

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

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

Effective Date: January 27, 2020

1.0 Insurance Regulation 9% (14 Items)

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% (9 Items)

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 Life Insurance Basics 11% (16 Items)

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
- Split dollar plans

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 concepts

- Net single premium
- Gross annual premium
- 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 11% (16 Items)

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 11% (17 Items)

- 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
 - Fixed-amount installments
 - Life income
 - Single life
 - Joint and survivor
- 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

6.0 Annuities 5% (8 Items)

- 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 Annuity
- 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 2% (3 Items)

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 2% (3 Items)

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
- Section 457 deferred compensation
- 403(b) tax-sheltered annuities (TSAs)
- Safe Harbor 401(k)
- Single (k)

9.0 Sickness and Accident Insurance Basics 5% (8 Items)

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 3% (4 Items)

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 5% (7 Items)

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

Business overhead expense 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 8% (12 Items)

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 10% (15 Items)

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)
 - Taft-Hartley Trusts
- 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)

13.6 Regulation of employer group insurance plans

- Employee Retirement Income Security Act (ERISA)
 - Applicability
 - Fiduciary responsibilities
 - Reporting and disclosure
- Age Discrimination in Employment Act (ADEA)
 - Applicability to employers and workers
- Civil Rights Act/Pregnancy Discrimination Act
 - Applicability
 - Guidelines

13.7 Types of funding and administration

- Conventional fully-insured plans
- Modified fully-insured plans
- Partially self-funded plans
 - Stop-loss coverage
 - Administrative-services-only (ASO) arrangements
 - 501(c)(9) trust
- Fully self-funded (self-administered) plans
 - Characteristics
 - Conditions suitable for self-funding
 - Benefits suitable for self-funding

14.0 Dental Insurance 1% (1 Item)

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 5% (8 Items)

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 6% (9 Items)**

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
Business overhead expense

16.5 Health savings accounts (HSAs)