By BRIAN BERNBAUM / AP / September 4, 2003, 4:57 PM

9/11 Fund Chief Faults Payments
Sept. 11 families would have been treated more fairly had they all received the same amount from the government's $7 billion compensation fund, instead of giving some far greater awards based on incomes, the program's administrator said Wednesday.

In his final report, Special Master Kenneth Feinberg said if Congress ever considers such a program again it should offer a flat amount to all victims and not account for families' earnings, life insurance or financial obligations.

The program, which was set up by Congress in the wake of the 2001 terror attacks, drew complaints from families of emergency personnel and others that the affluent survivors of financial executives killed on Sept. 11 received greater payouts.

The average award to families of those killed was $2.1 million, though the 2,880 individual payouts ranged from $250,000 up to $7.1 million.

The fund also paid an average of about $400,000 each for the 2,680 accepted claims of injuries stemming from the attacks. The smallest injury award was $500, the largest $8.6 million, according to the report.

Critics complained a provision reducing final payments to families that collected life insurance penalized the survivors of victims who had been more responsible.
Such conditions "inevitably resulted in finger-pointing and a sense among many (families) that the life of their loved one had been demeaned and undervalued relative to others also receiving compensation from the fund," Feinberg wrote.

"A better approach might be to provide the same amount for all eligible claimants," he concluded.

Feinberg said in an interview with The Associated Press that "if it does happen again, God forbid, and if Congress decides to do anything, which is not a sure thing, they may not want to replicate this."

The program, which finished processing applications in June, was designed to compensate families and protect the airline industry from crippling litigation, because anyone who signed up for compensation had to agree not to sue U.S. entities like airlines and airport security companies.

Feinberg said the fund was an overall success, noting that 97 percent of families of the nearly 3,000 people killed on 9/11 participated and that only 80 lawsuits were filed.

"If the genesis of all this was to protect the airlines from lawsuits, they certainly did that," said Feinberg.

Charles Wolf, whose wife died working in the World Trade Center, said there was some finger-pointing in the beginning, and additional resentments among some families because charity groups often gave greater sums to survivors of emergency workers.

"I do think the way it was set up was fair, but I don't think it was fair at all to
deduct for insurance," said Wolf. "The guy who spends $3,000 a year on life insurance gets penalized, as opposed to the guy who spends $3,000 on car payments."

Feinberg's proposal may solve one problem only to create another, as even he conceded. Flat payments might dissuade survivors from seeking government compensation and give them incentive to bring lawsuits in court.

"It would meet the needs of the less well off and not those on the higher end," said lawyer Justin Green, who represented many families before the fund. "It would raise a question as to whether it's a compensation scheme or a charity."

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