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 Life and Annuities, Accident and Health or Sickness Insurance Series 13-03

150 questions – 2.5-hour time limit
Effective Date: January 21, 2019

1.0 Insurance Regulation 6%

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

2.0 General Insurance 6%

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
   Reciprocals
   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 Life Insurance Basics 8%

3.1 Insurable interest (44-704)

3.2 Personal uses of life insurance
Survivor protection
Estate creation
Cash accumulation
Liquidity
Estate conservation

3.3 Determining amount of personal life insurance
Human life value approach
Needs approach
Types of information gathered
Determining lump-sum needs
Planning for income needs

3.4 Business uses of life insurance
Buy-sell funding
Key person
Executive bonuses

3.5 Classes of life insurance policies
Group versus individual
Permanent versus term
Participating versus nonparticipating
Fixed versus variable life insurance and annuities
Regulation of variable products (SEC, FINRA and Nebraska) (44-2212, 2216; Reg Ch 15 Sec 006, 011)

3.6 Premiums
Factors in premium determination
Mortality
Interest
Expense
Premium payment mode

3.7 Producer responsibilities
Solicitation and sales presentations (Reg Ch 33)
Advertising (Reg Ch 50)
Life and Health Insurance Guaranty Association (44-2719.01)
Buyer's Guide and Policy Summary (Reg Ch 33 Sec 005, NAIC Current Model Buyer's Guide)
Illustrations (Reg Ch 72)
Replacement (Reg Ch 19)
Use and disclosure of insurance information
Annuity suitability (44-8101–8109)
Field underwriting
Notice of information practices
Application procedures
Delivery
Policy review
Effective date of coverage
Premium collection
Statement of good health

3.8 Individual underwriting by the insurer
Information sources and regulation
Application
Producer report
Attending physician statement
Investigative consumer (inspection) report
Medical Information Bureau (MIB)
Medical examinations and lab tests including HIV (RL 71-531)
Selection criteria and unfair discrimination (44-1525(7)(a))
Classification of risks
Preferred
Standard
Substandard

4.0 Life Insurance Policies 8%

4.1 Term life insurance
Level term
Annual renewable term
Level premium term
Decreasing term

4.2 Whole life insurance
Continuous premium (straight life)
Limited payment
Single premium

4.3 Flexible premium policies
Adjustable life
Universal life — Indexed Universal Life
Variable Insurance
Variable Universal

4.4 Specialized policies
Joint life (first-to-die)
Survivorship life (second-to-die)
Juvenile life

4.5 Group life insurance
Characteristics of group plans
Types of plan sponsors
Group underwriting requirements
Required provisions (44-1607)
Assignability (44-1619)
Conversion to individual policy (44-1607(8–10), 1613, 1614)

5.0 Life Insurance Policy Provisions, Options and Riders 8%

5.1 Required provisions (44-502)
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 (44-502(6))
Exclusions (44-502(5))
Statements of the insured (44-502(4))
Payment of claims (44-502(12))
Interest on proceeds (44-3, 143)
Prohibited provisions including backdating (44-503)

5.2 Ownership and beneficiaries
Ownership
Assignment
Beneficiary designation options
Individuals
Classes
Estates
Minors
Trusts
Succession
Revocable versus irrevocable
Common disaster clause
Spendthrift clause

5.3 Settlement options
Cash payment
Interest only
Fixed-period installments

5.4 Nonforfeiture options
Cash surrender value
Extended term
Reduced paid-up insurance

5.5 Policy loan and withdrawal options
Cash loans
Automatic premium loans
Withdrawals or partial surrenders

5.6 Dividend options
Cash payment
Reduction of premium payments
Accumulation at interest
One-year term option
Paid-up additions

5.7 Disability riders
Waiver of premium
Waiver of cost of insurance
Disability income benefit
Payor benefit life/disability (juvenile insurance)

5.8 Accelerated (living) benefit provision/rider
Conditions for payment
Effect on death benefit

5.9 Riders covering additional insureds
Spouse/other-insured term rider
Children's term rider

5.10 Riders affecting the death benefit amount
Accidental death
Guaranteed insurability
Cost of living
Return of premium
No lapse guarantee

5.11 Viatical settlements
Disclosure to consumers (44-1108)
General rules (44-1109)
Stranger owned life (44-1110)
Fraudulent acts (44-1112)
Definitions (44-1102)
Chronically ill
Terminally ill
Viatical settlement broker
Viatical settlement provider
Viatical settlement purchaser
Viator

6.0 Annuities 10%

6.1 Annuity principles and concepts
Accumulation period versus annuity period
Owner, annuitant and beneficiary
Insurance aspects of annuities
Nebraska Protection in Annuity Transactions Act (44-8101–8109)
6.2 Immediate versus deferred annuities
Single premium immediate annuities (SPIAs)
Deferred annuities
   Premium payment options
   Nonforfeiture
   Surrender charges
   Death benefits
6.3 Annuity (benefit) payment options
   Life contingency options
   Pure life versus life with guaranteed minimum
   Single life versus multiple life
   Annuities certain (types)
6.4 Annuity products
   Fixed annuities
   General account assets
   Interest rate guarantees (minimum versus current)
   Level benefit payment amount
   Equity indexed annuities
   Market value adjusted annuities
   Variable annuities
6.5 Uses of annuities
   Lump-sum settlements
   Qualified retirement plans
   Group versus individual annuities
   Personal uses
   Individual retirement annuities (IRAs)
   Tax-deferred growth
   Retirement income
   Education funds

7.0 Federal Tax Considerations for Life Insurance and Annuities

7.1 Taxation of personal life insurance
   Amounts available to policyowner
   Cash value increases
   Dividends
   Policy loans
   Surrenders
   Amounts received by beneficiary
   General rule and exceptions
   Settlement options
   Values included in insured’s estate
7.2 Modified endowment contracts (MECs)
   Modified endowment versus life insurance
   Seven-pay test
   Distributions
7.3 Taxation of non-qualified annuities
   Individually-owned
   Accumulation phase (tax issues related to withdrawals)
   Annuity phase and the exclusion ratio
   Distributions at death
   Corporate-owned
7.4 Taxation of individual retirement annuities (IRAs)
   Traditional IRAs
   Contributions and deductible amounts
   Premature distributions including taxation issues
   Annuity phase benefit payments
   Values included in the annuitant’s estate
   Amounts received by beneficiary
   Roth IRAs
   Contributions and limits
   Distributions
7.5 Rollovers and transfers (IRAs and qualified plans)
7.6 Section 1035 exchanges – disclosure pros and cons
7.7 Taxation of corporate owned life insurance

8.0 Qualified Plans

8.1 General requirements
8.2 Federal tax considerations
   Tax advantages for employers and employees
   Taxation of distributions (age-related)
8.3 Plan types, characteristics and purchasers
   Simplified employee pensions (SEPs)
   Self-employed plans (HR 10 or Keogh plans)
   Profit-sharing and 401(k) plans
   SIMPLE plans
   Pension plans
   403(b) tax-sheltered annuities (TSAs)
   Safe Harbor 401(k)
   Single (k)

9.0 Sickness and Accident Insurance Basics

9.1 Definitions of perils
   Accidental injury
   Sickness
9.2 Principal types of losses and benefits
   Loss of income from disability
   Medical expense
   Dental expense
   Long-term care expense
9.3 Classes of health insurance policies
   Individual versus group
   Private versus government
   Limited versus comprehensive
9.4 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

9.5 Common exclusions from coverage

9.6 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

9.7 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

9.8 Considerations in replacing health insurance
Pre-existing conditions
Benefits, limitations and exclusions
Underwriting requirements
Producer liability for errors and omissions

10.0 Individual Sickness and Accident Insurance Policy General Provisions 6%

10.1 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))

10.2 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))

10.3 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)

11.0 Disability Income and Related Insurance 6%

11.1 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

11.2 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

11.3 Unique aspects of individual disability underwriting
- Occupational considerations
- Benefit limits
- Policy issuance alternatives

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

11.5 Business disability insurance
- Key person disability income
- Disability buy-sell policy

11.6 Social Security disability
- Qualification for disability benefits
- Definition of disability
- Waiting period
- Disability income benefits

11.7 Workers compensation
- Eligibility
- Benefits

12.0 Medical Plans 7%

12.1 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

12.2 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

12.3 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

12.4 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)

12.5 HIPAA (Health Insurance Portability and Accountability Act) requirements
- Eligibility
- Guaranteed issue
- Pre-existing conditions
- Creditable coverage
- Renewability

12.6 Health savings accounts (HSAs)
- Definition
- Eligibility
- Contribution limits

13.0 Group Sickness and Accident Insurance 6%

13.1 Characteristics of group insurance
- Group contract
- Certificate of coverage (44-761(2))
- Experience rating versus community rating

13.2 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)

13.3 Marketing considerations
Advertising Regulatory jurisdiction/place of delivery

13.4 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)

13.5 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)

14.0 Dental Insurance 1%

14.1 Types of dental treatment
Diagnostic and preventive
Restorative
Oral surgery
Endodontics
Periodontics
Prosthodontics
Orthodontics

14.2 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

14.3 Employer group dental expense
Integrated deductibles versus stand-alone plans
Minimizing adverse selection

15.0 Insurance for Senior Citizens and Special Needs Individuals 9%

15.1 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

15.2 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)

15.3 Other options for individuals with Medicare
Employer group health plans
Disabled employees
Employees with kidney failure
Individuals age 65 and older
Medicaid
Eligibility
Benefits

15.4 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))

15.5 Nebraska Comprehensive Health Insurance Pool
Eligibility (44-4221)
Coverages and limits (44-4226; Reg Ch 44 Sec 006, 007, 009, 010)
Exclusions (44-4228(1))
Deductibles and coinsurance (44-4226(3); Reg Ch 44 Sec 004, 008)

16.0 Federal Tax Considerations for Sickness and Accident Insurance 3%

16.1 Personally-owned health insurance
Disability income insurance
Medical expense insurance
Long-term care insurance

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

16.3 Medical expense coverage for sole proprietors and partners

16.4 Business disability insurance
Key person disability income
Buy-sell policy

16.5 Health savings accounts (HSAs)