



FEMA

Dear Policyholder:

After reviewing the issues raised in your flood insurance appeal, the Department of Homeland Security, Federal Emergency Management Agency (FEMA) agrees with the decision of your flood insurer, Allstate Insurance Company, to deny your request for Coverage D - Increased Cost of Compliance benefits under the Standard Flood Insurance Policy (SFIP).

In your appeal, you contend that while the substantial damage letter from your community is dated March 2021, the damage to your property occurred during Superstorm Sandy on October 2012. Based on your denial letter, it appears you completed mitigation prior to receiving a substantial damage letter from the community.

Among other criteria, a building is eligible for Increased Cost of Compliance benefits under the SFIP, if (1) the community declares the building substantially damaged by flood, (2) the flood damage to the building from a single flood event equals or exceeds 50 percent of the value of the insured building, and (3) the building is not in compliance with the local community's floodplain management ordinance at the time of the loss. (See SFIP (III)(D)(3)).

After a flood disaster, the affected community will typically inform property owners of the need to comply with its floodplain management ordinance. Once the community performs its disaster assessment, they may notify the building owner by posting a notice of substantial damage on the building or by sending the notice by mail. If the community does not notify the building owner in this fashion, the community may notify the building owner once the owner files for a building repair permit with the community.

While your local community did issue a substantial damage letter, it appears the substantial damage letter was issued after you performed mitigation activities on your home. In order to be considered eligible for Increased Cost of Compliance benefits, you must obtain documentation from the local community that demonstrates that their damage assessment and substantial damage determination both occurred prior to the date you were issued the work permit or before the mitigation took place.

Based on the information provided, FEMA concurs with your insurer's decision to deny Increased Cost of Compliance benefits.

If you obtain the documentation that supports your home's eligibility for Increased Cost of Compliance, you should provide it to the insurer for consideration. A building that is eligible for Increased Cost of Compliance benefits must meet other processing requirement before a payment under Coverage D – Increased Cost of Compliance can be issued by your insurer.

We are sorry we cannot be of further assistance to you at this time and hope this information helps you to resolve your flood insurance issues.

Sincerely,

Kelly Bronowicz
Director, Policyholder Services Division
Federal Insurance and Mitigation Administration