

[Lawyers, FEMA in talks to settle Sandy insurance appeals](#)

Newsday

By JOE RYAN joe.ryan@newsday.com After months of deadlock, lawyers for hundreds of homeowners suing over flood insurance claims from superstorm Sandy said they made significant progress in talks Tuesday with federal officials to design a broad framework to settle the cases. The attorneys spent more than 10 hours in negotiations in Manhattan Tuesday with Brad J. Kieserman, who was appointed by the Federal Emergency Management Agency to head up reforms at the National Flood Insurance Program. "We are close to agreeing to a framework for an expedited settlement of all cases," said J. Steve Mostyn, who is negotiating on behalf of a group of lawyers representing hundreds of homeowners on Long Island and in Brooklyn. A spokesman for FEMA, which runs the flood insurance program, declined to comment. The settlement talks come as nearly 1,000 lawsuits are pending in federal court in New York over disputed flood insurance claims. A few have been settled, but most have been locked in fruitless mediations. In recent months more than a dozen homeowners in those cases have accused the private companies who processed claims for FEMA of forging engineering reports to mask the cause of damage and avoid paying claims. A hearing scheduled for Thursday to review evidence in those cases has been canceled so settlement talks could continue. The forgery allegations have drawn widespread outcry from U.S. senators in New York and New Jersey and prompted a criminal probe by the New York State attorney general's office. Kieserman, FEMA's former chief counsel, was appointed this month to broker settlements in the cases and oversee reforms. Over the past few days, he began contacting Mostyn and other lawyers to begin settlement talks. "We have somebody now at FEMA who is taking a serious look at the evidence and is committed to resolving and fixing this," Mostyn said. The settlements, he said, would likely require FEMA to improve the process for appealing flood insurance settlements, and bolster the government's oversight of the companies that process the claims. Any deal would also allow homeowners and their attorneys to continue cooperating with the ongoing criminal probe into the allegations of forged documents. "We will continue to turn over evidence to the attorney general's office," Mostyn said. Flood settlements are paid by the federal government — not the companies that process claims. Critics say the

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program gives those private contractors financial incentive to cut corners on claims by penalizing them for any overpayments to homeowners — but not for underpayments. In December, FEMA announced a series of reforms to ensure claims aren't underpaid, including instituting penalties for underpayments.

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