



FEMA

W-05042

September 1, 2005

MEMORANDUM FOR: Write Your Own (WYO) Principal Coordinators  
and NFIP Servicing Agent

FROM:   
James S.P. Shortley, Director of Claims  
Claims Section, Risk Insurance Branch  
Mitigation Division

SUBJECT: Advance Payments

Hurricane Katrina will most likely be the largest natural disaster in the United States to date. FEMA is making every effort to expedite the settlement of claims to thousands of flood victims. Therefore, the Director of FEMA has approved advance payments to policyholders prior to the property inspection. Once the notice of loss is received, the company will confirm contents coverage and make a determination that the structure has been flooded. After confirmation of coverage, the advance payment can then be made to the insured in the \$3,000 range.

The advance payment must accompany a written notice to the insured informing them that the advance payment is being applied against their contents claim and not for Additional Living Expenses (ALE), which are specifically excluded in the Standard Flood Insurance Policy. After the claim is settled, the advanced amount will be deducted from the final claim payment made to the policyholder.

If an advance payment is made to an insured who has not been flooded, the WYO Company will not be reimbursed. It is important to obtain accurate information from the insured or their representative regarding their temporary address when the claim is reported. It will not benefit the insured to send their advance payment to the property address, which is not accessible due to flooding.

If you should have any questions, please contact the NFIP Claims Department at [claimsdata@nfipstat.com](mailto:claimsdata@nfipstat.com).

cc: Vendors, IBHS, and Government Technical Representative

Required Routing: Accounting, Claims, Underwriting