Using Increased Cost of Compliance (ICC) Funds
Increased Cost of Compliance (ICC)

- Designed to help policyholders bring their structures into compliance with local floodplain management regulations
- Part of most standard NFIP flood insurance policies
- Up to $30,000 to help cover cost of mitigation measures
  - Elevation
  - Floodproofing non-residential buildings
  - Relocation
  - Demolition
- ICC subject to maximum coverage limits
Eligibility (Option 1)

- Property must be declared substantially damaged (damage is more than 50% of the value of the building) due to *flooding* – damage from fire, tornado, etc. is not eligible.
Eligibility (Option 2)

- Local Floodplain Ordinance includes a repetitive loss provision
- Building must meet criteria of a repetitive loss structure (i.e. flood-related damage two times over period of 10 years and the cost of the repairs were, on average, at least 25% of the market value of the building before the damage occurred each time)
- Flood insurance claims were paid in both cases
- Combined damage was at least 50% of the value of the building
Elevation

• Elevation is most common method used
• Must elevate to or above the BFE at a minimum
• Must meet “freeboard” requirements if included in local floodplain ordinance
Ohio River Elevation (before)
Ohio River Elevation (before)
Ohio River Elevation (after)
Long Run Elevation (before)
Long Run Elevation (after)
Northern Ditch Elevation (Before)
Northern Ditch Elevation (after)
Floodproofing

• Floodproofing applies only to non-residential buildings
• Building 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
  – Anchoring the building to resist flotation, collapse, and lateral movement
Relocation

• Relocation means moving the entire building to another location
• If not moving outside the floodplain, must be elevated or if non-residential, floodproofed
Demolition

- Demolition may be necessary in cases where damage is too severe for elevation, floodproofing, or relocation
- All applicable permits must be obtained prior to demolition
- Property can be redeveloped
MSD’s Quick Buy Program

- Used ICC funds to help fund local buyout program
- 2015 floods caused 16 homes to be substantially damaged
  - MSD offered the property owners the difference between the damages (covered by flood insurance) and the PVA value
  - Used ICC funds to help pay demolition of homes
  - MSD spent approximately $600,000 for $1.12 million in floodprone property
ICC and FEMA Mitigation Grants

- ICC benefits can be assigned to the community for FEMA grants
- ICC claim monies count as non-Federal matching funds
- Can be used to help pay for cost of elevation, floodproofing, relocation, or demolition
Who files the ICC Claim?

Property Owner

or

Community (only if ICC claim is assigned to community by the property owner)
How to File an ICC Claim

1. Policyholder Reports Flood Claim
2. Substantial Declaration Made by Community
3. Policyholder Chooses Mitigation Option
4. Policyholder Collects Information
5. Insurance Agent Opens File/Verifies Eligibility
6. Initial ICC Payment Made
7. Complete Mitigation Project
8. Final Inspection by Community
9. Final Payment
Documents Required

• Initial items for ICC claim approval
  – Substantial damage letter
  – Market value of building
  – Proof of flood-related damages
  – Necessary permits for mitigation
  – Signed contract showing itemized cost of mitigation
  – Proof of Loss form (from insurance company)
  – Assignment of Coverage D form (if ICC claim assigned to the community)

• Closeout Documents
  – Letter of completion
  – Elevation certificate/floodproofing certificate (if applicable)
  – Photos showing completed work
Assignment of ICC Claims

• Policyholder agrees to the assignment of the ICC claim payment (for match for FEMA grant or local mitigation program)
• Policyholder signs the Assignment of Coverage D form
• The community official sends a copy of the completed form and declaration of substantial damage to the NFIP Bureau & Statistical Agent at the following address:

NFIP Bureau & Statistical Agent
8400 Corporate Drive, Suite 350
Landover, MD 20785
Assignment of Coverage D  
Increased Cost of Compliance Coverage  
National Flood Insurance Program

Date: ________________________________

Name of Flood Insurance Policy Holder: ______________________________________

Flood Insurance Policy Number: ________________________________

Name of Insurer: ________________________________

Policy Term: ________________________________

Address of Insured Structure: ________________________________

Date of Loss: ________________________________

Type of Mitigation Measure: ________________________________

I, ________________________________, do hereby assign the portion of my claim arising under Coverage D.

Name of Policyholder

Increased Cost of Compliance of the above-referenced Standard Flood Insurance Policy, codified at 44 C.F.R. Part 61, Appendix A, necessary to cover the cost of demolition, elevation, relocation, or floodproofing of the insured property to ________________________________.

Name of Community

Name of Community

is authorized to collect this amount from the above-referenced insurer to cover the cost of one of these activities as part of an approved mitigation project assisted by the Federal Emergency Management Agency. In the event that this amount is less than $30,000, I retain my right to make additional claims for the remainder for other eligible measures under Coverage D.

This assignment is subject to all the conditions of the policy. The contract of insurance remains between the original parties to the same with respect to all other provisions of the policy.

In witness, I have executed this assignment at ________________________________, on ________________________________.

______________________________
Signature
Pros

• Quick (relatively)
• Easy (relatively)
• 4 mitigation options
• Can be used for grants or local mitigation programs

Cons

• Limited to $30,000
• Must have flood insurance
• Only for flood damage
• Must be substantially damaged or meet repetitive loss provision
Lessons Learned

• $30,000 doesn’t necessarily cover all the costs of an elevation project
• ICC will not pay for lead/asbestos abatement for demolition projects
• Each company asks for slightly different documentation
• ICC claims can get lost....you may have to keep bugging them!
• If you really are having trouble, contact the Floodplain Advocate at [https://www.fema.gov/webform/flood-insurance-advocate-ask-question](https://www.fema.gov/webform/flood-insurance-advocate-ask-question)
Questions?

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