

10. (2.5 points)

A 70-year-old who has never had a job and has never been married is issued a federally-backed mortgage to purchase a vacant property situated on an inland floodplain. The property remains vacant after it is purchased. Explain whether this individual would be eligible, ineligible, or required to obtain coverage under each of the following government insurance programs:

- FAIR Plan
- NFIP
- Medicare
- Social Security
- Windstorm Plan

SAMPLE ANSWERS AND EXAMINER'S REPORT

QUESTION 10	
TOTAL POINT VALUE: 2.5	LEARNING OBJECTIVE: B
SAMPLE ANSWERS	
<ul style="list-style-type: none">• FAIR Plan<ul style="list-style-type: none">○ Ineligible due to vacancy○ Ineligible due to property being and remaining vacant○ This would be ineligible - since the property is vacant, it probably has poor housekeeping and poor maintenance• NFIP<ul style="list-style-type: none">○ Mandatory due to federally backed mortgage on floodplain property○ Required because mortgage is federally backed○ Required/mandatory because federally-backed mortgages for homes in flood plain zones must have flood insurance○ Since it's located in a floodplain and has a mortgage, it will be required to buy flood coverage• Medicare<ul style="list-style-type: none">○ Eligible due to age○ Eligible because the individual is over 65 years old○ Eligible for Medicare coverage because they are over 65. They would receive Part A coverage and choose to pay for Part B.• Social Security<ul style="list-style-type: none">○ Ineligible due to lack of working credits○ Ineligible because this individual never worked, never married, is not disabled○ Would not be eligible since he did not work and pay into the program○ Eligible if the individual had been disabled as a child and would have been covered since then• Windstorm Plan<ul style="list-style-type: none">○ Ineligible due to inland location○ Ineligible due to vacancy○ He would not be eligible for the same reasons as FAIR plan above (poor housekeeping and maintenance)○ No, this property is ineligible since it's located on an inland floodplain and not on the coast	
EXAMINER'S REPORT	
<p>Most candidates performed well. Common errors:</p> <ul style="list-style-type: none">• Some candidates stated that the property would be eligible instead of required to purchase flood coverage.• Some candidates thought that the NFIP requirement was due to being in a floodplain, rather than due to the mortgage requirements.• Medicare and Social Security eligibility was reversed by some candidates.• Some candidates listed lack of working credits as a reason for ineligibility for Medicare, but there is no working requirement for Medicare.• Some candidates left out the individual's age as the reason for Medicare eligibility.• Some candidates incorrectly answered that the individual is eligible for Social Security as it provides a minimum benefit or safety net in retirement for all people regardless of work	

SAMPLE ANSWERS AND EXAMINER'S REPORT

experience

- Some candidates listed windstorm as eligible since there was minimal risk of windstorm. While it is true that the property may be able to get insurance in the voluntary market, windstorm plans are only available in certain states and in coastal regions, which would not apply to this inland property.