

**Nebraska Consultant's Examination for  
Life and Annuities, Accident and Health or Sickness Insurance  
Series 13-07**

**150 questions (plus 5 unscored items)  
2.5-hour time limit**

**1.0 Insurance Regulation 9%**

**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

Solicitation and sales

- Advertising

- Provisions/rules

- Policy summary

- Buyer's Guide

- Illustrations

- Suitability

- 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**

**6%**

### 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**

**11%**

### 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**

**11%**

### **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  
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 11%**

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

5%

### 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 Risk and Underwriting** **4%**

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

- Purpose and process of underwriting

- Unfair discrimination

- 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

3%

### 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(4-5))
- 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 (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

## **11.0 Disability**

**5%**

### **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**

**8%**

### **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**

**10%**

13.1 General

Blanket policy

No loss/no gain statutes

Group underwriting

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
- 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
- Events that lead to termination of coverage

## **14.0 Dental Insurance**

**1%**

### **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

Free look

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 (44-4516; Reg Ch 46 Sec 026)

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
- 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
  - Pre-existing conditions
- Medicare Supplement Replacement
  - Re-entry following Medicare Advantage
  - Pre-existing conditions
  - Waiting periods

### 16.0 Federal Tax Considerations

6%

#### 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