Spotlight

Department of Homeland Security

Office of Inspector General

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Why This Matters

The Federal Emergency Management Agency (FEMA) Public Assistance (PA) grant projects totaled more than $10 billion for all disasters declared between 2007 and 2010.

As a condition of receiving federal disaster assistance, applicants must obtain and maintain insurance for future damages caused by the same type of hazard. Without adequate monitoring and oversight, and a reliable system to track insurance information, the federal government is at risk of providing duplicate assistance.

DHS Response

FEMA concurred with five of the six recommendations, and partially concurred with one. FEMA stated that it would be infeasible in cost and labor to update the database.

We encourage FEMA to provide information comparing the cost of the recommended corrective action to estimated improper payments. Absent evidence that the cost to update the National Emergency Management Information System (NEMIS) and the Emergency Management Mission Integrated Environment (EMMIE) location and insurance data fields with accurate and complete information exceeds the improper payments that would be avoided, we continue to believe that updating NEMIS and EMMIE is in the best interest of the taxpayer.

For Further Information:

Contact our Office of Public Affairs at (202)254-4100, or email us at DHS-OIG.OfficePublicAffairs@dhs.gov

FEMA's Process for Tracking Public Assistance Insurance Requirements

What We Determined

Improvements can be made in the monitoring and oversight activities of states and FEMA to ensure that recipients of PA satisfy the requirement to obtain and maintain insurance and do not receive financial aid for damages that are, or should be, covered by insurance. The following areas need attention to improve the program:

1) Compliance with insurance requirements. Nineteen financial assistance grant reports issued since fiscal year 2009 have identified issues including duplicate benefits, incomplete insurance reviews, and applicants who either did not obtain adequate insurance or did not file an insurance claim.

2) Tracking insurance requirements in FEMA databases. The current system has data reliability, functionality, and data integration problems that hamper the management and verification of insurance data leaving FEMA at risk of providing duplicate assistance in violation of the Stafford Act.

3) Insurance Guidance. FEMA's PA program creates a disincentive to carry insurance, and is silent on a number of other important policy issues. FEMA has been planning to address these issues for more than a decade, but no action has been taken.

What We Recommend

Associate Administrator, Response and Recovery, FEMA:

1) Work with FEMA regional personnel to evaluate the process of insurance reviews to determine how to complete these reviews earlier in the project formulation process.
2) Implement a quality control process to ensure that all pertinent insurance information, including insurance and location data, is entered into the correct fields and in the correct format.
3) Modify EMMIE or the Enterprise Data Warehouse so that FEMA can use the data to determine if an applicant previously received disaster assistance for a damaged facility.
4) Review and evaluate NEMIS and EMMIE data fields and update any location and insurance fields that are blank or contain erroneous information.
5) Complete the rulemaking process begun in 2000 and issue a final rule that resolves the longstanding problems with PA insurance regulations, including the topics of deductibles, self-insurance, and state insurance commissioners' determinations of reasonably available insurance, among others.
6) Prepare and issue additional revised PA insurance policy and guidance to address definitions of insurance, deductibles, and self-insurance, and clarify issues that include, among other topics, deductibles, self-insurance, and state insurance commissioners' impact on the PA insurance requirement.