

Hit by Disaster? How to Get What You Deserve From Insurers or FEMA

NY Times

If your home was damaged or destroyed by Hurricane Helene, the most daunting challenge may still be ahead: Getting your insurance company, or the federal government, to give you the money you're entitled to receive.

That process can be infuriating and baffling, and it comes during what is already an incredibly stressful moment in your life. Worse still, the stakes are enormous. You can't afford to get it wrong.

The New York Times asked experts what to do, and what to avoid. Their advice boils down to two points: You don't need to settle for whatever your insurance company or FEMA first offers you. And you don't have to fight them alone.

Document everything

Photograph the damage to your home as soon as you can. When you speak to anybody from your insurance company or from a government agency, make notes about the conversation, including when it happened and what the person said.

If you spend money on repairs or supplies while you're out of the house, keep all receipts.

Your insurance payout won't be easy

If the amount of damage to your home is small — say, not much more than the deductible on your insurance policy — think twice before you file a claim.

As the cost of disasters grows, insurers nationwide are increasingly dropping customers who make one or two claims. Getting reimbursed by your insurer over a small amount of damage may not be worth the trouble later if you can't find insurance.

Most deductibles for home insurance tend to be around \$1,000 to \$5,000, and there may be separate deductibles for wind, hurricanes or other specific types of damage. If you're unsure about the deductible on your policy, ask your insurer or agent.

For everyone else, recovery depends on getting the most money allowed under your policy. And that won't be easy.

"Give your insurance company a chance to do the right thing," said Amy Bach, the executive director of United Policyholders, a California-based nonprofit group that helps people navigate the claims process. "But understand you're not on a level playing field when it comes to accurately valuing your losses and calculating the benefits your insurer owes."

Bob Passmore, a vice president at the American Property Casualty Insurance Association, which represents insurers, said in a statement: "Insurers' overwhelming priority is to help their customers recover from Hurricane Helene as quickly as possible."

Get ready to fight over flood damage

Your insurance company may offer an amount of money that seems far less than what it would cost to repair your home. The company may also tell you that the damage was caused by flooding, which most home insurance policies don't cover. The federal government sells specialized flood insurance, and very few homes affected by Helene had that coverage.

This is a problem that's especially likely to come up in North Carolina, said Douglas Heller director of insurance for the Consumer Federation of America, an advocacy group. That's because many homes were damaged or destroyed by landslides or mudflows, which are frequently not covered by standard insurance. That damage might be covered by flood insurance.

But don't give up. Just because some or most of the damage came from a landslide, Mr. Heller said, doesn't mean none of the damage came from hazards that are covered by your insurance. For example, if a tree limb fell through your roof, that damage should still be covered by your home insurance, even if your home was also damaged by a flood or landslide.

When to call a public adjuster

If you're worried an insurer will refuse your claim, or offer less than you think you deserve, you can call a

public adjuster. These are independent professionals whose job is to assess the damage to your home and then negotiate with the insurance company to get whatever is allowed under your policy.

“A public adjuster is most effective when he or she is involved in the beginning of the matter,” said Jeffrey Major, a public adjuster who has helped sort through insurance claims after big disasters, including Hurricane Katrina in 2005, Superstorm Sandy in 2012 and last year’s wildfire in Lahaina on Maui.

“When I’m involved in the matter from day two or three, I can get in and gather the evidence I know the insurance company is going to need, and if I’m meeting the insurance adjuster, that’s going to be best for the homeowner or the business owner.”

Using a public adjuster isn’t free. They’re typically paid a portion of your insurance settlement, somewhere around 10 percent. But in exchange, they can often get a larger settlement than what you might get on your own.

Your state insurance office might help

You should also consider contacting your state’s department of insurance, which will typically have an office that hears consumer complaints. Be sure to copy your insurer on that correspondence.

Don’t count on the department to intervene with your insurer, Mr. Heller said. The goal is to show your insurer that you’re not going to give up without a fight.

If the department sees a pattern of insurers mistreating people, it might choose to intervene more broadly, by telling insurers to change their practices, Mr. Heller said.

When should you call a lawyer?

If you still can’t get a satisfactory settlement, the nuclear option is to call a lawyer.

The North Carolina State Supreme Court has temporarily allowed lawyers who are licensed in other states to register in North Carolina, to provide pro bono help to low-income storm survivors.

But don’t push the button right away.

Hiring a lawyer too soon “comes across as combative,” said Clifford Nkeyasen, a Dallas-based attorney who sues insurance companies on behalf of claimants. Also, judge how far the gap is between what you’re seeking and what your insurer is offering.

“If you think the contents of your house are worth \$100,000 and they’re sending you a check for \$10,000, that’s the time to hire an attorney,” Mr. Nkeyasen said.

Chip Merlin, a Tampa-based lawyer, said that the larger the potential claim, the more urgent the need for professional help. “I’ve got sophisticated commercial clients that bought really good insurance — they’d be crazy not to at least consult with a lawyer.”

Both Mr. Merlin and Mr. Major predicted that many of the homeowners hit by Helene would not be able to afford to rebuild based on their insurance payouts alone. For disaster victims who fall in that category, it’s time to call the Federal Emergency Management Agency.

How do you get help from FEMA?

For people without home insurance or enough insurance to cover the damage they’ve experienced — a group that probably includes the majority of Helene survivors — there’s FEMA.

FEMA has a program called Individual Assistance, or IA, that’s designed to provide emergency housing assistance to people affected by disasters. (FEMA also offers many other types of assistance, including money to stay in a hotel, repair a vehicle, pay for emergency medical expenses and cover child care.)

You can apply online for FEMA housing assistance here, or by calling 800-621-3362. You should also be able to apply in person if FEMA staff have been sent to your area.

It sounds obvious, but be sure to answer all the questions in your application carefully. Many applications get rejected because of seemingly mundane errors, such as misspelling your name, or entering the wrong Social Security Number, according to Jaclyn Rothenberg, FEMA’s director of public affairs.

After FEMA receives your application, the agency will send somebody to inspect the damage. It’s important to know that the program is designed to provide the money necessary to make your home livable, not what it costs to fully repair your home.

But what constitutes livable is debatable. And FEMA may offer less than you think you need. If that happens, you have options.

Don't be afraid to appeal your FEMA award

Reese May is chief strategy and innovation officer with SBP, a nonprofit that helps disaster survivors work with FEMA. He said the inspector who considered your case is tasked with getting through as many applications as possible. And, as The New York Times has reported, FEMA awards can vary significantly based on race and other factors.

So here's the key piece of advice for FEMA aid, according to Mr. May: If you feel the amount of money you're being offered is not enough to make your home livable, or if you don't understand why you're not being offered more money, appeal FEMA's decision.

Just 3 percent of people whose applications are rejected by FEMA appeal, according to reporting by our colleague Hannah Dreier. But the benefit of filing an appeal can be huge, even for successful applicants. "About half the time, we can double the amount of assistance that survivors get," Mr. May said.

You don't need to navigate that appeal on your own. SBP is already working with survivors of Hurricane Helene, and it's gearing up to start work in North Carolina. The service is free. You can contact them at femahelp@sbpusa.org, or by phone at 800-276-9511.

What else can you do?

If you don't get enough money from insurance or FEMA to repair your home, you have other options.

Some people take low-interest loans from the U.S. Small Business Administration. Others set up GoFundMe accounts, which generated more than \$106 million last year in donations for disaster recovery, though research has shown those campaigns disproportionately benefit wealthier disaster survivors. And many charities help people uprooted by calamities.

If a disaster is big enough, Congress will sometimes provide additional funding through the U.S. Department of Housing and Urban Development's disaster recovery program. Unlike FEMA aid, that money can often be used to pay the cost of rebuilding homes.

But that aid is entirely at the discretion of lawmakers.