

Working With Insurance Companies and Personal Finances After a Natural Disaster

If you have recently had property damage to your home or car due to a natural disaster, the following information may provide some tips on how to effectively work with your insurance company to file any necessary claims.

First, if there is the potential for further damage to your property, you should act quickly to try and prevent it, if reasonably possible. However, if you've been ordered to evacuate the neighborhood, or your structure is not safe, it is not worth the risk to you.

The next consideration is whether you can locate your insurance policy. If you are not able to find it, or you know it's been destroyed, contact your state insurance department to get the phone number for your carrier to request your policy information and a copy of your policy. For an online reference for contact information for your state's insurance department, use this link: http://www.naic.org/state_web_map.htm.

To prepare for filing the insurance claim, write down the date the damage occurred and your policy number. It is also important to have a telephone and/or email address where you can be reached at all times. These are items the insurer will need for your claim. Depending on your insurance company and the situation, you may have up to six months to file a claim. However, you should check with your insurance company to make sure.

In addition, it helps to know your deductible for each type of claim to determine whether it is worth filing a claim for *all* of the damage, or just the most expensive part. If the cost of repair exceeds the deductible by just a few dollars, you may not want to have a claim history for an expense that you will be covered mainly out of your own pocket. It is unfortunate, but still a fact, too many claims can cause your insurer to cancel coverage. Ask your insurer what your deductibles are if you are uncertain.

Next, separate damaged from undamaged property. Your insurer will need evidence of the damage to your home and possessions to prepare your repair estimate.

If the insurer requests you get an estimate of the damage for your home, contact a home repair contractor for an estimate. For vehicle damage, contact the repair shop you would like to use for the repair to get an estimate. Always ask if the estimate costs you anything before agreeing to have it done. Be aware that there are shady contractors and auto repair shops that will take advantage of you and your insurer by inflating the estimate, or charging to provide it. If you can, get more than one estimate to make sure you have been given a fair ballpark figure of what the repair will cost. However, when many people in an area have had property damage, it may be hard to get even one estimate in a timely way.

In addition,

- If possible, take photographs of all of the damaged property, including discarded objects, structural damage, and any standing floodwater levels.
- Make a list of damaged or lost items and include their date of purchase, value and receipts, if possible.
- Officials may require disposal of damaged items so, if possible, place damaged items outside of the home.

The insurance company will then likely send out an inspector or adjuster to examine the damage and write a report. These inspectors or adjusters work for the insurance company. If you have a legitimate claim, you should expect to be treated fairly and expect the insurance company to honor the claim. If you have any problems with the inspector during the inspection process, you should document the details of the situation and contact the insurance company to file a complaint.

After the adjuster files the report, different companies and different policies are processed in a variety of ways. If you are not given an immediate answer, ten days is a reasonable time to wait. If you haven't heard anything about your claim, call. If for any reason your claim is denied, check to see if the company has an appeal process. It may be worth your while to appeal, especially if the repair is a costly one.

Keep in mind that insurance companies will differentiate between water damage due to wind and hail and water damage due to flood. Flood insurance is considered separate coverage and you are covered for flood damage only if you had purchased flood insurance in addition to your homeowner's policy.

When rain enters through a wind-damaged window or door, or comes through a hole in a wall or roof, insurers consider the resulting puddles and damage to be windstorm-related, not flood-related. The good news is that most homeowners insurance provides such coverage for wind and hail damage.

According to www.floodsmart.gov, the official website of the NFIP (National Flood Insurance Program), "Flood insurance covers overflow of inland or tidal waters and unusual and rapid accumulation or runoff of surface waters from any source. However, the flood must be a general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (at least one of which is yours)." If you do not have flood insurance and are interested in purchasing flood insurance for any future flood concerns, check with your insurer or the www.floodsmart.gov website for more information.

For any uninsured property damage, consider an SBA loan. The U.S. Small Business Administration (SBA) can make federally subsidized loans to repair or replace homes, personal property, or businesses that sustained damages not covered by insurance. For more information, check with FEMA at http://www.fema.gov/assistance/process/sba_assistance.shtm.

In the next section, we have answers to common questions regarding personal financial matters for those experiencing temporary problems due to weather-related loss.

Financial FAQ's

Housing: What do I do about the home I own and cannot access; do I pay the mortgage?

You still own the property and if you have a mortgage, there is debt, so you need to research your situation with your lender. Consider contacting FEMA, (Federal Emergency Management Assistance) online at www.fema.gov or by phone, (800) 621-3362/TTY (800) 462-7585, as they may have general input as to your rights under a declared disaster. There may be some relief under federal law that is part of the declaration of the disaster. In addition, contact your lender and review your options and requirements. Your lender may have a loss mitigation department available to answer your questions. If your home is funded via, FHA, VA, or HUD, contact a HUD Housing Counseling Center. Call the HUD referral line to reach the nearest HUD Housing Counseling Center at 800 569-4287 for an appointment.

Rental housing: Do I need to pay my rent?

Contact FEMA online at www.fema.gov or by phone, (800) 621-3362 / TTY (800) 462-7585 to clarify your rights under a declared disaster. If you are not able to return or use the rental, and it is declared a disaster and uninhabitable, you may not need to pay from the period of the declaration on, but you are still responsible for rent up to the declaration. Also, contact your landlord, once you know the status/use of the rental and advise of your intent, (document the conversation date, etc.) when the rental is uninhabitable.

Utilities: Do I need to pay?

If your area was declared a national disaster, then most likely all utilities were shut off. You must contact the utility companies for advice, including telephone, water, electric, gas, and garbage. It is assumed that if the utilities are shut off, that your billing will cease, but that must be verified by contacting the utility companies. You are certainly responsible for all prior billings. Again, FEMA may have information on your rights and responsibilities as it relates to this situation. Contact FEMA online at www.fema.gov or by phone (800) 621-3362 / TTY (800) 462-7585.

Credit Cards - Personal Loans/Car loans/Leases/Student Loans

All debt related expenses/loans still exist and you are responsible. Contact each card company, financial institution, leasing company and the lender on student loans for direction as to your responsibility. Most will have programs in place, for either a delay or hardship, but you must contact the program. For car loans/leases you should contact your car insurance company for a loss. The carrier may be responsible if the loss is covered by your policy. If your car/truck is still in use, you will need to pay the loan/fee, but you should contact the creditor to ask if they will allow some grace period.

Insurance – homeowners/renters, car/truck, health and life coverage

Contact FEMA online, at www.fema.gov or by phone, (800) 621-3362 / TTY (800) 462-7585. They may be able to outline your rights under a declared disaster. You must contact the carrier for each type of insurance for their direction. Again, with a declared disaster there will be specific instructions/programs for your situation.

If you have a loss of home, car etc. the carrier will advise of action needed. Again, you are responsible for paying all past due premiums. For health, disability and life insurance, you are responsible, but contact the carrier for the status of payment.

For **group health coverage**, you will need to contact your employer for action they are taking. Also, contact the carrier for your group coverage to confirm coverage or other options, just in case your coverage is terminated for non-payment.

Resources Are Available

Additional information, self-help tools and other resources are available online at www.MagellanHealth.com/member. Or call us for more information, help and support. Counselors are available 24 hours a day, seven days a week to provide confidential assistance at no cost to you.

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