

# TECHNICAL ADVISORY

## INDEPENDENT INSURANCE AGENTS OF LOUISIANA

TA 105

May 27, 1997

**SUBJECT:** FLOOD INSURANCE - NEW COVERAGE

**BACKGROUND:** Coverage D - Increased Cost of Compliance has recently been approved by Congress.

**MAIN POINTS:** Effective June 1, the National Flood Insurance Policy will provide up to \$15,000 in coverage to pay for the increased cost to rebuild or otherwise alter flood-damaged structures to conform with state or local flood plain management ordinances. Coverage D (Increased Cost of Compliance) will apply to policies with building coverage and is in addition to the building limit selected on the application. No separate deductible applies, and the maximum amount collectible under the policy for both Coverage A (Building Property) and Coverage D cannot exceed the maximum permitted under the National Flood Insurance Act. To be eligible for this coverage, a structure must have either: 1) sustained flood-related damage on two occasions during a 10-year period (At the time of the flood event, the cost of repairing the flood damage, on average, had to equal or exceed 25% of the market value); or 2) be a structure that has had flood damage in which the cost to repair equals or exceeds 50% of the market value of the structure.

NFIP will be conducting a free seminar on this new coverage. See attached announcement and registration form. The seminar is June 17 in Metairie.

**NECESSARY ACTION:**

Distribute this Technical Advisory to each agency staff person who deals with flood insurance.