

Disaster Financial Assistance Program Policy	Amended	NB Emergency Measures Organization	DFA 2022
Policy Title	New or Amended	Division / Branch / Section	Policy #

Finance and Treasury Board	Nov 22, 2022	January 1, 2023	Lisa Munn
Approved by	This policy was approved on:	This version takes effect on:	This policy will be reviewed by:

**PURPOSE**

The Department of Justice and Public Safety, through the New Brunswick Emergency Measures Organization (NB EMO), has developed this policy to administer the Province’s Disaster Financial Assistance Program. This policy has been developed in conjunction with the Federal Guidelines for the Disaster Financial Assistance Arrangements (DFAA). It is intended to assist in the administration and interpretation of Disaster Financial Assistance programs in a fair and consistent manner regardless of federal participation.

It establishes the administrative arrangements required to provide Disaster Financial Assistance in New Brunswick to individuals and small businesses, including farmers and fishers. In cases where the Federal DFAA program is in effect, the program would include the public sector as well (i.e., local governments, regional service commissions, and provincial departments).

The DFA program is not an insurance program, nor is it intended to provide compensation for loss or damage; rather, it is intended as assistance to aid in recovery. The DFA program is a program of last resort.

**LEGISLATIVE AUTHORITY**

*Emergency Measures Act*  
*Financial Administration Act*

**SCOPE**

This is a government-wide policy that applies to all Departments and agencies of the province and is administered by NB EMO on behalf of the Minister of Justice and Public Safety.

DFA will be considered when:

- a) The event causing damage has been determined to be a disaster as defined in this policy under the Event Criteria section,

- b) The threshold of the total cost of the event is equal to or more than the Federal Government cost-sharing formula for the year of that event.

The Provincial Government will consider a cost sharing program with the Federal Disaster Financial Assistance Arrangement (DFAA) when the federal threshold for damages is met, (i.e., in 2023 the total cost of the event is more than \$3.61 per capita of the Provincial population).

**Note** that the Federal funding formula will be adjusted on a yearly basis for inflation. The formula will also be indexed to inflation annually based on the consumer price index published by Statistics Canada. For consistency purposes, national-level data will be used to calculate inflation.

The revised formula, adjusted for inflation, will take effect on January 1<sup>st</sup> of each subsequent year.

## **PRINCIPLES**

The DFA program is based on the general principles of responsibility, transparency, accountability, timeliness and equality. The focus of a DFA program must be to assist claimants to make eligible repairs to allow them to continue day-to-day life or operations of a business following an approved event (as defined under Event Criteria of this policy).

### Proposes of Funding:

- a) Providing or reinstating the basic essentials of life to individuals, including financial assistance to help to repair and restore damaged homes;
- b) Re-establishing or maintaining the viability of a small business, working farm or fishing business;
- c) Repairing, rebuilding, and restoring public works and essential community services specified in this policy to their pre-disaster functional capabilities; and
- d) Funding limited mitigation measures to reduce the future vulnerability of repaired and replaced infrastructure;

### Responsibilities of Claimants:

- a) All individuals have a responsibility to protect themselves and their property against damages or losses;
- b) All claimants must accept that they have a responsibility to share in the cost of recovery; and
- c) A community is responsible to assist individual residents who experience damages or losses from a disaster when the losses are limited to relatively few cases within the community;

### Addressing Claims:

- a) All claims and claimants will be treated in a fair and equitable manner. Policy and program guidelines will be applied consistently in all cases; and
- b) All claims will be dealt with in a timely manner to support the recovery process.

Only those losses and damages for which insurance was not readily and reasonably available at the time of the event are eligible for assistance. Eligible items include those considered essential to everyday life and business continuity.

## **EVENT CRITERIA**

The DFA program is intended to address natural disasters and other emergencies resulting in extensive property damage or disruption of the delivery of essential goods and services. In determining if an event constitutes a disaster where financial assistance is warranted under this Policy, any or all the following will be considered:

- a) The event causing damage/loss is considered extremely unusual as classified by a competent authority;
- b) The damage/loss is so devastating and widespread that it threatens the economic viability of individuals and/or small businesses (including farmers and fishers);
- c) The public interest, including the health, safety, or welfare of the victims, will be at risk if assistance is not provided;
- d) The damage/loss caused to victims is not due to their own negligence or that of another person. In the event of negligence, the negligent party will be responsible for the costs associated with the damage or loss;
- e) All other forms of assistance available to the victims have been received prior to applying for assistance under this policy, or any other government assistance programs and community assistance; and
- f) All measures to prevent and/or minimize damages were taken by the victims when, and if, advance warning was given.

The program does not include damage caused by:

- a) Public order, civil disorder, criminal and terrorist acts, or international armed conflict;
- b) Construction and development deficiencies that result in damages to property that has not experienced a natural disaster; or
- c) Forest, grass or wildfires, except where they pose a threat to residential and commercial development, and then primarily for pre-emptive actions, evacuation and damaged infrastructure restoration undertaken by government authorities.

## **AUTHORITY AND FUNDING**

Pursuant to the New Brunswick Provincial Emergency Measures Act, chapter E-7.1 and the New Brunswick Provincial Financial Administration Act, the Minister of the Department of Justice and Public Safety may provide financial assistance to individuals and small businesses (including fishers and farmers) to assist in disaster recovery.

Finance and Treasury Board will determine if a DFA program is required and, if approved, will establish the source of funding for each disaster as it occurs. If a Disaster Financial Assistance Arrangements (DFAA) program is approved by the federal government, then assistance can be extended to include the public sector (local governments, regional service commission, and provincial departments).

Once a DFA program has been announced NB EMO will have a maximum of 5 weeks to launch the program and open satellite offices.

## ADMINISTRATION

NB EMO is responsible for administering the DFA program on behalf of the Government of New Brunswick. This includes designing and delivering the programs and facilitating and ensuring that appropriate resources are available so that program delivery is carried out in an effective and timely manner.

## FLOOD HAZARD AREA

For DFA purposes the following is considered a flood hazard area:

- An area that is susceptible to flooding as identified on the flood hazard maps located on the [New Brunswick Flood Hazard Maps](#) website.

### Flood Damage Eligibility

In accordance with the Federal Disaster Financial Assistance Arrangement, section 3.6 on Flood Damage Eligibility, the costs of repairing or replacing structures are not eligible if they are in a location that, prior to their construction was designated, recognized or zoned as a flood hazard area by provincial or municipal authorities. Flood designations can be found on [New Brunswick's Flood Hazard Maps](#) websites.

If a structure has been built in a previously designated, recognized or zoned flood hazard area and appropriate measures have been taken during its construction to protect it against the effects of a 1:100-year flood (1% Annual Exceedance Probability), it will be considered eligible for receiving DFA assistance for damages from a flood exceeding the 1:100-year flood level.

Structures in place prior to a flood hazard area designation having come into effect are eligible for assistance, provided that:

- a) they are not subsequently rebuilt within the designated flood hazard area; or
- b) appropriate and adequate flood-proofing measures (placing structures behind berms constructing them on stilts/columns or mounds or other appropriate measures as identified in [Floodproofing Protecting your home and contents against flooding](#) are taken to protect against the effects of a 100-year flood.

New construction located in flood zones as defined in the [New Brunswick's Flood Hazard Maps](#) are excluded from the Disaster Financial Assistance Program (100-year flood recurrence, 1% Annual Exceedance Probability).

## LAND EROSION

In accordance with the Federal Disaster Financial Assistance Arrangement, section 3.7.2 losses of property or structures that are subject to recurrent erosion other than roadways are not eligible. Although failure can be triggered by a specific natural event, it is usually a long-term degenerative process. NB EMO Recovery will send out a Structural Engineer to investigate if the homeowner has a safety concern.

## **INSURANCE**

Insurable means that insurance coverage for a specific disaster was available in the affected area at a reasonable cost prior to the event. Reasonable cost and availability will be determined by NB EMO and Public Safety Canada Regional Office with professional advice as required (e.g., Insurance Bureau of Canada or Insurance Broker). Questions concerning insurance will be reviewed on a case- by-case bases. (DFAA 3.1.2 a)

### **Overland Flood Insurance**

Reasonable cost for flood insurance will be determined by gross income (plus number of people in household) in comparison with the premium cost for the insurance policy. Availability of flood insurance will be determined by property location.

### **Sewer Back-up/Water Extension Insurance**

Reasonable cost for sewer back-up/water extension insurance will be determined by gross income (plus number of people in household) in comparison with the premium cost for the insurance policy.

Availability of sewer back-up/water extension insurance will be determined by property location and if coverage would have been provided if caused by a flood.

## **PROVISIONS FOR LOW INCOME**

Low-income households and/or a Social Development Client may qualify for the following provisions when submitting a Disaster Financial Assistance for application:

- \$1000 deductible waived.
- Apply for assistance for damage caused by a sewer backup, which is not otherwise eligible under the program.
- Apply for assistance for damages caused by overland flood if you could not get or afford overland flooding insurance.

To determine a low income household NB EMO will use the low income threshold used and established each year by the [Department of Social Development](#).

## **TYPES OF ASSISTANCE**

**Individuals** will receive assistance limited to the pre-determined costs of basic necessities and structural damages for their primary residence and subject to a \$1,000 deductible.

For purpose of the DFA program, a dwelling is where the claimant(s) usually live(s). A person can only have one primary residence at any given time. The homeowner must receive the residential tax credit and name is on the property tax/deed.

Structural damages are limited to a lifetime/permanent cap for repairs of \$200,000 and this would be based on the PID for that property. Once the \$200,000 limit has been reached, a notice will be placed on the Land Registry stating that this property will not be eligible for further Disaster Financial Assistance Funding for inland or coastal flooding from the Government of New Brunswick.

After an initial approved DFA claim, any repetitive claims for structural damage for the same risk-will be reduced to 80% of the assessor damage report.

Contents are limited to the maximum amount listed in the Schedule of Loss.

**Small business** (including farmers and fishers) is eligible for structural damages, lost contents essential to the nature of the business and inventory to a maximum amount of \$500,000. A deductible of \$5,000 will be applied to all small business claims.

For purpose of the DFA program, a small business is defined as an enterprise with yearly gross revenues, as reported for income tax purposes, of between \$4,800 and \$2,000,000, and employing not more than the equivalent of 20 full-time employees. It also must be other than a “hobby business,” and be an owner-operated enterprise, where the individual owner-operator is/are acting as a day-to-day manager, own at least 50 per cent of the business and receives a minimum of 20% of their gross income from the business. Self-employed fishers, trappers, loggers, and other harvesters of natural resources are included. One application should be made per small business.

**Not-for-profit**, are eligible for structural damages and lost contents essential to the nature of the organization to a maximum amount of \$500,000. A deductible of \$1,000 will be applied to all not-for-profit claims.

For the purpose of the DFA program, Not-for-profit-organizations include churches, charities or service clubs and the organization contributes significantly to the fabric and sustainability of the community and a basic or essential service in the interest of the community as a whole is provided in the facility of the organization.

**Table 1 - Deductibles and Maximum Amounts**

Category	Deductible	Maximum Amount
Individuals (Structural only)	\$1,000.00	\$200,000.00*
Small Business	\$5,000.00	\$500,000.00
Not-for-profit	\$1,000.00	\$500,000.00

\*Note: Limited to a lifetime/permanent cap for repairs of structural damages.  
Contents maximum amount is based on the Schedule of loss.

**Advance payments;** may be authorized by the New Brunswick Emergency Measures Organization against the total value of an eligible claim under a Disaster Financial Assistance Program.

Advance payments will be for claims in excess of \$10,000, will not exceed the total payable value of the claim and will not exceed \$20,000.

Advance payments assist home and business owners by giving them funds immediately to pay for emergency repairs that will enable them to re-occupy their property as quickly as possible, e.g.: used to repair electrical and heating sources damaged by the flood. Proof of repair is required.

If a claim is found ineligible or damages were found to be below the amount of the advance payment, this amount must be returned to the Minister of Finance and Treasury Board in the full amount or the ineligible portion.

**Buy-outs;** will be offered in cases where structural damages meet or exceed 50% of the appraised value of the property; in such cases it may be more beneficial to both parties if the province were to purchase the property to avoid recurring costs from future flooding.

A cumulative 80% of the same pre-flood appraised value of the home over multiple claims, triggered by any future event, but taking into account all previous DFA payments to the current or any previous property owners.

The purchase price will be fair market value based on a pre-event real estate appraisal but will not exceed individual or small business maximum amounts.

If the claimant refuses the purchase option, the property will not be eligible for future Disaster Financial Assistance programs. A notice will be placed on the Land Registry stating that this property has received Disaster Financial Assistance Funding for inland flooding or coastal flooding from the Government of New Brunswick, Department of Justice and Public Safety and is not eligible for future funding for damage from an emergency event.

If a buyout is offered and accepted the property owner will be given salvage rights until such time that the purchase and sale agreement has been signed.

**Long Term Rental Assistance for Displaced Persons;** will be offered in cases where persons are displaced from their primary residence, and they cannot find long term accommodations with family or friends and are not eligible for Social Assistance programs (including the Housing and Long-Term Care program). Disaster financial assistance will be provided at a reasonable rental rate depending on the geographical area for a 6-month period. The amount paid per month, for a long-term rental property, will depend on the rental rates in the area to a maximum of \$1,500.

**Mitigation (Flood Proofing);** the total amount eligible for cost-sharing of mitigation enhancements is limited to 15% of the total roll-up of eligible actual costs associated with repair and/or reconstruction of damaged public and private infrastructure. It can be applied to one or more projects involving mitigation enhancements to damaged infrastructure. This 15% roll-up is the maximum that will be considered for federal cost-sharing at the time of the final federal audit in support of the final federal payment.

During the damage assessment process, the Department of Justice and Public Safety will collaborate with provincial departments and municipalities impacted by that event to decide on where the majority of the 15% mitigation funding will be allocated; private or public sector. This will be done within first 90 days and be based on estimates.

Mitigation enhancements undertaken within specific repair or reconstruction projects of damaged infrastructure to reduce vulnerability to future emergencies will be considered for eligibility on a case-by-case basis.

New construction, non-structural mitigation projects (e.g., engineering studies, flood plain mapping and public awareness initiatives) are not eligible. Enhancements that are mainly designed to increase operational capacity (e.g., traffic volume, productive output), functionality, floor space, or life-cycle duration are also not eligible.

**Public Sector;** *assistance is for* communities, municipalities, and provincial government departments. It is not provided under provincial DFA. The province will consider financial assistance to the public sector only when DFAA has been approved by the Government of Canada. Through DFAA, the Federal Government provides basic financial assistance to help provincial governments meet the costs of damages resulting from disasters that have a devastating effect on the province. Funds are not budgeted for the arrangements because there is no way to predict the amount that might be needed in a given year. Funds are obtained, as needed for each disaster event, by a submission to Cabinet.

**First Nation reserve lands** are the responsibility of Indigenous Services Canada (ISC). Any provincial emergency response and recovery costs incurred on First Nations reserve lands will be assumed by ISC for natural disasters.

Off-reserve residents will be covered under the Provincial program and charged back to ISC.

## **APPLICATIONS**

Applications for assistance will be accepted for a period of 90 days from the date of the official announcements of a Provincial financial assistance program.

Local Governments, Regional Service Commissions and provincial government departments will have 4-years to complete their claim.

Municipalities must send a letter of intent and estimates at the onset of the event as per the Municipal DFA Guidelines.

Private sector applications for Mitigation will be accepted for a period of 90 days from the date of the final payment letter.

## **Final Payment**

Once a DFA program is officially closed for applications, no additional requests for assistance will be considered. Final payment will be made based on receipt and review of all documents submitted by the application prior to the program closure. In the event of unusual circumstance and approval by the Claim Settlement Review Committee, private sector application can be submitted up to one year after the date of the disaster event.

## **Program Closure**

A limit of four years from program approval is in effect for completion of project and the submission of documentation to support an application for assistance from a local government, regional service commission or government department.

## **CLAIM ACCOUNTABILITY**

The claim accountability program is to ensure that funds are used in the manner for which they are intended.



If a claimant receives an advance payment, they must demonstrate that the money was used for emergency repairs to their property and provide a DFA application and proof that the repairs have been done.

If a claimant applies for financial assistance for a second or subsequent event, they will have to demonstrate that the initial monies were used to repair the property before the next claim is paid. If the repairs have not been completed, then no funds will be issued.

## **SUSPICIOUS CLAIMS**

Suspicious claims will be referred to, and may be investigated by, the Department of Justice and Public Safety in order to ensure the protection of public funds. All necessary and appropriate action will be taken to initiate investigations, recover inappropriately obtained funds and pursue court action if required.

## **CLAIM SETTLEMENT**

DFA payments are issued on the authority of the Minister of Justice and Public Safety. Payments are accompanied by a letter signed by the Minister or their designate.

Claimants may have their file reviewed if they disagree with the decision made regarding their Disaster Financial Assistance claim by filing a claim settlement review application. The request must be made within 45 days from the date of the letter informing them of the decision of their claim.

Decisions regarding claim reviews are the purview of the Claim Settlement Review Committee and will be communicated to clients in the form of a letter signed by the Minister or their designate.

The Minister of Justice and Public Safety is the final authority.

### **Claim Settlement Review Committee**

Claimants have the right to ask for a review of their file. They may request this in writing through the Recovery Manager, New Brunswick Emergency Measures Organization (NB EMO) within 45 days of the date of the letter informing them of the decision of their application.

The Claim Settlement Review Committee consists of the Assistant Deputy Minister and/or Executive Director responsible for the program, Director of NB EMO, Recovery Manager, and Financial Analysis.

## **REVIEW OF MAXIMUM AMOUNTS AND DEDUCTIBLES**

All maximum amounts and deductibles for private sector claims (Individual, small business and not-for-profit) will be reviewed every two years and approved by the Minister (include structural, advance payment and long-term rentals) or their designate.

### **Schedule of Loss**

The Director of NB EMO has the authority to establish a schedule of loss for essential items that are covered under the DFA program.

The Schedule will be updated annually in January of each year to ensure it is current and shall have full force and effect immediately upon approval.

## **GUIDELINES**

General Eligibility Criteria  
Public Sector Eligibility Criteria  
Private Sector Eligibility Criteria  
Glossary  
Schedule of Loss

## **POLICY OWNER**

Director, Emergency Measures Organization, 453-2133

## **RELATED POLICY**

[Disaster Financial Assistance Arrangements \(DFAA\), Public Safety Canada](#)

## **INVOLVED AGENCIES**

Public Safety Canada