Insurance Licensing

InsNV_Health02

NV Accident and Health

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Question: 1

Group vision insurance plans typically provide insurance benefits that cover the cost of:

A. laser surgery, eye exams, lenses
B. cataract removal, frames, lenses
C. eye exams, lenses, frames, and contact lenses
D. eye exams, lenses, retinal corrective surgery

Answer: C

Explanation:
Group vision coverage is an ancillary group health benefit designed primarily for routine vision care and corrective eyewear. Its usual covered services include periodic eye examinations, lenses, frames, and—in plans that provide the option—contact lenses. The key distinction is between routine vision expenses and medical or surgical eye treatment. Choice C contains the customary routine vision benefits and is therefore correct. Laser refractive surgery is commonly elective and is not a standard core group vision benefit. Cataract removal and retinal corrective surgery are medical or surgical procedures ordinarily addressed through medical expense coverage, subject to that policy's provisions, rather than through a routine vision plan. Vision plans often apply a stated allowance, benefit schedule, copayment, provider-network requirement, or frequency limit to exams, frames, lenses, and contacts. The insured should therefore recognize that the plan does not provide unlimited eye-care coverage; it covers specified routine corrective services under the contract's schedule of benefits. Study Guide Reference/Topics: Group Health Insurance; Types of Health Insurance Policies; Limited-Coverage Health Plans.
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Question: 2

Which of the following statements is CORRECT about a Disability Income policy with a Guaranteed Insurability rider?

A. The insurance company guarantees the premium rate for the life of the policy.
B. The insured must periodically provide proof of insurability to the insurance company.
C. The insured may periodically increase the amount of benefits payable under the policy.
D. The insurance company must exchange the original policy for a new one at the insurability date.

Answer: C

Explanation:
A Guaranteed Insurability rider gives the disability income policyowner the right to purchase additional disability income coverage at stated future option dates without furnishing evidence of insurability. The rider is valuable because an insured’s income may increase over time while health may decline; the rider allows benefit amounts to be increased when the option is exercised, subject to the rider’s conditions and insurer limits. Therefore, choice C is correct. The rider does not guarantee a premium rate for life. Premiums for the added coverage are based on the insured’s attained age and the insurer’s rates applicable when the additional coverage is purchased. It also does not require periodic proof of insurability; eliminating that requirement is the central purpose of the rider. The existing policy remains in force and normally does not have to be exchanged for a new policy. On an examination, distinguish guaranteed insurability from noncancellable and guaranteed renewable provisions: those provisions concern renewability and premiums, whereas the rider concerns the future purchase of additional benefits. Study Guide Reference/Topics: Policy Provisions, Clauses, and Riders; Disability Income Insurance; Optional Benefits Riders.
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Question: 3

An insured who wants to guarantee that an Accident and Health policy will remain in force even in the event of being disabled should purchase which of the following riders?

A. Accidental Death and Dismemberment (AD&D)
B. Double Indemnity
C. Waiver of Premium
D. Guaranteed Insurability

Answer: C

Explanation:
The Waiver of Premium rider is designed to prevent a disability from causing the insured to lose coverage because premiums cannot be paid. When the rider’s qualifying disability conditions are met, the insurer waives future premiums after the applicable waiting period while the disability continues. The policy therefore remains in force without premium payment during the qualifying period. Choice C is correct because it directly addresses continuation of coverage during disability. AD&D pays a benefit for accidental death or specified accidental losses; it does not waive premiums. Double indemnity generally increases the death benefit for a qualifying accidental death and likewise does not preserve health coverage during disability. Guaranteed insurability permits the future purchase of additional coverage without new evidence of insurability, but it does not relieve the policyowner of the duty to pay premiums on existing coverage. The rider’s exact definition of disability, elimination period, age limitation, and proof-

of-disability requirements are controlled by the policy. Study Guide Reference/Topics: Policy Provisions, Clauses, and Riders; Disability Income Insurance; Waiver of Premium.
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Question: 4

Which of the following statements is CORRECT about Business Overhead Expense insurance?

A. It can be obtained only by corporations.
B. It covers eligible expenses for staff, rent, and utilities.
C. It reimburses the policyowner for loss of income.
D. It covers eligible expenses for staff only.

Answer: B

Explanation:
Business Overhead Expense insurance reimburses a business for specified ongoing operating expenses when a business owner becomes disabled. Eligible expenses commonly include employee salaries, rent, utilities, office expenses, and other ordinary fixed costs identified in the policy. Accordingly, choice B is correct. The purpose is business continuity: it helps keep the office or practice operating during the owner's disability rather than replacing the owner's personal income. A disability income policy, not Business Overhead Expense insurance, is the product intended to replace an individual's lost earned income. The coverage is not restricted to corporations; it may be appropriate for sole proprietors, partners, and owners of closely held businesses, depending on underwriting and policy eligibility. It also is not limited to staff expenses alone, because rent, utilities, and other contractually covered overhead are central components of the protection. Benefits are generally limited by the actual covered overhead incurred and the policy's monthly benefit amount. Study Guide Reference/Topics: Taxation and Business Uses of Health Insurance; Disability Income Insurance; Business Overhead Expense Coverage.
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Question: 5

Which of the following statements is CORRECT about the Medicaid program?

A. It provides medical assistance for participants who are blind.
B. Participants must be at least 55 years of age.
C. It is supplemented by Medicare for persons 62 years of age or older.
D. The program is administered at the federal level.

Answer: A

Explanation:
Medicaid is a means-tested public medical assistance program for eligible low-income individuals and families. Eligibility may include persons who are blind, disabled, aged, pregnant, children, or otherwise within an eligible category under federal and state rules. Therefore, choice A is correct. There is no universal minimum age of 55 for Medicaid eligibility; eligibility is based principally on financial and categorical requirements. Medicaid is also not simply a program supplemented by Medicare at age 62. Medicare eligibility is generally associated with age 65 or qualifying disability or disease status, while Medicaid may assist certain eligible persons with limited income and resources, including some Medicare beneficiaries. Medicaid is jointly financed by federal and state governments but is administered by the states within federal standards. In Nevada, the state administers the program through its designated health and human-services structure. Examination questions commonly test the distinction between Medicare as social insurance and Medicaid as needs-based medical assistance. Study Guide Reference/Topics: Social Insurance Programs; Medicaid; Federal-State Health Programs.
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