



FEMA

W-08089

November 6, 2008

MEMORANDUM TO: Write Your Own (WYO) Company Principal Coordinators and the NFIP Servicing Agent for Dissemination to All Claims Managers

A handwritten signature in black ink, appearing to read "Edward L. Connor".

FROM: Edward L. Connor
Acting Federal Insurance Administrator
National Flood Insurance Program

SUBJECT: **Substantially Damaged Structures Bulletin**

Recent hurricanes have caused extensive damage to both residential and commercial buildings, many of which were substantially damaged as a result of direct physical loss by or from flood. Bulletin W-06067 dated September 20, 2006, clarified the WYOs' and NFIP Servicing Agent's roles once the community's substantial damage declaration letter is received in conjunction with Increased Cost of Compliance (ICC) claims as a result of flooding events. The purpose of this Bulletin is to further clarify these roles.

The substantial damage letters sent by communities are often form letters and as a result, some of these letters do not state that the peril which caused the substantial damage was flood.

In order to help the insured become eligible for ICC coverage when the letter from the local official is not sufficient to do so, this bulletin authorizes the WYOs and the NFIP Servicing Agent, either through the adjuster, insured or other reasonable means to contact the local official to determine the building's market value used by the community to determine that the structure was substantially damaged. It is evident the local official has a figure since it is necessary to make this determination in order to issue the substantial damage declaration.

Once the market value of the structure is obtained from the community official, the WYO Company and the NFIP Servicing Agent can then compare the total flood damage to the market value and determine if the flood damage is 50 percent or more. If that is the case, they can proceed with the normal ICC claim procedures. It will not be necessary to ascertain damages from other perils.

If the insured structure has been washed off its foundation, the WYO Company and the NFIP Servicing Agent can assume it is substantially damaged by flood. The proper procedure for determining the flood loss in such cases is described in the NFIP *Adjuster Claims Manual* at Part II. ADJUSTER PARTICIPATION IN THE NFIP, Paragraph C. ADJUSTMENT STANDARDS

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AND REQUIREMENTS, Subparagraph 2.t. Proper Building Scope and Estimate. It is important that adequate supporting documentation be included with reports, including photographs of the building before the loss when available, local building department or tax records, and any other records or information available to support the value of the building at the time of loss and the claim payment.

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Required Routing: Claims