



FEMA

## Memorandum

W-03066

To: WYO Principal Coordinators for Dissemination to All WYO Claims Managers;  
NFIP Servicing Agent

A handwritten signature in black ink, appearing to read "James S. P. Shortley".

From: James S. P. Shortley, Director of Claims  
Claims Section, Risk Insurance Branch  
Mitigation Division

Date: December 8, 2003

Re.: Increased Cost of Compliance (ICC) Claims—Hurricane Isabel

Hurricane Isabel caused widespread damage to residential and commercial properties throughout the Mid-Atlantic region. As a result of this storm, many properties suffered substantial damage, and many affected NFIP policyholders have chosen to file claims for ICC benefits.

**FEMA expects approximately 400-600 ICC claims to be presented from this event. If the expected numbers of claims occur, this will be a tremendous job for community officials, policyholders, and adjusters. Therefore, we have looked into several avenues that will streamline the collection of data and the claim process for this event.**

First, the requirement to obtain two estimates for demolition and elevation has been revised. During this event, only one estimate will be required; however, when and where possible, a signed contract for the work to be performed should be obtained. The estimate must be reviewed for effective pricing and construction accuracy.

The community is required to enforce permitting before a structure is demolished or elevated, as stated in the NFIP's *Increased Cost of Compliance Coverage—Guidance for State and Local Officials*. In "Section 4: The Community's Role," page 4-15 states in part:

"Communities will generally require the submission of an elevation certificate . . . prior to the issuing of a Certificate of Occupancy or Compliance."

[Customarily, the community] "will issue a Certificate of Occupancy or Compliance for the building after all work has been completed."

On ICC claims arising from Hurricane Isabel, the need is only to provide the elevation certificate after the building has been elevated, unless the adjuster cannot determine that an existing elevated building is at or above the BFE.

When the elevated floor is visible and recognizable, some written documentation from the local official stating that the elevation meets code is necessary to enable the insured to receive the final 50 percent (50%) payment. The insured, therefore, does not need to wait until the building department issues the final Occupancy Certificate. The letter from the building department should indicate the elevation was completed in accordance with the local building Floodplain Management guidelines.

We ask for your full support. If you have any questions, please contact your Program Coordinator.

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

Required Routing: Claims and Underwriting