

# Sample ICC claim letter and process

This letter is to inform you about the Increased Cost of Compliance (ICC) claim process and to list the information and documentation needed to complete this claim as required by the National Flood Insurance Program.

In order **to qualify for** an ICC claim, your community must classify your house as **being substantially damaged by flood**, or have received repetitive flood losses totaling over 50% of the market value of the house within the last 10 years, and currently be out of compliance in regards to the elevation of the lowest floor of the house. An ICC claim can pay you up to \$30,000.00 under coverage D of the flood policy (this only applies to policies with building coverage / coverage A). The payment of the claim under coverage D is in addition to the amount of coverage which you selected on the flood insurance application and which appears on your policy declarations page. The maximum amount that you can collect under this policy, for both coverage A and coverage D cannot exceed the maximum total allowed by the policy, which is \$250,000.00 for dwellings and \$500,000.00 for general property policies. This claim will only pay the minimum amount necessary to meet the current guidelines in your communities' ordinance, with a maximum payment of \$30,000.00. If there is a mortgage or mortgages on the property, the lien holder's name will be on the check, unless documentation is provided from the mortgage company that the mortgage or mortgages have been paid off.

## Maximum ICC Coverage Examples:

- 1. If you had a flood claim that paid you \$240,000 for building damage, and this was the claim that substantially damaged your dwelling or was your last repetitive loss claim, then your maximum payment for an ICC claim is \$10,000, \$240,000.00 building claim + \$10,000.00 ICC claim = \$250,000 dwelling policy maximum.*
- 2. If you had a flood claim that paid you \$210,000 for building damage, and this was the claim that substantially damaged your dwelling or was your last repetitive loss claim, then your maximum payment for an ICC claim is \$30,000, \$210,000 building claim + \$30,000 ICC claim = \$240,000 which is less than the dwelling policy maximum of \$250,000, so then the \$30,000 ICC policy limit applies.*
- 3. If you demolish your house, pay your demolition contractor \$10,000 for the covered demolition costs, and provide the correct documentation to complete the claim, then your maximum payment for the ICC claim is \$10,000.*
- 4. If you elevate your house, pay your elevation contractor \$35,000 for the covered elevation costs, and provide the correct documentation to complete the claim, then your maximum payment for the ICC claim is \$30,000.*
- 5. If you elevate your house to 14 ft. high and the minimum required elevation is 10 ft., then you must provide documentation to prove the cost to elevate the house to 10 ft. The cost for the extra 4 ft. of elevation is not covered. You may only receive payment for the covered 10 ft. of elevation costs.*

**If you are participating in a Hazard Mitigation Grant Program (HMGP), the Road Home or any FEMA/State buyout program, all documentation must be submitted and reviewed to ensure there is no duplication of benefits.**

## Documentation needed to complete an ICC claim

### Demolition of the building:

1. Substantial damage letter from your county official stating your home is 50% or more substantially damaged by flood or repetitively damaged and no longer qualifies to be built at its current height. (Damage Assessment Wizard is Not sufficient)
2. Elevation certificate or other documentation showing the house was below the BFE at the time of the flood loss
3. Demolition permit
4. Demolition estimate from your contractor. The estimate must be in a line item format showing how much each phase of the demolition will cost, and one must be signed and dated by you and the contractor to show your acceptance of the bid. The estimate can only include the demolition of the covered building structure. It cannot include garages, fences, sidewalks, trees, bushes, or other items outside of the footprint of the covered building structure. When demolition is complete we will need a copy of the final invoice for demolition
5. Color photo before demolition (to document structure type)
6. Tax Assessment value from your municipality
7. Floodplain Management Ordinance (from your municipality)

8. A letter of completion from your community
9. A colored photo date stamped, of the cleared lot. (Please mail, do not fax)

**Elevation of the building:**

1. Substantial damage letter from your county official stating your home is 50% or more substantially damaged by flood or repetitively damaged and no longer qualifies to be built at its current height. (Damage Assessment Wizard is Not sufficient)
2. Elevation certificate or other documentation showing the house was below the BFE at the time of the flood loss
3. Building permit
4. Estimate with line by line breakdown of the elevation work with prices for each item listed
5. Tax Assessment Floodplain Management Ordinance
6. A copy of your new Elevation Certificate
7. Colored photos of the completed elevation. Front, back and sides of building. (Please mail, do not fax)
8. A letter, certificate of occupancy or other written official notice from your county or building department stating your home is now in compliance.

**Covered costs for elevation are:**

- a) Cost to lift up and set down existing house on new foundation)
- Demolition cost of old foundation
- c) Cost to construct new foundation to minimum requirements
- d) One set of stairs to each exterior access door and a **16** sq. ft. landing at the top of each covered set of stairs
- e) Vertical elevation of utilities from ground level to first elevated floor.

**Non-covered elevation costs:**

- a) Slabs located on ground level that are not an integral, required part of the foundation)
- Cost to elevate garages
- c) Enclosure walls which are not a required part of the foundation)
- Underground, overhead, and interior horizontal runs for utilities. Area for decks and porches above and beyond **16** sq. ft. (if a deck is constructed, the contract must list the cost of the deck in dollars per square foot, so that the costs above the maximum **16** sq. can be calculated and excluded.).

Concerning FEMA, you have 4 (four years) from October 29, 2012 to complete the necessary work to bring your building into compliance.

**\*\* As of 2/11/2013** FEMA has issued a conditional waiver of the provision in the ICC coverage, which is a requirement for work completion before claim payment is made, and is authorizing partial advance payments up to 50% of the available ICC limits (\$15,000). Specifically, the NFIP Direct Servicing Agent and participating WYO Companies may advance up to one-half of the of the available ICC funds under an Special Flood Insurance Policy to an eligible insured, conditioned upon:

- a. The insured signing a written agreement that the funds will be used only for eligible ICC work only, and
- b. The insured signing a written agreement that if all or part of the advanced funds are not used within he permitted time limits for completing the eligible work (or any extensions that may be granted of that time), the insured agrees that those amounts not spent on such eligible work will be refunded.

If an insured fails to complete the ICC eligible work within the authorized time, the insured must return the ICC funds provided.

**Note:** For owners that want to demolish or raise and file for an ICC claim. If you demolish or raise before the Flood WYO carrier confirms eligibility for the ICC coverage, with the documentation they will request from the insured, you may jeopardized receiving coverage for ICC. If you have demoed or raised without confirmation from the carrier, you must contact your WYO carrier immediately. By filing your Substantially Damaged letter, it only opens a claim for you.

To protect your ability to completely recover an ICC claim payment, you should wait to demo or raise until the WYO confirms eligibility and coverage. If a demo and it is free, there is no need to wait because you don't have an incurred cost or claim.

This document is provided for informational purposes only. Your insurance carrier will advise and provide you with coverage provided limits and excluded. This information is subject to errors and omissions.