



Why This Matters

Holy Cross School (Holy Cross) received an award of \$86.6 million for damages from the Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP), a Federal Emergency Management Agency (FEMA) grantee, resulting from Hurricane Katrina, which occurred on August 29, 2005. Federal Regulations at 44 CFR 206.252(d) require grant recipients to obtain and maintain insurance in the amount of eligible disaster assistance as a condition of receiving Federal funds and that grant recipients may seek an exemption from insurance requirements from their State Insurance Commissioner.

DHS Response

FEMA officials generally agreed with our findings and recommendations.

FEMA Should Recover \$48.9 Million for Inadequate Insurance Coverage for Holy Cross School, New Orleans, Louisiana

What We Determined

Holy Cross did not obtain \$48.9 million of required flood insurance coverage for its replaced disaster-damaged facilities, which is a condition for receiving Federal disaster assistance. Holy Cross should have obtained and maintained \$52.9 million in flood insurance or received an exemption from insurance requirements from the State insurance commissioner. However, Holy Cross obtained only \$4.0 million in flood insurance, or \$48.9 million short of the required amount. As a result, Holy Cross does not have adequate insurance coverage to protect itself and taxpayers in future disasters. Four years have passed since Holy Cross started occupying its new buildings, more than adequate time to obtain the required flood insurance or insurance exemption. Also, GOHSEP did not adequately monitor Holy Cross' compliance with FEMA's Public Assistance requirements to ensure that Holy Cross obtained the required amount of flood insurance or obtained an exemption.

What We Recommend

We recommend that the Regional Administrator, FEMA Region VI:

- 1) Disallow \$48,879,429 (\$52,879,429 required less \$4,000,000 purchased) for the replacement of buildings and their contents as ineligible, unless Holy Cross obtains the required flood insurance coverage or a certification of insurance exemption from the State insurance commissioner.
- 2) Require GOHSEP to develop and implement procedures to monitor and enforce FEMA's obtain-and-maintain insurance requirements.

For Further Information:

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