



# NATIONAL FLOOD INSURANCE PROGRAM

**Bureau and Statistical Agent**

W-03023

**MEMORANDUM TO:** Write Your Own (WYO) Principal Coordinators and the NFIP Servicing Agent

**FROM:** WYO Clearinghouse

**DATE:** May 2, 2003

**SUBJECT:** FEMA News Release 03-101  
ICC Coverage Increase

Attached is a news release from FEMA announcing an increase in compliance coverage for NFIP policyholders.

Please distribute this within your organization as appropriate.

cc: Vendors, IBHS, FIPNC, WYO Marketing Committee, Government Technical Representative

Suggested Routing: Claims, Marketing, Underwriting

U. S. DEPARTMENT OF HOMELAND SECURITY

FEMA

FOR IMMEDIATE RELEASE

Contact: Mark Stevens  
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May 1, 2003

Release No.: 03-101

NFIP ANNOUNCES SUBSTANTIAL INCREASE  
IN COMPLIANCE COVERAGE FOR POLICYHOLDERS

WASHINGTON – People with flood insurance underwritten by the National Flood Insurance Program (NFIP) can now get significantly more help with the extra cost of rebuilding or altering flood-damaged structures to comply with current local floodplain management ordinances, officials of the Federal Emergency Management Agency (FEMA), a part of the Department of Homeland Security, announced today.

As of May 1, 2003, flood insurance policyholders will have \$30,000 of **Increased Cost of Compliance** (ICC) coverage to help pay for elevating, floodproofing, demolishing or relocating a structure that has been substantially or repetitively damaged by flooding---an increase of 50 percent over the previous \$20,000 of ICC coverage---for no increase in the premium.

FEMA Mitigation Division Director Anthony S. Lowe, who administers the NFIP, said today, “This will help to better secure the homeland against flood disasters without additional costs to anyone. By helping Americans to comply with floodplain ordinances, we help reduce the loss of lives and property.”

Lowe said new data have lowered the estimate of annual ICC claims, enabling the NFIP to confer a benefit to policyholders by raising their coverage with no change in their premium.

ICC coverage, which carries a premium of up to \$75 under the Standard Flood Insurance Policy, was originally mandated under the National Flood Insurance Reform Act of 1994 and applies to flood losses large enough to trigger community declarations of substantial damage. This is often referred to as the “50 percent rule,” whereby structures damaged to 50 percent or more of their pre-flood, fair market value are treated as new structures and must be repaired or rebuilt in accordance with current ordinances that regulate new construction in the floodplain.

Lowe said the NFIP recognizes that even \$30,000 may not be sufficient to pay all of the costs to bring a structure into compliance with community floodplain management laws but believes it will make a significant contribution toward those costs, and there should be a commensurate increase in the value of the property that will offset at least part of the expense.

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## ICC COVERAGE – Add ONE

“As we have in the past, we will review our experience with ICC from time to time to determine whether further adjustments should be made in the pricing, the amount of the benefit, or other aspects of the coverage,” Lowe said.

Lowe said other mitigation resources and FEMA programs---as well as additional federal, state and local resources---may be used to supplement the ICC payment to help property owners comply with state and local laws.

Under the NFIP, federally backed flood insurance is available to homeowners, renters and business owners in communities that adopt and enforce floodplain management ordinances to reduce future flood losses by regulating new construction in high flood-risk areas. Currently, more than 4.4 million flood insurance policies are in approximately 20,000 participating communities nationwide, representing nearly \$637 billion worth of coverage. The NFIP is self-supporting; claims and operating expenses are paid from policyholder premiums, not taxpayer dollars.

Information about flood insurance is available at [www.fema.gov/nfip](http://www.fema.gov/nfip) or by calling 1-800-427-9662.

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