
SECTION 2: ICC Coverage

**SECTION 2
Overview**

Section 2 will define Increased Cost of Compliance (ICC) coverage, explain what kinds of structures are covered, and describe circumstances that are excluded from ICC coverage. This section will conclude with answers to frequently asked questions related to ICC coverage.

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Section 2: ICC Coverage

ICC Provisions

This section reviews key ICC policy provisions.

ICC Coverage

When a building covered by a Standard Flood Insurance Policy (SFIP) sustains a loss caused by a **flood**, the National Flood Insurance Program (NFIP) will pay up to \$30,000 (effective May 1, 2003) for the cost to elevate, demolish, relocate, or floodproof (non-residential buildings only) the building or any combination thereof, when any of these actions are undertaken to comply with the enforcement of State or local floodplain management laws or ordinances.

ICC coverage is available on residential and non-residential buildings (this category includes public and government buildings, such as schools, libraries, and municipal buildings) insured under the NFIP. ICC is Coverage D in every SFIP. The premium charged for ICC coverage varies depending on the risk, whether the building is Pre-FIRM (meaning that it was built prior to Flood Insurance Rate Maps) or Post-FIRM, the risk zone, and other factors.



Tip: See definition of “flood” on page 1-9.



Tip: A copy of the ICC coverage provisions is provided in Appendix B.

Simplified Coverage Explanation

A simplified explanation of ICC coverage is as follows:

When . . .

- A building is covered by a Standard Flood Insurance Policy, and
- Sustains a loss caused by a flood (building must have substantial or repetitive damage), and
- Must now be brought into compliance with State or Local floodplain management laws or ordinances,

Then . . .

The NFIP will pay up to \$30,000 (effective May 1, 2003) to elevate, demolish, relocate, or floodproof (non-residential buildings only) the building or any combination thereof, when any of these actions are required to comply with State or local codes and floodplain ordinances.

ICC Applies Only to Buildings

ICC coverage is only provided on the building covered by an SFIP and damaged by a flood event. In the SFIP, “building” is defined as a structure with two or more outside rigid walls and a fully secured roof, that is affixed to a permanent site; a manufactured home; or a travel trailer without wheels, built on a chassis and affixed to a permanent foundation that is regulated under the community’s floodplain management and building ordinances or laws.

Under the SFIP, land, land values, lawns, trees, shrubs, plants, and growing crops are not covered. In addition, items such as portions of walks, walkways, decks, driveways, patios, and other surfaces located outside the perimeter exterior walls of the insured building or unit are not covered.

ICC will cover the cost for architectural and engineering fees associated with a design for elevating, relocating, or floodproofing a substantially or repetitively damaged structure.

Buildings in Regular Program communities have ICC coverage except the exclusions listed beginning on page 2-12. Buildings located in communities that participate in the Emergency Program do not have ICC coverage.

Appurtenant/ Accessory Buildings

ICC coverage is available for appurtenant buildings only when a separate flood insurance policy is written on an appurtenant building. An appurtenant building means a structure which is on the same parcel of property as the principal structure to be insured and the use of which is incidental to the use of the principal structure. (Appurtenant structures are sometimes referred to as “accessory structures.”)

ICC coverage does not apply to detached garages or carports, as indicated in the “Exclusions” section of the ICC coverage. ICC coverage would only be available if the detached garage is insured by a separate SFIP Dwelling Policy.

The SFIP does not provide coverage for direct physical loss from flood for an appurtenant structure. However, the SFIP Dwelling Policy extends coverage for direct physical loss from flood for detached garages and carports located on the premises of a one- to four-family dwelling.

Maximum Limit of Coverage

The maximum ICC coverage is \$30,000 (effective May 1, 2003). This coverage is in addition to the policy’s building coverage for structural damage.

The maximum combined amount collected for both the ICC payment and the direct loss payment cannot be greater than the maximum limits of coverage for the type of building. The maximum coverage limit of \$30,000 (effective May 1, 2003) is designed to help the insured pay the costs to elevate, demolish, relocate, or floodproof (non-residential structures only) the flood-damaged building to comply with local codes and floodplain ordinances.

| Maximum Combined ICC and Direct Loss Payments | |
|---|-------------------------------------|
| Type of Building | Maximum Limits of Coverage |
| Residential | \$250,000 |
| Non-Residential | \$500,000 |
| Residential Condominium | \$250,000 times the number of units |

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| | |
|---|---|
| No Additional Deductible Must Be Met | Although an ICC coverage claim is filed separately from a claim for direct flood damage to the building or its insured contents, there is <u>no separate deductible for this coverage</u> . |
| ICC Covers Compliance Measures | ICC pays policyholders to comply with a <u>State or local floodplain management law or ordinance</u> affecting repair or reconstruction of a structure that has suffered flood damage. ICC coverage does not extend to other improvements (such as remodeling or building an addition) that a policyholder chooses to make while meeting floodplain management requirements. |
| ICC Eligibility | Below is a summary of ICC eligibility requirements. |
| Flood Damage Essential for Eligibility | <p><u>ICC coverage only applies to flood-related damage</u>. An ICC claim may be filed as long as the building has been damaged by flood and is declared either a substantially damaged building or a repetitively damaged building under State or community floodplain management laws or ordinances. Buildings located in communities that participate in the Emergency Program do not have ICC coverage.</p> <p>In cases where substantial or repetitive damage is due to a <u>combination of hazards</u>, such as wind and flood, an ICC claim is only paid when the flood component of the damage equals or exceeds 50 percent of the market value of the building.</p> <p>(Note: In cases where a building has been damaged by a combination of hazards, an SFIP claims representative will verify that the damages were caused solely by flood or that the flood component of the damaged building equals or exceeds 50 percent of the market value of the building.)</p> |
| Disaster Declaration Is Not Required | ICC coverage is available regardless of whether the flood results in a Presidential disaster declaration or not. Therefore, even for smaller flood events, an ICC claim can be filed by insured property owners to help mitigate future flood losses. The building must be declared a substantially damaged or repetitive loss structure by the community floodplain administrator. |
| Conditions of Eligibility | A building that has been determined by the community to be substantially damaged or a repetitive loss structure is eligible for an ICC claims payment and must now comply with State or local codes and floodplain ordinances. These conditions reflect flood losses due to either the severity or the frequency of flooding. A community must have adopted a repetitive loss provision in the local floodplain management ordinance in order to require structures that are repetitively flooded, but not substantially damaged, to meet the local floodplain management requirement. |

Eligibility

Substantially Damaged Buildings

If a structure is determined by the community to be substantially damaged, the structure must be brought into compliance with the local floodplain management regulations for new construction. Every community that participates in the NFIP will have a substantial damage provision in its local floodplain management ordinance.

As defined in 44 CFR 59.1 of the NFIP Floodplain Management Regulations, a structure is considered to be **substantially damaged** when:

“ . . . damage of any origin [is] 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 damage occurred.”

Conditions for Substantial Damage

A building is eligible for an ICC claim if:

- The building is located in a Special Flood Hazard Area, or SFHA (A or V Zones);
- The community determines that the cost of restoring the flood-damaged building to its before damaged condition will equal or exceed 50 percent of the market value of the building before the damage occurred, and requires the building to comply with local floodplain management ordinances.
- The community participates in the NFIP and has a substantial damage provision in their floodplain management laws or ordinances in accordance with the minimum NFIP criteria at 44 CFR 59.1 and 60.3.



Tip: See Section 4 for additional information on how substantial damage is determined.

When Flood Damage Is Less Than 50 Percent

ICC will not pay a claim on a building that is less than 50 percent damaged even if the owner is required to take actions to comply with State or community floodplain management ordinances. Buildings must be damaged to at least 50 percent or more of the market value of the building in order to be eligible for an ICC claim payment.

The criterion for determining substantial damage is the ratio of the cost of repairing the structure to its before damaged condition to the market value of the structure prior to the damage. The cost of repairs must include all costs necessary to fully repair the structure to its before damaged condition. The National Flood Insurance Reform Act of 1994 established the threshold at “50 percent of the value of the structure at the time of the flood event.”

50 Percent Damage Sustained From Combined Hazards

Because ICC may only be paid for flood-related hazards, damage equal to at least 50 percent of the pre-disaster market value must result from **flood only**. Even when the community determines a building to be substantially damaged, ICC can only be paid if the flood component alone meets the substantial damage requirement.

Eligibility

Sample of Eligible Substantial Damage

Following is an example of a structure that is eligible for ICC as a result of a single flood event:

John Smith's \$110,000 home was flooded by Tropical Storm Allison so badly that the repair estimate totaled \$63,525. The community determined that the building was substantially damaged and provided Mr. Smith a substantial damage declaration that indicated that the building had to comply with the local ordinance. After receiving an estimate, Mr. Smith and the community's building official decided that elevating his home was the best way to meet the floodplain ordinance and prevent future damages.

An Allright Insurance Company claims representative filed an ICC claim after obtaining a Proof of Loss, a detailed repair estimate, and a substantial damage declaration on Mr. Smith's home. The total cost of the elevation was \$20,500. To start the project, Allright gave Mr. Smith \$10,250 (half the total cost of elevation) to begin the elevation of his home; the final payment of \$10,250 would be paid after the work was completed and the community inspected the work and issued a Certificate of Occupancy or Compliance. The repairs must be completed within 2 years of the substantial damage declaration.

Additional Improvements

ICC coverage does not extend to other improvements, such as remodeling or construction of an addition, that are made to a substantially flood-damaged building. The ICC claim payment can only be used to help policyholders comply with State and community floodplain management laws or ordinances after a flood loss. Other improvements represent a voluntary decision by the individual to improve or add on to an existing building in an SFHA and are not covered under ICC. Although an ICC claim payment will not pay for additional improvements to buildings, such improvements can be made along with repairs to a substantially damaged building and must meet all the minimum floodplain management requirements of the NFIP.



Reference: See the FEMA publication "Answers to Questions About Substantially Damaged Buildings" (FEMA 213/May 1991) for guidance on determining whether a building has been substantially damaged. Appendix D contains instructions for ordering this publication.



Tip: Communities may contact their NFIP State Coordinating Office or FEMA Regional Office for assistance. Contact information is provided in Appendix F.

Eligibility

Repetitive Loss Structures

The second eligible condition for an ICC claim is when local building officials determine a building to be a “repetitive loss structure.” Such repeatedly flood-damaged buildings must now comply with local codes and floodplain ordinances, per the NFIP. ICC availability under this provision applies only if the community has adopted a repetitive loss provision in the local floodplain management ordinance (see below).



Tip: A cumulative substantial damage provision in the local floodplain management ordinance may also qualify a structure for an ICC claim. The community must declare the structure to be substantially damaged, and two of the losses must meet the requirements of the repetitive loss definition.

Under the National Flood Insurance Reform Act, a **repetitive loss structure** is:

“ . . . a building covered by a contract for flood insurance that has incurred flood-related damages on two occasions during a 10-year period ending on the date of the event for which a second claim is made, in which the cost of repairing the flood damage, on the average, equaled or exceeded 25 percent of the market value of the building at the time of each such flood event.”

Determining Repetitive Loss

According to the definition of “repetitive loss structure” in the National Flood Insurance Reform Act, there must be flood-related damages on two occasions during a 10-year period in which the cost of repair for each flood event, on the average, equaled or exceeded 25 percent of the market value of the building before the damage occurred. The following are examples of situations that satisfy the definition of “repetitive loss structure”:

- The first loss is 35 percent of the market value of the building and the second loss is 15 percent of the market value within a 10-year period.
- The first loss is 10 percent of the market value of the building and the second loss is 40 percent of the market value within a 10-year period.
- The first loss is 45 percent of the market value of the building and the second loss is 5 percent of the market value within a 10-year period.

Note: There are other definitions of repetitive loss which may not satisfy the definition for “repetitive loss structure” under the National Flood Insurance Reform Act. For example, if the cost of repair for two losses, when combined, are less than 50 percent, the building does not qualify for a claim payment under ICC as a repetitive loss structure.

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Eligibility

Conditions for Repetitive Loss

A building is eligible for an ICC claim payment if it is in an SFHA (A and V Zones) and if it is a repetitive loss structure and is subject to State or community floodplain management laws or ordinances. There are two requirements that must be met in order for an ICC claim to be paid under the SFIP for a repetitive loss structure:

- The State or community must adopt and enforce a repetitive loss provision or a cumulative substantial damage provision requiring action by the property owner to comply with floodplain management laws or ordinances; and
- The building must have a history of claims payments that satisfy the statutory definition of repetitive loss structure.

Note: The NFIP does not mandate or require States or communities to amend their floodplain management laws or ordinances to include a repetitive loss provision. The decision to adopt a repetitive loss provision is voluntary.



Tip: See Section 4, The Community's Role.

Effective Date of ICC Coverage

The timing of the first loss is immaterial to eligibility for an ICC claim payment, even if the loss occurred before June 1, 1997. An ICC repetitive loss claim can be filed if:

- The State or community enforced a repetitive loss or cumulative substantial damage requirement on the building; and
- The insured building satisfies the definition of “repetitive loss structure” under the National Flood Insurance Reform Act of 1994.

For Example:

If a community . . .

- Has an existing repetitive loss or cumulative substantial damage provision that was in effect prior to June 1, 1997 (the effective date of ICC), and
- Has been enforcing this provision,

Then . . .

The ICC coverage becomes eligible once the community enforces its ordinance on the second qualifying loss, and a renewed or new flood insurance policy has been issued that now contains ICC coverage, and both losses have occurred within a 10-year period.

Eligibility

Repetitive Loss Provisions Are Voluntary

The NFIP does not mandate or require States or communities to amend their floodplain management laws or ordinances to include a repetitive loss provision. However, if a State or community decides to revise their ordinances and adopt a repetitive loss provision, they may do so at any time. The decision to adopt this loss provision is voluntary.



Tip: Communities may contact their NFIP State Coordinating Office or FEMA Regional Office for assistance. Contact information is provided in Appendix F.

Repetitive Loss Provisions Impact Policyholders

There is no requirement that communities adopt a repetitive loss provision. However, if none is in place, policyholders in that community may not collect ICC benefits on an insured building that has been repetitively damaged.

ICC benefits will still be paid on eligible substantially damaged structures.



Tip: See Section 4, The Community's Role, for further guidance on deciding whether your community would benefit from amending community ordinances to include a repetitive loss provision.

Improvements to Repetitive Loss Properties

ICC coverage does not extend to other improvements, such as remodeling or construction of an addition, when repairs are made to a repetitively damaged building. The ICC claim payment can only be used to help policyholders comply with State and community floodplain management laws or ordinances after a flood loss. Other improvements represent a voluntary decision by the individual to improve or add on to an existing building in an SFHA and are not covered under ICC. Although an ICC claim payment will not pay for additional improvements to buildings, such improvements can be made along with repairs to a repetitively damaged building but must meet all the minimum floodplain management requirements of the NFIP.

Eligibility

Sample of Eligible Repetitive Loss

Following is an example of a structure that is eligible for ICC as a result of several flood events:

Jane Doe lives in a community that has a repetitive loss provision in its floodplain ordinance. Jane's \$85,000 home was damaged by a local flood twice in the past 10 years.

- Six years ago, in the first flood, Jane's building damages equaled \$9,000 (10 percent of the market value).
- The second flood caused \$36,000 in building damages (40 percent of the market value).

Because the cost to repair the flood damage, on average, equaled or exceeded 25 percent of her home's market value at the time of each flood, and Jane collected flood insurance claim payments for each of the two flood losses, Jane was eligible for ICC.

Jane's home was declared a "repetitive loss" property by the community floodplain administrator. Jane and her floodplain administrator decided that relocating her home on the property was the best solution to her flooding problem.

Relocating Jane's home will cost \$32,000. Her ICC claim will pay the maximum available: \$30,000.

Variations

A variance is a grant of relief by a community from the terms of land use, zoning, or building code regulations. Because a variance can create an increased risk to life and property, variances from flood elevation or other requirements in the flood ordinance should be rare. Structures that have been granted a variance that meet the NFIP requirements are eligible for ICC coverage.

Adjusting ICC Claims for Post-FIRM Buildings

| If . . . | And . . . | Then . . . |
|---|---|---|
| A variance was granted for a Post-FIRM building | <ul style="list-style-type: none"> ▪ There <u>has</u> been an increase in the base flood elevation (BFE) <li style="text-align: center;">or ▪ There was <u>no</u> increase in the BFE | An ICC claim payment will be made to elevate or floodproof the building to the BFE or demolish or relocate the building. |
| No variance was issued and a Post-FIRM building is non-compliant with the local floodplain management ordinance | There <u>has</u> been an increase in the BFE | An ICC claim payment will be <u>limited to the cost of compliance to elevate or floodproof the building from the BFE at the time of construction to the current effective BFE</u> . An ICC claim payment will be made to demolish or relocate the building. |
| No variance was issued and a Post-FIRM building is non-compliant | There has <u>not</u> been an increase in the BFE | This Post-FIRM building is not eligible for an ICC claim payment. |
| A Post-FIRM building was compliant at the time of construction | There <u>has</u> been an increase in the BFE | An ICC claim will be paid to elevate or floodproof the building to the current BFE or to demolish or relocate the building. |
| A Post-FIRM building was compliant at the time of construction | There has <u>not</u> been an increase in the BFE | The building is not eligible for an ICC claim payment since it already complies with the local floodplain management ordinance. |



Tip: Communities may contact their NFIP State Coordinating Office or FEMA Regional Office for assistance. Contact information is provided in Appendix F.

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Exclusions: Buildings

Buildings in Regular Program communities have ICC coverage except under the situations listed below.

Compliant Post-FIRM Buildings

A Post-FIRM building in compliance with State or community floodplain management requirements is not eligible for an ICC claims payment, since it already meets requirements of the local floodplain management ordinance.

The NFIP defines a Post-FIRM building as “a building for which construction or substantial improvement occurred after December 31, 1974, or on or after the effective date of an initial Flood Insurance Rate Map, whichever is later.” Therefore, any new construction or substantial improvements built after a community receives its FIRM should have been built to meet the local and State floodplain management requirements. The purpose of ICC is to help policyholders comply with State or local floodplain management requirements.

The flood insurance claim for repair of direct physical damages will pay for the cost to repair the building to its pre-damaged condition.

However, if there has been an increase in the BFE that the community has adopted since the time the building was constructed, an ICC claim will be paid to elevate to the new effective BFE.



Tip: Communities may contact their NFIP State Coordinating Office or FEMA Regional Office for assistance. Contact information is provided in Appendix F.

Non-Compliant Post-FIRM Buildings

A Post-FIRM building not built in compliance with the State or community laws or ordinances is not eligible if :

- There was no variance granted, and
- There was no increase in the BFE due to a FIRM revision since the time the Post-FIRM building was built.

An ICC claim will be paid on a Post-FIRM building that was not built in compliance with the BFE at the time of construction only if there has been an increase in the BFE (see “Adjusting ICC Claims for Post-FIRM Buildings” on page 2-11).

For properties that will be demolished or relocated, the ICC claim will be paid only if there was an increase in the BFE since the building was constructed.

Non-Compliant Buildings After Reconstruction

An ICC claim will not be paid for any rebuilding activity to standards that do not meet the NFIP minimum requirements after reconstruction.

This includes a building where the policyholder has received a variance from the State or community to rebuild the property to an elevation below the BFE. Making an ICC claim payment to protect structures to less than the BFE defeats the specific purpose of the coverage, which is to provide long-term protection to the structure.

Note: The NFIP Floodplain Management Regulations at 44 CFR 60.3, which are adopted by local communities as floodplain management ordinances, require that the lowest floor (including basement) of all new or substantially improved structures be protected—i.e., elevated or floodproofed (for non-residential structures only)—to or above the BFE.

Group Flood Insurance Policies

Any structure insured under an NFIP Group Flood Insurance Policy is not eligible for ICC. These policies generally cover recipients awarded an Individual and Family Grant for flood damage as a result of a Presidential major disaster declaration.

Condominium Unit Owner Policies

Condominium units that are insured under individual owners' policies are not eligible for ICC coverage.

Buildings in Communities in the Emergency Program

Buildings insured under the NFIP's Emergency Program are not eligible for ICC coverage.

Buildings in B, C, X, or D Zones

ICC does not normally cover buildings in B, C, X, or D Zones. However, if the building is in a B, C, X, or D Zone and the community requires the policyholder to undertake a mitigation action (e.g., the community has adopted and is enforcing advisory or preliminary BFEs provided by FEMA), ICC will be available if the community can document that they are regulating the area under their floodplain management ordinance.

If communities have flood data for B, C, X, or D Zones, they are advised to provide this information to FEMA for a possible map revision.

Exclusions: Damage

ICC will not cover damaged buildings under the following two situations:

- **Buildings Less Than 50 Percent Damaged:** Buildings must be damaged by flood to 50 percent or more of the market value of the building in order to be eligible for an ICC claim payment.
- **50 Percent Damage Sustained From Combined Hazards:** Because ICC may only be paid for flood-related hazards, damage equal to at least 50 percent of the pre-disaster market value must result from flood only.

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Exclusions: Improvements

Any improvements (e.g., an addition, a deck) undertaken along with compliance measures may not be funded with ICC payments. ICC payments may only pay for flood-related compliance measures.

Code upgrade requirements (e.g., plumbing or electrical wiring) not related to the State or local floodplain management ordinance may not be funded with ICC payments.

ICC does not include a garage or carport, unless the building is covered by a SFIP.

Note: Claim payments can only be used to help policyholders comply with State and community floodplain management laws or ordinances after a flood loss.

Although an ICC claim payment will not pay for improvements not related to compliance, if the improvements are made the owner must still meet all the minimum requirements of the NFIP.

Exclusions: Other Items

ICC coverage is only provided on the building covered by an SFIP. The following types of structures and items are not covered:

- Gas or liquid storage tanks.
- Land, land values, lawns, trees, shrubs, plants, and growing crops.
- Portions of walks, walkways, decks, driveways, patios, whether protected by roof or not, located outside the perimeter, exterior walls of the insured building.
- Underground structures and equipment including wells, septic tanks, and septic systems.



Tip: See Appendix B, Coverage D—Increased Cost of Compliance, for additional information on ICC exclusions and ineligible costs.

Frequently Asked Questions

This section presents answers to frequently asked questions related to ICC coverage.

Map Revisions

How are ICC claims handled in areas affected by a map revision?

An ICC claim will be paid in areas affected by a map revision, provided the community has adopted and is enforcing the revised data for reconstruction of flood-damaged buildings. Furthermore:

- An ICC claim will be paid in any risk zone to elevate or floodproof (non-residential buildings only) a structure to the advisory BFE. The BFE must either be provided by FEMA or obtained from a Preliminary Flood Insurance Study that the community has adopted. This includes instances where a BFE is being increased and a flood-damaged structure must comply with the new elevations.
- An ICC claim can be paid to elevate, floodproof (non-residential buildings only), relocate, or demolish a structure in B, C, X, or D Zones if the flood zones are being changed to A or V Zones and the community adopts the new zones. The BFE must either be provided by FEMA or obtained from a Preliminary Flood Insurance Study that the community has adopted.

Buildings in Unnumbered A Zones

How does ICC coverage apply to A Zones?

An ICC claim will be paid for elevation, floodproofing (non-residential only), demolition, or relocation of a building in Zone A when the State or community requires that the flood-damaged structure be elevated or floodproofed (non-residential buildings only) to a BFE. Zone A, also referred to as an unnumbered A Zone, is the area of the Special Flood Hazard Area where no BFEs have been determined by FEMA. However, ICC will not cover the cost to develop the BFE if no existing data is available.

Under the minimum NFIP regulations, States and communities must require the elevation or floodproofing (non-residential buildings only) of buildings in Zone A to the BFE where elevation data from a Federal, State, or other source is obtained, reviewed, and reasonably utilized.



Reference: See the FEMA publication “Managing Floodplain Development in Approximate Zone A Areas” (FEMA 265) for more information. Appendix D contains instructions for ordering this publication.

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Elevating Above Minimum Standards

Will ICC pay for the cost of elevating or floodproofing to a higher elevation than the NFIP minimum standard (100-year or base flood elevation)?

Yes. Some States and communities, in the interest of sound floodplain management and in recognition of the impacts of future development on flood elevations, exceed the NFIP minimum standards by requiring new or substantially improved buildings to be elevated or floodproofed to 1 or more feet above the BFE. ICC coverage allows for an ICC claim payment, up to the \$30,000 (effective May 1, 2003) limit of coverage, to elevate or floodproof (non-residential only) buildings to any “freeboard” requirement contained in the State’s or community’s floodplain management laws or ordinances. This more restrictive requirement is generally referred to as “freeboard.”

Freeboard

If a Post-FIRM building is compliant and there has been no increase in BFE, the building would not normally qualify for ICC. However, if the community has freeboard on record, would ICC pay for “just the freeboard”?

No. If the structure was built compliant with local floodplain management requirements, ICC will not cover the cost to mitigate the structure to meet the community’s freeboard requirement if the BFE has not changed. Freeboard is an additional height requirement above the base flood elevation that some communities may adopt to provide an added margin of protection from flooding and to make structures eligible for a lower flood insurance rate. However, if the structure is non-complaint with floodplain management regulations at the time of the substantial damage declaration and is then declared substantially damaged, ICC would be available to elevate the structure to the freeboard.

Rebuilding at the Same Site or Another Site Within the SFHA

Will an ICC claim be paid when a building is demolished or relocated and the property owner chooses to build a replacement building at the same or another site in the Special Flood Hazard Area?

Yes. ICC coverage allows for a claim payment for the cost of demolition or relocation at the same or another site within the SFHA. ICC will also cover the cost to clear the site of the building. Eligible activities for the cost of clearing the site will include those necessary to discontinue utility service to the site and ensure proper abandonment of on-site utilities.

ICC will also cover an incremental cost to elevate or floodproof (non-residential buildings only) the replacement structure. The elevation or floodproofing must comply with State or community floodplain management laws or ordinances.

The ICC claim payment is limited to the combined costs of demolition or relocation and the costs associated with the elevation or floodproofing of the replacement building at the same or another site in the SFHA, not to exceed \$30,000 effective May 1, 2003.

However, if the structure is built outside the SFHA, then there would be no requirement to reduce the risk of flooding, and ICC would not be paid for the replacement building.

**Floodproofing
of Residential
Buildings**

Can ICC claims payments be used to floodproof residential buildings in those communities that are permitted by FEMA to adopt standards for residential floodproofed basements?

Yes. An ICC payment can be used to floodproof a residential basement only if the building is located in a community approved for residential basement exceptions by FEMA. Under 44 CFR 60.6(b) or (c) of the NFIP Floodplain Management Regulations, communities that have been approved for residential basement exceptions by FEMA may adopt standards for floodproofed residential basements.

Under the NFIP Floodplain Management Regulations, the floodproofed design level must be an elevation of 1 or 2 feet above the BFE.

**Historic
Structures**

Are historic structures eligible to receive ICC?

ICC may be available for a historic structure covered by a Standard Flood Insurance Policy (SFIP) under the NFIP, if the community has declared the structure substantially or repetitively damaged. The building must be required to comply with the community's floodplain management ordinance. However, ICC is not available for a historic structure that is exempt under the community's ordinance from meeting floodplain management requirements or if the community grants a variance. ICC is also not available for mitigation actions that do not bring the building into full compliance with the community's floodplain management ordinance.

Condominiums

Are condominium units or single-family detached units covered under ICC?

No. Condominium unit owner policies are not eligible for ICC. However, a Residential Condominium Building Association Policy, which covers the building and all common areas, is eligible for ICC coverage.