



FEMA

W-07003

January 16, 2007

MEMORANDUM FOR: Write Your Own (WYO) Principal Coordinators and
NFIP Servicing Agent

FROM: WYO Clearinghouse

SUBJECT: Assignment of Increased Cost of Compliance (ICC) Claims

Attached is a memo from Federal Insurance Administrator David Maurstad in response to inquiries regarding assignment of ICC benefits when a property is sold to a new owner.

If you have any questions, please contact your WYO Business Analyst.

Attachment

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Suggested Routing: Claims, Marketing, Underwriting

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FEMA

January 16, 2007

MEMORANDUM FOR: Write Your Own (WYO) Principal Coordinators
National Flood Insurance Program Servicing Agent
FROM: *David I. Maurstad*
David I. Maurstad
Federal Insurance Administrator
National Flood Insurance Program
Mitigation Division
SUBJECT: Assignment of Increased Cost of Compliance (ICC) Claims

There have been recent inquiries regarding the assignment of ICC benefits when the property is sold to a new owner. The Standard Flood Insurance Policy (SFIP) does not provide the assignment of a claim but will allow for the assignment of the policy when the title to the property is transferred to the new property owner.

Please refer to the Dwelling Form section VII. **GENERAL CONDITIONS D. Amendments, Waivers, Assignment, which states:**

This **policy** cannot be changed nor can any of its provisions be waived without the express written consent of the Federal Insurance Administrator. No action that we take under this **policy** constitutes a waiver of any of our rights. You may assign this **policy** in writing when you transfer title of your property to someone else, except under these conditions:

1. When this **policy** covers only personal property; or
2. When this **policy** covers a structure during the course of construction.

The only time an ICC claim can be transferred is when it is in conjunction with a FEMA project such as the Hazard Mitigation Grant Program (HMGP). The assignment is made to the community and usually used as the community's non Federal match. Only that part of the ICC benefit that pertains to the project requirements is assigned to the community. The original owner of the property retains the remaining benefits for ICC.

The sale of a structure from one individual to another is a contract between those individuals and should not involve the National Flood Insurance Program (NFIP). The NFIP contract is with the policyholder who insured the structure.

The NFIP fulfilled its requirement with the policyholder insured at the time of loss. If the purchaser knows the structure must be brought into compliance with an ordinance, the purchase price should reflect that requirement.