

**Nebraska Producer's Examination for
Accident and Health or Sickness Insurance
Series 13-02
100 questions (plus 5 unscored items)
2-hour time limit**

1.0 Insurance Regulation 15%

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

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 Customer Relations and Privacy **2%**

2.1 Networking and Client Support
 Product suitability
2.2 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

3.0 Authority and Contracts **12%**

3.1 Producer Authority and Powers
 Types of producer authority
 Express
 Implied
 Apparent
 Law of agency
 Distribution systems
 Independent
 Direct
 Exclusive
 Captive agent
 Health insurance exchanges
3.2 Insurance Contracts
 Elements of insurance contracts
 Offer
 Acceptance
 Competent parties
 Legal purpose
 Distinct characteristics
 Contract of adhesion

- Aleatory
- Personal
- Unilateral
- Conditional
- Legal interpretation of contracts
 - Ambiguities
 - Reasonable expectations
 - Indemnity
 - Utmost good faith
 - Representations
 - Misrepresentations
 - Warranties
 - Concealment
 - Fraud
 - Waiver
 - Estoppel
- Insurable interest

4.0 Risk and Underwriting

12%

4.1 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

4.2 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 (RL 71-531)

Purpose and process of underwriting

Unfair discrimination (44-749)

Blindness

Genetic characteristics

Field underwriting

Application process

Common errors or omissions related to underwriting

Failing to give required disclosures

Misrepresenting client information

4.3 Replacement

Limitations and exclusions

Pre-existing conditions

Waiting periods

Replacement requirements

Notifications

Proof/certificate of creditable coverage

Suitability

4.4 Policy Delivery Requirements

Statement of good health

Policy review

5.0 Individual Accident and Sickness Insurance Policy General Provisions and Clauses

10%

5.1 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))
- 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

6.0 Disability

8%

6.1 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

6.2 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

7.0 Medical Plans

12%

7.1 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 (44-5416–5431)
 - 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)

7.2 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
- 7.3 Mental Health Parity and Addiction Equity Act (MHPAEA)
 - Purpose of Mental Health Parity and Addiction Equity Act

8.0 Group Plans

12%

8.1 General

- Blanket policy
- No loss/no gain statutes
- Group underwriting (44-760)
- 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 (44-5259)
- 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 (44-1640–1645)
- Events that lead to termination of coverage

9.0 Dental Insurance **5%**

9.1 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

9.2 Group Plans

- Characteristics of employer group dental insurance

- Minimizing adverse selection

- Integrated deductibles

10.0 Insurance for Senior Citizens and Individuals with Special Needs **8%**

10.1 Long-Term Care

- Coverage eligibility

 - Underwriting

 - Preexisting conditions (44-4513(2, 3))b

 - Exclusions (Reg Ch 46 Sec 006(006.02))

 - Free look (44-4515)

 - 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 (Reg Ch 46 Sec 007)

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

10.2 Medicaid

Medicaid benefits

Medicaid eligibility requirements

The effects of the expansion of Medicaid benefits on long-term care and prescription drugs

10.3 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

10.4 Medicare Supplements (Reg Ch 36 Sec 001)

Eligibility and enrollment (Reg Ch 36 Sec 011)

The purpose of Medicare Supplement Insurance

Standardized Medicare supplement plans and core benefits

Policy requirements

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

11.0 Federal Tax Considerations

4%

11.1 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)

11.2 Small Businesses

- Tax considerations for Small Business Health Options Program (SHOP)

11.3 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