

Build Resilience: Add a Repetitive Loss Provision to Local Floodplain Management Regulations

Did you know that National Flood Insurance Program (NFIP) policyholders may be eligible for up to \$30,000 if their home is repetitively damaged? Adding a repetitive loss provision to your community’s floodplain management regulations (also referred to as your community’s floodplain management ordinance) allows local NFIP policyholders to access up to \$30,000 of additional funding through Increased Cost of Compliance (ICC) coverage. This ICC coverage helps cover costs of building back stronger when repairing or rebuilding flood-damaged homes or businesses in your community.

A Repetitive Loss Provision Benefits Your Community

Buildings (i.e., home or business) insured through the NFIP may be eligible for up to \$30,000 in ICC coverage if substantially damaged **or** your community has a repetitive loss provision and a building is repetitively damaged. Unfortunately, many communities don’t have a repetitive loss provision which limits policyholders’ ability to access ICC coverage to help rebuild after a flood. The example below illustrates how ICC coverage enabled the Smiths to file an ICC claim for an additional \$30,000 to mitigate their home that was repetitively damaged.

Market Value of the Smiths’ Home.....	\$240,000
2015 Flood Insurance Claim.....	\$35,000
2020 Flood Insurance Claim.....	\$90,000
Local Floodplain Ordinance Includes Repetitive Loss Provision.....	✓
Two Claims Filed in 10-year Period.....	✓
Claims Averaged >25% of Home’s Market Value.....	✓



Finding: Eligible for ICC Claim of up to \$30,000
Action: Smiths elevate their home and reduce flood risk

Benefits of a Repetitive Loss Provision

Including a repetitive loss provision in floodplain management regulations or ordinances can provide access to ICC coverage of up to \$30,000 to mitigate repetitive loss buildings. ICC coverage benefits the entire community by:

- Helping to offset the cost of mitigating like elevating
- Earning additional points for Community Rating System (CRS) communities
- Improving building values compared to those which are repetitively flooded and not mitigated



FEMA

- Contributing to a community's cost-share for certain FEMA grants
- Reducing flood damage, lessening disaster relief efforts and creating a more resilient community

Add a Repetitive Loss Provision to Support Your Community

Increase your community's resilience by including a repetitive loss provision when:

- Updating your state model ordinance or identifying recommended actions after a community audit
- Reviewing local regulations and ordinances after a Letter of Final Determination is issued for a new or updated Flood Insurance Rate Map
- Determining strategies a CRS community can use to reduce their number of repetitive loss properties

While a repetitive loss provision offers many benefits, the decision to adopt this provision is voluntary and requires additional reporting and administrative procedures including tracking repetitive losses (e.g., date and cost of repairs) and requiring non-conforming, repetitively damaged buildings be brought into compliance with current floodplain management requirements. You can find a sample repetitive loss provision in [FEMA's Increased Cost of Compliance Coverage-Guidance for State and Local Officials \(FEMA 301\)](#). For additional information about ICC, visit www.fema.gov/floodplain-management/financial-help/increased-cost-compliance.

ICC Requirements

To qualify for ICC based on cumulative or repetitive losses:

- An NFIP participating community must have a cumulative, substantial damage provision or repetitive loss provision in its floodplain management law or ordinance being enforced against the building and for all non-conforming buildings in the Special Flood Hazard Area.
- The community building official must determine that the building is either repetitively or substantially damaged and must be rebuilt to current standards to reduce flood damage.

Key Definitions

Repetitive Loss: A building covered by an NFIP flood insurance policy that has incurred flood-related damages on two occasions during a 10-year period ending on the date of the event for which a second claim is made, in which the cost of repairing the flood damage, on average, equaled or exceeded 25% of the market value of the building at the time of each such flood event. **Note:** The combined damage total must be 50% of the value of the building before the damage occurred, but it need not be evenly distributed.

Substantial Damage: Any damage of any origin sustained by a structure whereby the cost of restoring the structure to its before damaged condition would equal or exceed 50% of the market value of the structure before the damage occurred. For NFIP policyholders to be eligible for ICC, the property damage must be due to flooding.

Non-Conforming: A structure that complied with the floodplain management requirements in effect when permitted, but base flood elevations, flood zones, and/or FPM regulations have since changed. Although a legal non-conforming structure may have been in compliance at the time it was constructed, it must come into compliance with current NFIP regulations or codes when a triggering event occurs, such as substantial improvement or substantial damage.