

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

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

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 10% (15 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

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 10% (15 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)

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

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

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% (7 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% (2 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

403(b) tax-sheltered annuities (TSAs)
Safe Harbor 401(k)
Single (k)

9.0 Sickness and Accident Insurance Basics 7% (10 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
6% (9 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 6% (9 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 (non disabling 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% (11 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 6% (9 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)

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% (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 9% (14 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)	Respite care
Buyer's guide (Reg Ch 36 Sec 017(017.01F))	Assisted living (Reg Ch 46 Sec 005(005.21))
Outline of coverage (44-3607; Reg Ch 36 Sec 017(017.03))	Benefit periods
Guaranteed issue for eligible persons (Reg Ch 36 Sec 012)	Benefit amounts
Right to return (free look) (44-3608; Reg Ch 36 Sec 017(017.01E))	Optional benefits
Unfair trade practices (44-3610)	Guarantee of insurability
Replacement (Reg Ch 36 Sec 018, 023)	Return of premium
Minimum benefit standards (Reg Ch 36 Sec 008)	Qualified LTC plans
Required disclosure provisions (Reg Ch 36 Sec 017)	Exclusions (Reg Ch 46 Sec 006(006.02))
Permitted compensation (Reg Ch 36 Sec 016)	LTC Partnerships
Notice of change (Reg Ch 36 Sec 017(017.02))	Underwriting considerations
Medicare Select (Reg Ch 36 Sec 010)	Nebraska regulations and required provisions
15.3 Other options for individuals with Medicare	Standards for marketing (Reg Ch 46 Sec 020)
Employer group health plans	Advertising (Reg Ch 46 Sec 019)
Disabled employees	Shopper's guide (Reg Ch 46 Sec 027)
Employees with kidney failure	Outline of coverage (44-4516; Reg Ch 46 Sec 026)
Individuals age 65 and older	Suitability (Reg Ch 46 Sec 021)
Medicaid	Right to return (free look) (44-4515)
Eligibility	Unintentional lapse (Reg Ch 46 Sec 007)
Benefits	Incontestability (44-4517.01)
15.4 Long-term care (LTC) insurance	Replacement (Reg Ch 46 Sec 006(006.05), 012, 022)
LTC, Medicare and Medicaid compared	Benefit standards (44-4509)
Eligibility for benefits	Nonforfeiture (44-4517.02; Reg Ch 46 Sec 023)
Levels of care	Benefit triggers (Reg Ch 46 Sec 024, 025)
Skilled care	Inflation protection (Reg Ch 46 Sec 011)
Intermediate care	Prohibited policy provisions (44-4513)
Custodial care	Renewal considerations (Reg Ch 46 Sec 006(006.01))
Home health care (Reg Ch 46 Sec 005(005.10), 010)	Continuation of benefits (Reg Ch 46 Sec 006(006.04))
Adult day care (Reg Ch 46 Sec 005(005.02))	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% (5 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

16.5 Health savings accounts (HSAs)

Cash loans

Automatic premium loans

Withdrawals or partial surrenders

5.5 Dividend options

Cash payment

Reduction of premium payments

Accumulation at interest

One-year term option

Paid-up additions

Pre-need contract provision

5.6 Disability riders

Waiver of premium

Waiver of cost of insurance

Disability income benefit

Payor benefit life/disability (juvenile insurance)

5.7 Riders covering additional insureds

Spouse/other-insured term rider

Children's term rider

5.8 Riders affecting the death benefit amount

Accidental death

Guaranteed insurability

Cost of living

Return of premium

No lapse guarantee

5.9 Pre-need contract provision

6.0 Annuities 5%

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)

Applicable annuities for pre-need

7.0 Federal Tax Considerations for Life Insurance and Annuities 5%

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