

# Understanding Increased Cost of Compliance (ICC)

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If you have a policy with the National Flood Insurance Program (NFIP), your home was damaged extensively by Hurricanes Laura and or Delta and you receive a declaration from your local floodplain administrator that your home is substantially or repetitively flooded, you may qualify for an Increased Cost of Compliance claim. You must have an NFIP Policy to qualify.

## **Increased Cost of Compliance**

Increased Cost of Compliance (ICC) coverage provides a claim payment, after a direct loss by flood, for the cost to comply with state or community floodplain management laws or ordinances, for example, costs to elevate, relocate, demolish or floodproof (non-residential only) a structure.

- Do I have flood insurance through the National Flood Insurance Program (NFIP)?
- ICC only applies to those with NFIP policies.
- Was my damage from flooding?
- ICC pays for flood-related damage only, and the flood damage must equal 50% or more of your structure's pre-flood market value.
- Was my property substantially damaged?
- A determination is made by the local community that your home or business is damaged by a flood to the point that repairs will cost 50% or more of the building's pre-damage market value. This percentage may vary in some jurisdictions. Your local community will notify you by letter if your home or business was substantially damaged, and if you must comply with local floodplain management ordinance or laws in effect.



- Substantial damage applies in the Special Flood Hazard area (SFHA) and can be from any origin, including wind, water, fire, debris impact and more.
- Communities may have to address damage resulting from multiple events. All affected structures should be handled consistently.
- If no repairs are made to a structure after an event, and a second event causes damage, local officials must include all costs to repair damage from both events
- Does it meet the criteria of a repetitive loss structure?
- Repetitive loss structures have two or more NFIP flood claims in the past 10 years, and the cost of the repairs was, on average, at least 25% of the pre-flood market value each time. This only applies if your community's local floodplain management ordinance has a repetitive loss provision.

Other things to know about ICC:

ICC coverage is in addition to the coverage for the repair of the building's actual physical damage caused by flooding. The maximum combined amount payable for both the ICC claim and the direct loss claim cannot be greater than the maximum limits of coverage for the type of building:

- \$250,000 for residential and \$500,000 for commercial properties. If you receive payment for the maximum coverage limits, you are not able to receive the \$30,000 ICC benefit.
- Work closely with your flood insurance adjuster and your local permitting office to determine your eligibility for ICC and do not begin repair work on your structure before filing an ICC claim.

For more details on ICC, visit <https://www.fema.gov/floodplain-management/financial-help/increased-cost-compliance>.

Note: Your ICC claim will be adjusted separately from the flood damage claim you file under your SFIP. For more information on filing a claim under your SFIP, visit [https://www.fema.gov/sites/default/files/2020-05/FINAL\\_ClaimsHandbook\\_10252017.pdf](https://www.fema.gov/sites/default/files/2020-05/FINAL_ClaimsHandbook_10252017.pdf)



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