

Heck of a Job, FEMA?

Hurricane Katrina smashed into New Orleans in August 2005. Former President **George W. Bush** helped smash his legacy with the fateful line, “Brownie, you’re doing a heck of a job.” His praise of then-FEMA chief **Michael Brown** was widely derided in the press. By September, Brown had resigned.

In August 2011, a weakened hurricane washed into the Northeast. A friend of mine suffered minor damage as did most of his immediate neighbors. A FEMA representative brought up from Florida went door to door urging people even with relatively minor damage to sign up “for benefits.” This was this individual’s sole job. He had no details and no information. My friend received numerous phone calls from FEMA urging him to sign up. With reluctance, he did. Then the emails started. Still another representative knocked on his door asking him to sign up.

He allowed a third FEMA representative (this one from Texas) to visit his home for a benefits determination. The representative explained why none of my friend’s damage was covered. While he was not surprised, he did feel much effort had been wasted. Why didn’t the first or second FEMA representative or the phone callers screen this case out?

Alas, that was not the end of it. While this third representative did tell him that none of his damage was covered, he also told him that if any of his appliances were “sparking or arcing” they would be covered. Even after he was reminded that no water actually got into the home, the representative asked to see the appliances that were “sparking and arcing.” He asked not once but three more times about it. Then the representative asked about “sparking or arcing” television sets. Even after having been told again that there weren’t any, he persisted, asking to see the set that was “sparking and arcing.”

Frustrated, my friend told him that rather than reimbursing him for damage he didn’t have, how about reimbursement for damage he did have? He was told that his damage was not covered, but perhaps he could put him down for some siding damage. With reluctance, my friend declined.

I related this story to another friend who works part time in a “big box store.” He said: “That would explain why we were inundated with requests after the hurricane for quotations to replace ‘sparking and arcing’ appliances.”

A town manager in another community told me he was convinced that FEMA was under a mandate to find ways to give money to people whether they had compensable



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damage or not. Ironically, a recent headline in *USA Today* reported “Disasters Strain FEMA’s Resources.”

Suppose that my friend’s experience was neither isolated nor a misunderstanding. Is it ethical for government agents to circumvent their own rules to compensate claimants? Should my friend have accepted this “aid”? Ethically, how does this compare to scandals at major corporations that we have all read about? I welcome your comments. ■

Editor’s note: *The opinions expressed in this column are those of the author and do not necessarily reflect the views of the CPCU Society membership, the CPCU Society Ethics Committee or the author’s employer. If you have suggestions for upcoming articles or comments about the “Question of Ethics” column, please contact William F. Traester, CPCU, at wtraester@archinsurance.com.*