



**FEMA**

SEP 25 2005

MEMORANDUM FOR: Regional Directors  
Acting Regional Directors  
Regions I -X

THROUGH: Response & Recovery Division Directors

FROM: Daniel A. Craig  
Director  
Recovery Division

SUBJECT: Individuals and Households Program  
Interim Policy: Insurance – Real Property Losses

The purpose of this memorandum is to notify Regions of the attached interim policy on Insurance and Real Property Losses.

Please ensure this interim policy is promptly shared with your respective States.

For additional information regarding the interim policy, please contact Lumumba Yancey on (202) 646-3939.

Attachment

cc: NPSC Coordination Team  
Sandra Martin, Congressional Affairs

**DATE:** SEP 25 2005

**TITLE:** Individuals and Households Program (IHP) – Insurance – Real Property Losses

**PURPOSE:** To establish an interim policy for processing an insured applicant’s application.

**SCOPE AND AUDIENCE:** This interim policy applies to all disaster declared or with an open incident period as of the signature date. All personnel are directed to follow this policy.

**POLICY:** Financial assistance may be provided to insured applicants when FEMA determines that the applicant’s insurance benefit for real property damaged by the identified peril is inadequate. An insured applicant’s application will not be processed unless insurance documents related to benefits received are provided to FEMA. FEMA will use the criteria below to decide whether the benefit is inadequate.

- 1) Verify whether the net insurance settlement for the real property is greater or less than the maximum award for IHP.
- 2) If the benefit is less than the maximum award for IHP, issue inspection.
- 3) Use the following formula to determine whether the benefit is inadequate.

$$\begin{array}{l} \text{Applicant's Net Insurance Settlement Amount for Real Property} \\ \text{Minus: Real Property Damage (verified by FEMA inspection)} \\ \text{Equals: Real Property Loss Amount} \end{array}$$

If there is a negative (-) Real Property Loss Amount, then the benefit is inadequate and the applicant is **eligible** for the negative (-) Real Property Loss Amount, up to the established IHP limits.

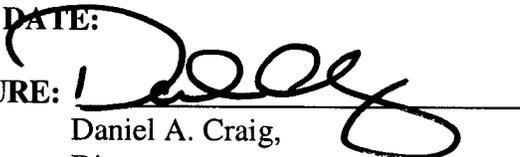
- 1) If the FEMA Inspection determines the home is “Repairable,” then the IHP limit is the Repair maximum.
- 2) If the FEMA Inspection determines the home is “Destroyed,” then the IHP limit is the Replacement maximum.

**AUTHORITIES:** Sections 408 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, P.L. 93-288, as amended.

**ORIGINATING OFFICE:** Recovery Division

**REVIEW DATE:**

**SIGNATURE:**

  
Daniel A. Craig,  
Director  
Recovery Division