

Guidance

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Post-Sandy Insurance Tips

Submitted by Vincent Trivett on Thu, 11/08/2012 - 3:00pm

If you are one of the hundreds of people who lost homes and belongings due to Hurricane Sandy, you will need to be smart about filing your insurance claims.

Here are some tips, which also apply to anyone who faces a natural disaster:

Call your agent first. As much as you want to roll up your sleeves and clean up, you have a few things that you need to do. Scott Kahan, a certified financial planner at Financial Asset Management Corp. in New York, N.Y. says that you should call a local agent first to get the claims process started.

“Sometimes people are in a rush to get things fixed, but it’s important to start the process,” he says. “Call to the insurance companies first. If the insurance companies’ offices are closed themselves, then call the 800 numbers.”

Be patient. Hundreds of other people are just as anxious as you are to file a claim. Even if you can’t get through, you can usually get some help or information from your insurance company’s website. If your power is off, try accessing the information on a smartphone.

Assess and document the destruction. Get proof of the damage as if your property is a crime scene. It’s ideal if you have documentation or even photos of your insured home, car and belongings before the storm got to it. But even if you don’t, take some post-disaster photos to prove: 1) that you owned these things, and 2) that they were destroyed. Also, gather receipts or credit card statements proving that you bought the damaged items in the first place. Video recordings can also help. With a modern smartphone, this is easy to do.

Save your receipts. Of course, you need to make some temporary

SMART ADVICE



Why All Investors Need Good Advisors

By Larry Light, Editor-in-Chief

At AdviceIQ, we believe that everyone should have a financial advisor – a good one, vetted through our system to ensure that he or she has a clean background. Hiring an experienced, capable advisor gives you the services of someone who knows the landscape of investing and other necessary financial matters, such as the amount and type of insurance you should have, and how you should set up your estate.

repairs after you take a lot of photos. Whether you do this yourself or get a professional to help you, this will cost money. If possible, check with your insurance provider first before signing a contract or buying supplies.

Be wary of fraud. In the wake of the disaster, some folks helped out their neighbors by volunteering to clear debris, giving blood and housing victims. These people could revive your faith in humanity. Others do the opposite.

After big storms like Sandy, some unscrupulous people see the tragedy as an opportunity to swindle victims while they feel desperate and vulnerable. It pays to be wary of anyone looking to help.

“Fraud is an unfortunate reality in post-disaster environments,” National Insurance Crime Bureau President and Chief Executive Officer Joe Wehrle [said in a press release](#). “As the initial recovery from Hurricane Sandy begins, there are people right now who are planning to converge on the affected areas in order to scam disaster victims out of their money while promising to do repairs.”

Don't immediately trust anyone who shows up at your doorstep offering to do repairs, especially if they ask for cash up front. They might even be wearing the uniform with your insurance company name on it. Chances are that these people aren't legitimate. Your insurance won't pay for their work, and the fraudsters probably won't do professional-level repairs. Give your insurers, as well as the local Better Business Bureau or Chamber of Commerce, a call before letting people into your home to do work.

You can find thorough information about avoiding and reporting fraud from the [Federal Emergency Management Agency](#) and [American Association of Retired Persons](#).

Know what kind of storm you are dealing with. When meteorologists classify a storm as a hurricane or a tropical storm, it might seem like pure semantics, but it could really affect your deductibles. Many insurers add a higher deductible for hurricane damage. Luckily for many folks, Sandy was downgraded to a tropical storm before it made landfall. This means that insured people will pay less out of pocket to replace and repair their belongings.

Be persistent. As in any situation where one party has to part with money, persistence pays off. Especially in the confusion and madness following a major storm, you really have to try hard to get your case heard.

“Even though insurers are happy to take your money in premiums, they are generally reluctant to pay your claims,” says Harrison Lazarus, a financial advisor in San Francisco, Calif. “That's how they make their money, and many do it very, very well.”

Lazarus says that you should be persistent with your claims. If necessary, you might have to negotiate with insurance agents'

supervisors and managers to maximize your compensation.

Make sure you get your catastrophe tax deduction. As John Waggoner of *USA Today* [reports](#), the Internal Revenue Service allows you to deduct “damage, destruction or loss of property resulting from an identifiable event that is sudden, unexpected or unusual” from your taxes.

This type of tax deduction is limited to losses greater than 10% of your adjusted gross income, so you only qualify for this write-off if you suffer a huge loss. If insurance refuses to compensate you, the amount that you pay out of pocket is deductible. This isn't a credit which reduces your tax bill dollar for dollar – but a deduction, which lowers your taxable income and often is less valuable. So you will only recoup a fraction of what you lost in that case. It won't replace your stuff, but every little bit helps.

Don't be afraid to seek help. To help people make repairs that aren't covered by insurance, the federal Small Business Association is [offering low-interest loans](#) to homeowners and businesses located in disaster-designated counties. You can apply for these loans at any FEMA disaster office or on [FEMA's website](#).

Be prepared for the next big one. Hurricane Sandy was the biggest storm the Eastern Seaboard has faced since the 19th century. This storm should serve as a reminder to all of us, whether we struggled or not, that disasters like this happen. Even when all levels of government are doing everything they can to mitigate our losses, we are still almost helpless against nature.

Scientists say that climate change is producing [more frequent extreme weather events such as hurricanes and droughts](#). This means that it's more important than ever to make sure that you have the best insurance that you can afford. Go for the plan with higher deductibles and broad coverage. It will save you a lot of hassle and money in the long run.

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