

## Mitigation Reduces Future Flood Damage

Is your building insured through the National Flood Insurance Program (NFIP) with a Standard Flood Insurance Policy (SFIP)? If so, you may be eligible for up to \$30,000 in Increased Cost of Compliance (ICC) coverage. ICC will help cover the costs of meeting the community's rebuilding requirements that will protect your home from future flood damages.

ICC coverage can help to pay the cost of one or any combination of these four mitigation activities.



**Elevate** above the flood level required by your community



**Relocate** to a new site, preferably out of the floodplain



**Demolish** the building



**Dry floodproof** the building (primarily non-residential)

Your insurance carrier and community building department can help you to determine your ICC eligibility and the documentation you will need.



## ICC Helps Reduce Future Flood Damage

Flooding badly damaged John Smith's \$200,000 home. After John **reported his flood loss to his insurance carrier**, an assigned adjuster inspected the property and said he may be eligible to receive ICC and should talk to his community building department.

John contacted the **community building department** and **after an inspection of the home, it was declared substantially damaged**. John and the building department jointly decided elevating his home was the best way to meet the local floodplain rebuilding requirements and reduce future flood damage.

John provided the substantial damage letter he received from his community building department to the insurance carrier. After **the insurance carrier verified that the flood damages equaled at least 50 percent of the pre-flood market value, John qualified to receive ICC**. After submitting a signed contract for the work, a building permit from the building department, and a signed ICC Proof of Loss form, **John was ready to elevate his home\***.

*\*Check with your insurance carrier to determine if you are able to receive a partial payment to help with the initial mitigation activity costs.*

For more information about the NFIP, flood insurance, and ICC, contact your insurance carrier or visit [www.FloodSmart.gov](http://www.FloodSmart.gov).



National Flood Insurance Program

## Increased Cost of Compliance Coverage

**Reduces Future Flood Damages**



**FEMA**



## What is Increased Cost of Compliance (ICC)?

ICC coverage is included under the National Flood Insurance Program (NFIP) Standard Flood Insurance Policy (SFIP). ICC helps policyholders with the costs incurred if they are required by the community building department to meet rebuilding standards after a flood.

ICC coverage provides up to \$30,000 to help pay for relocating, elevating, demolishing, and floodproofing (non-residential buildings), or any combination of these mitigation activities.

The ICC portion of the claim is handled separately from the building and/or contents portion of the claim. However, the combination of payments cannot exceed the maximum coverage limits available through the NFIP. For example, a policyholder cannot receive more than \$250,000 in claim payments for a residential building.

## Are You Eligible to File a Claim for ICC?

Yes, if:

- 1) You have an NFIP flood insurance policy; and
- 2) Your community building department determines your home is substantially or repetitively damaged by flooding; and
- 3) The flood damage to your home is equal to 50 percent of the pre-flood market value.

*"Substantially damaged"* means damages of **any** origin sustained by a structure whereby the cost of restoring the structure to its before damaged condition would equal or exceed 50 percent of the market value of the structure before the damages occurred.

*"Repetitively damaged"* means the building must have flood damage on at least two occasions during a 10-year period; the cost of which to repair the flood damage, on average, equaled or exceeded 25 percent of the market value of the building on each occasion.

## Starting the ICC Claims Process after a Flood



1. If your community building department determines your structure is substantially or repetitively damaged, discuss what mitigation activities will be required to rebuild in the floodplain and if any grants may be available.



2. Promptly contact your insurance carrier to file a claim for ICC and document the loss (photographs, etc.) Do not begin minor repair work before filing an ICC claim.



3. Submit to your insurance carrier the letter from your community building department declaring the building substantially or repetitively damaged, a signed contract for the mitigation activity, and the building permit that documents rebuilding requirements in the floodplain.



4. The insurance carrier will verify that the flood damage to your building equals at least 50 percent of the pre-flood market value, which is required to start the ICC claim.

## Where to Get More Information

For more information about the ICC claim process, visit [www.FEMA.gov/Increased-Cost-Compliance-Coverage](http://www.FEMA.gov/Increased-Cost-Compliance-Coverage), contact your insurance carrier, or your State NFIP Coordinator (<http://www.floods.org/>).

## Things to Remember about ICC

- After it has been determined which mitigation activity you will be taking, contact your insurance carrier to file a claim for ICC. An adjuster will be assigned to you.
- Your adjuster will ask you to submit your substantial damage letter and building permit from the community building department, a copy of a signed contractor bid for the work, and a signed ICC Proof of Loss form, which the adjuster may provide to you as a courtesy.
- Before you begin the work, check with your insurance carrier to see if you are able to receive a partial payment to help cover some of the initial construction costs.
- After the work is completed, your community building department will provide written evidence the work meets the floodplain management regulations. Submit this to your insurance carrier to receive a full or remaining partial ICC payment.
- If necessary, your community building department may also be able to use ICC to supplement Federal or state grant funding for your elevation, demolition, relocation, or floodproofing (non-residential buildings).







# FEMA

# Fact Sheet

## Federal Insurance and Mitigation Administration

### Increased Cost of Compliance Coverage

#### The National Flood Insurance Program: Building Smarter and Safer

*Increased Cost of Compliance (ICC) coverage is one of several resources for flood insurance policyholders who need additional help rebuilding after a flood. It provides up to \$30,000 to help cover the cost of mitigation measures that will reduce flood risk. ICC coverage is a part of most standard flood insurance policies available under the Federal Emergency Management Agency's (FEMA's) National Flood Insurance Program (NFIP).*

#### Reducing Future Damage

ICC coverage provides payment to help cover the cost of mitigation activities that will reduce the risk of future flood damage to a building. When a building covered by a Standard Flood Insurance Policy suffers a flood loss and is declared to be substantially or repetitively damaged, ICC will pay up to \$30,000 to bring the building into compliance with State or community floodplain management laws or ordinances. Usually this means elevating or relocating the building so that it is above the base flood elevation (BFE). Non-residential structures may also be floodproofed. ICC coverage applies solely to buildings and only covers the cost of the compliance measures undertaken. It is filed separately from the normal flood insurance claim.

#### Determining Who is Eligible

In addition to being insured under the NFIP, a building must meet one of two conditions to be eligible to receive ICC coverage; it must have been either 1) determined to be substantially damaged or 2) meet the criteria of a repetitive loss structure.

- Substantial damage is the determination by the community that damage due to flood has equaled or exceeded 50 percent of the value of the building. When repaired, the building must meet local

floodplain management ordinances. If the total damage from flooding is less than 50 percent of the market value of the building, ICC coverage is not available.

- Repetitive loss means that a building covered by flood insurance incurred flood-related damage two times over a period of 10 years, and that the cost of the repairs was, on the average, at least 25 percent of the market value of the building before the damage occurred each time. This applies only if the community has adopted a repetitive loss provision in the local floodplain management ordinance, and a flood insurance claim must have been paid in both cases. The combined damage total must be 50 percent of the value of the building before the damage occurred, but it need not be evenly distributed. So, if the damage was 35 percent of the value of the building in the first event and 15 percent of the value of the building in the second event, the policyholder would qualify for ICC coverage.

#### FINDING ADDITIONAL POLICYHOLDER INFORMATION

FEMA encourages flood insurance policyholders whose homes are damaged extensively by flood to ask their claims adjusters or insurance agents about ICC coverage.

People can get more information online at:  
<http://www.fema.gov/library/viewRecord.do?id=3010>  
or by calling their insurance agents.



National Flood  
Insurance Program



## Meeting Compliance Standards

ICC coverage can help pay for four different types of mitigation activities to bring a building into compliance with the community's floodplain management regulations:

- Elevation is the most common means of reducing a building's flood risk. The process consists of raising the building to or above the BFE. While NFIP policy only requires the lowest floor of the building to be raised to the BFE, some States and communities enforce a "freeboard" requirement, which mandates that the building be raised above the BFE to meet the community's flood protection level.
- Floodproofing applies only to non-residential buildings. For a building to be certified as floodproof, it must be watertight below the BFE – the walls must be substantially impermeable to water and designed to resist the stresses imposed by floods. Floodproofing techniques include installation of watertight shields for doors and windows; drainage collection systems, sump pumps, and check valves; reinforcement of walls to withstand floodwater pressures; use of sealants to reduce seepage through and around walls; and anchoring the building to resist flotation, collapse, and lateral movement.
- Relocation involves moving the entire building to another location on the same lot, or to another lot, usually outside the floodplain. Relocation can offer the greatest protection from future flooding; however, if the new location is still within the Special Flood Hazard Area (SFHA), the building must be NFIP-compliant, meaning it must be elevated or floodproofed (if non-residential).
- Demolition may be necessary in cases where damage is too severe to warrant elevation, floodproofing, or relocation; or where the building is in such poor condition that it is not worth the investment to undertake any combination of the above activities. All applicable permits must be obtained prior to demolishing the building. The property may be redeveloped after demolition is complete, subject to all applicable Federal, State, and community laws and requirements.

## Using ICC in Concert with FEMA Mitigation Grants

In some cases, individual policyholders can take advantage of Federal grant money to supplement the cost of mitigation activities. Policyholders can assign their ICC benefits to their community and enable the community to file a single claim on behalf of a community mitigation project. FEMA will count the ICC claim monies as non-Federal matching funds when applying for mitigation grants, because ICC coverage is a direct contract between the policyholder and the insurer. The community can then use FEMA mitigation grant funds to help pay for any additional portion of the cost of elevation, floodproofing, relocation, or demolition that is more than the ICC claim payment. It is extremely important for policyholders and community officials to work closely together at every stage of this process. Individual participation in a FEMA-funded community mitigation project is voluntary and the community is required to provide mitigation funds to any property owner whose ICC payment was counted towards the matching funds.

### For More Information

For obtain more information on ICC coverage, visit:  
<http://www.fema.gov/library/viewRecord.do?id=3010>.