




FEMA

W-16050

August 11, 2016

MEMORANDUM FOR: Write Your Own (WYO) Principal Coordinators, the
National Flood Insurance Program (NFIP) Servicing Agent, and
Vendors

FROM: 
Greta Richardson
Director of Claims
Federal Insurance and Mitigation Administration

SUBJECT: Assignment of Claims under Coverage D, Increased Cost of
Compliance to the New Jersey Department of Environmental
Protection – Pilot Program

FEMA is implementing a pilot program for the purposes of determining if it is feasible to allow entities other than the NFIP participating communities to be named as the assignee of claims under Coverage D of all forms of the Standard Flood Insurance Policy ("SFIP") for Increased Cost of Compliance ("ICC") benefits. This bulletin only affects ICC claims in New Jersey at this time. FEMA is attempting this with New Jersey based upon the unique land-use and control system the state has implemented, whereby the State of New Jersey issues all building permits and is administering hazard mitigation grants through the New Jersey Department of Environmental Protection ("NJDEP"). Based upon discussions with the NJDEP personnel, this system appears to provide a single, central point of contact for the mitigation process and therefore FEMA believes it would expedite mitigation efforts if the NJDEP is allowed to be the assignee of the Coverage D, ICC claims instead of the NFIP participating community.

The purpose of this memorandum is to clarify the meaning of a *Community* involved in the Assignment of a Coverage D, Increased Cost of Compliance (ICC) project and claims under a Standard Flood Insurance Policy (SFIP). FEMA is issuing this bulletin to clarify the provisions of previous bulletins W-02028, W-01058 and memorandum to Charles Plaxico dated May 15, 2001 for purposes of this pilot program.

The Federal Insurance and Mitigation Administration (FIMA) previously granted a limited waiver to allow flood insurance policyholders to assign their ICC claim under Coverage D of their SFIP (in full or in part) to a community to supplement FEMA funding of ICC eligible activities. The waiver authorized and allowed policyholders to assign their Coverage D benefits

to local communities when part of a FEMA funded mitigation project or on-going grant only under these specific conditions. Assigning the claim simply means transferring the policyholder's interest in the ICC claim to the community.

Assignment to eligible communities includes cities, villages, towns, townships, counties, parishes, States and Native American tribes and Alaskan villages.

Assignment is also permitted, in conjunction with a FEMA-funded grant to an entity defined within the Stafford Act as a local government which includes:

- A county, municipality, city, town, township, local public authority, school district, special district, intrastate district, council of governments (regardless of whether the council of governments is incorporated as a nonprofit corporation under State law), regional or interstate government entity, or agency or instrumentality of a local government;
- An Indian tribe or authorized tribal organization, or Alaska Native village or organization, that is not an Indian tribal government; and
- A rural community, unincorporated town or village, or other public entity, for which an application for assistance is made by a State or political subdivision of a State.

For purposes of this pilot program, FEMA will recognize the NJDEP as a “regional or interstate government entity” so as to allow assignment of the ICC claims directly to the NJDEP instead of the local NFIP participating community where the insured property is located. This is the only modification to the ICC assignment rules made by the publication of this bulletin.

The policyholder's agreement to transfer this interest under their signature is accomplished on the Assignment of Coverage D- Increased Cost of Compliance Coverage form, and handled just as any other ICC claim through working with the policyholder, community, and agency coordinators.

Any questions or comments should be directed to the FID Claims Mailbox at FEMA-FIDClaimsMailbox@fema.dhs.gov.

cc: Vendors, IBHS, and Government Technical Representative