

- Preexisting conditions

- Exclusions (Reg Ch 46 Sec 006(006.02))

- Free look (44-3608; Reg Ch 36 Sec 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

- Activities of daily living

- Cognitive impairment

Coverages

- Home healthcare (Reg Ch 46 Sec 005(005.10), 010)

- Hospice

- Assisted living (Reg Ch 46 Sec 005(005.21))

- Adult daycare (Reg Ch 46 Sec 005(005.02))

- Respite care

Purpose and levels of care

- Skilled

- Intermediate

- Custodial

Cancellations or unintentional lapses

Required disclosures

- Outline of coverage (44-3607; Reg Ch 36 Sec 017(017.03))

- Shopper's guide (Reg Ch 46 Sec 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 (Reg Ch 36 Sec 011)

- The purpose of Medicare Supplement Insurance (Reg Ch 36 Sec 001)

- Standardized Medicare supplement plans and core benefits (Reg Ch 36 Sec 009)

- Policy requirements

 - Free-look (44-3608; Reg Ch 36 Sec 017(017.01E))

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

- Medicare Supplement Replacement

 - Re-entry following Medicare Advantage

 - 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)

16.2 Small Businesses

- Tax considerations for Small Business Health Options Program (SHOP)

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