

# 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 - 2-hour time limit**  
**Effective Date: January 27, 2020**

### 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

### 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

### **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 15%**

### **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, 009, 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 7%**

**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)**