




FEMA

W-15009

March 5, 2015

MEMORANDUM FOR: Write Your Own (WYO) Principal Coordinators and the National Flood Insurance Program (NFIP) Direct Servicing Agent



FROM: Brad J. Kieserman  
Deputy Associate Administrator for Insurance  
Federal Insurance and Mitigation Administration

SUBJECT: Hurricane Sandy Settlement Process – Payment of Litigation Expenses

FEMA is undertaking a review of all claims in litigation arising from Hurricane Sandy to expeditiously resolve those claims. As part of this settlement process, FEMA will review each claim in litigation and determine an appropriate amount to be paid to the policyholder. FEMA will then instruct the WYO Company to issue a payment for each case to its policyholder consistent with the standard release and settlement agreement. Payment of claims under this process falls within the scope of the Federal Emergency Management Agency, Federal Insurance Administration, Financial Assistance/Subsidy Arrangement (“Arrangement”).

Under the Arrangement, FEMA will reimburse the WYO Companies for all Loss Payments, which include “payments as a result of litigation that arises under the scope of this Arrangement.” 44 C.F.R. Part 62, Appen. A, Art. III(D). This means FEMA will reimburse WYO Companies for any litigation costs, including attorney fees, and civil judgments and awards, arising from this settlement process. Given that FEMA will be making all decisions regarding settlement in this process, FEMA accepts full responsibility for the scope and amount of such payments made to policy holders for purposes of any subsequent audit. Accordingly, FEMA will not seek to recoup from WYO companies funds paid to policy holders through this settlement process as a result of any subsequent audit finding because the decision to make the payment rests solely with FEMA, not with the respective WYO company.

Any questions or comments should be directed to Jordan Fried, Director (Acting), Risk Insurance Division, at (202) 646-4112 or [jordan.fried@fema.dhs.gov](mailto:jordan.fried@fema.dhs.gov).

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Required Routing: Claims