



National Flood Insurance Program

Increased Cost of Compliance Coverage

Guidance for State and Local Officials

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FEMA

Foreword

The U.S. Congress established the National Flood Insurance Program (NFIP) with the passage of the National Flood Insurance Act of 1968. The NFIP is a Federal program enabling property owners in participating communities to purchase insurance as a protection against flood losses in exchange for State and community floodplain management regulations that reduce future flood damages. Participation in the NFIP is based on an agreement between communities and the Federal Government. If a community will adopt and enforce a floodplain management ordinance to reduce future flood risk to new construction and substantially improved structures located in floodplains, the Federal Government will make flood insurance available within the community as a financial protection against flood losses. This insurance is designed to provide an insurance alternative to disaster assistance to reduce the escalating costs of repairing damage to buildings and their contents caused by floods.

Increased Cost of Compliance (ICC) is an endorsement of the flood insurance policy that provides a claim payment directly to a property owner for the cost to comply with State or community floodplain management laws or ordinances after a direct physical loss caused by a flood. The ICC claim payment must be used toward the costs of undertaking a mitigation measure that will substantially reduce or eliminate the flood risk to flood-damaged buildings insured under the NFIP.

This manual will discuss:

- How buildings insured under the NFIP will benefit from this coverage;
- How ICC coverage relates to community administration of the local floodplain management laws and ordinances;
- The type of mitigation measures allowed under ICC; and
- The types of technical assistance available to State and local officials to help in the implementation of their floodplain management programs.

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