




FEMA

W-17066

October 27, 2017

MEMORANDUM FOR: Write Your Own (WYO) Company Principal Coordinators, the National Flood Insurance Program (NFIP) Direct Servicing Agent, and Independent Adjusting Firms

FROM: 
Lloyd A. Hake
Division Director
Federal Insurance and Mitigation Administration

SUBJECT: Increased Cost of Compliance (ICC) and Hazard Mitigation Assistance (HMA) Non-Federal Cost Share

The purpose of this memorandum is to clarify the processing of Standard Flood Insurance Policy (SFIP) Coverage D, Increased Cost of Compliance (ICC)¹ claims involving policyholder assignments of their ICC claims to communities in conjunction with FEMA-sponsored Hazard Mitigation Grants.

FEMA authorized policyholders the ability to assign their ICC claim payments when eligible to be included in a FEMA-sponsored flood mitigation grant involving eligible ICC compliance activities. The policyholder's agreement to transfer this interest is accomplished by submitting the *Assignment of Coverage D – Increased Cost of Compliance Coverage Form* to the local authorities, state, or community administering the grant. Once the policyholder assigns the ICC claim, the local authorities, state, or community will be responsible for completing the eligible mitigation activity. Upon receipt of the completed *Assignment of Coverage Form*, the insurer should process the ICC claim in the customary manner up to the policy limit of \$30,000, when available.

Therefore, adjusters and insurance company representatives are required to verify and include the required ICC documentation based on the selected mitigation activity as they normally would. The terms of the SFIP, Coverage D, control what a policyholder is paid under the policy. The terms of the grant and any non-federal cost-share are separate and distinct from the terms of the SFIP. A determination that an assignment of the ICC claim has not resulted in a duplication of benefits for purposes of the grant will be made and verified by the recipient (state, territory, or federally recognized tribe) and FEMA's regional HMA program offices.

This memorandum does not supersede the January 29, 2010, Policy Issuance 1-2010: *Establishing the Pilot Program for the Mitigation of Severe Repetitive Loss (SRL) Buildings in all Flood Zones Utilizing the Standard Flood Insurance Policy ICC Benefits as the Policyholders' Non-Federal*

¹ See the SFIP at 44 Code of Federal Regulations, (C.F.R.) Part 61, App. A (1) Dwelling Form, (2) General Property Form, or (3) Residential Condominium Building Association Policy, at Art. III. D.

Match. Although, the Severe Repetitive Loss (SRL) program was sunsetted in 2012, a few SRL Pilot Program projects remain. Therefore, affected SRL properties continue to be mitigated via the HMA programs.

Any claims questions or comments should be directed to FIMA Claims at FEMAFIDClaimsMailbox@fema.dhs.gov.

cc: IBHS, FIPNC, Government Technical Representative

Required Routing: Accounting, Claims, Data Processing, Underwriting

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