

Increased Cost of Compliance Coverage Can Help with Rebuilding

Release Date: 11? 13, 2024

After a disaster like Tropical Storm Helene, communities that participate in the National Flood Insurance Program may offer policyholders a benefit called *Increased Cost of Compliance* coverage.

This coverage offers up to \$30,000 to bring homes into compliance with current building codes if the structures are found “substantially damaged.”

After a disaster, local officials determine whether structures were damaged to the extent that they must meet the community’s building requirements and floodplain management regulations before they are rebuilt or repaired.

A structure is considered “substantially damaged” if the cost to restore it equals or exceeds 50% of its pre-disaster market value.

- For example, if the market value of a structure is \$200,000 and the cost to restore or repair it is estimated at more than \$100,000, the structure is considered substantially damaged.
- Land value is not included in this calculation – only the value of the structure.

FEMA does not make “substantial damage” assessments; they’re made by a local building official or floodplain manager.

If your home or business is found substantially damaged, local officials will send you a letter explaining your next steps. To rebuild, you will need to obtain a permit for repairs to bring the property into compliance with local floodplain management regulations. Options may include floodproofing a non-residential building, relocating the structure outside the floodplain, elevating the building, or demolishing the structure.

If you are insured through the National Flood Insurance Program, you may be able to use additional funds from your policy to help cover the cost of bringing your



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home or business into compliance with your community's floodplain management requirements. This provision is known as Increased Cost of Compliance.

Increased Cost of Compliance

- The National Flood Insurance Program offers eligible policyholders up to \$30,000 of *Increased Cost of Compliance* coverage.
- *Increased Cost of Compliance* coverage is in addition to coverage for the repair of the building's physical damage.
- Only policyholders with substantially or repetitively flood-damaged buildings may be eligible for *Increased Cost of Compliance* coverage.
- *Increased Cost of Compliance* funds can help defray the costs of elevating, floodproofing, demolishing or relocating a residential structure. *Increased Cost of Compliance* coverage also is available on non-residential buildings, including public or government buildings such as schools, libraries and municipal structures insured under a National Flood Insurance Program policy.
- Your claims adjuster or insurance agent can further explain *Increased Cost of Compliance* coverage, and your community floodplain administrator can provide information about your community's floodplain management requirements.
- You must file a request for *Increased Cost of Compliance* coverage within 60 days of the substantial damage notice from your community. The National Flood Insurance Program makes decisions on a case-by-case basis about claims filed after 60 days.
- Tropical Storm Helene swept across Eastern Tennessee **Sept. 26-30**. A major presidential disaster was declared Oct. 2, and eight counties were designated for FEMA Individual Assistance: **Carter, Cocke, Greene, Hamblen, Hawkins, Johnson, Unicoi and Washington** counties.
 - A flood-damaged property located in one of the eight counties would be eligible for this additional benefit if you have a policy with the National Flood Insurance Program.

For more information about general flood insurance questions, contact your local floodplain administrator. Find them in Tennessee's [Statewide Floodplain Administrator Directory](#). You may also contact the National Flood Insurance Program at **800-427-4661**. Information is also available at [FEMA.gov/flood-insurance](https://www.fema.gov/flood-insurance) and [FloodSmart.gov](https://www.floodsmart.gov). Email FEMA-FMIX@fema.dhs.gov to request information in a language other than English.

