



BAD WEATHER INSURANCE CLAIMS: EVERYONE IS AT RISK

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Natural disasters happen. Minnesotans have their share. You never know when you could suffer property damage or loss from a flood, tornado, wind, hailstorm, or fire.

IF YOU EXPERIENCE A LOSS

If you have experienced weather damage to your home or property, take the following steps:

1. **Get the claims process in motion.** Contact your insurance company immediately to report your loss. Follow the instructions given to you by claims personnel.
Since there may be a lot of people needing help at the same time, anything you have done before the disaster to prepare for a loss will be to your benefit now.
2. **Keep your insurance policy number handy.** The claims process always goes faster when the adjuster, the agent, or the service center operator does not have to search their records for information about your policy.
3. **Keep your claim number handy.** When you file your claim, the insurer will give it a number. Future conversations with insurance personnel will go quicker if you know your claim number.
4. **Take notes.**
 - Keep a log of the people you spoke to and when
 - Summarize your conversation
 - Ask questions if you do not understand instructions
 - Take photographs or video of the inside and outside of the premises, showing the damage and surrounding area (if possible)
5. **Make a List.** No one can remember everything that may have been lost during a catastrophic disaster like a tornado, but it is a good idea to begin making a list of as many things as you can remember.
Do not forget to list seasonal items that you may not be thinking of at the present time such as holiday decorations, etc.
6. **Figure out the extent of the damage.** Separate the damaged from the undamaged property and put it in the best possible order for the adjuster's examination. If possible, protect the property from further damage.
7. **Wait for the company's adjuster to arrive.** Do not call anyone to repair or replace your loss without first getting instructions from your company's adjuster. Your insurer's visual inspection of your loss may be necessary before repairs are undertaken.
Do not throw away damaged property until your company's adjuster advises you it is all right to do so. If your home is damaged, make only temporary repairs until a claims adjuster looks at the damage.
Making permanent repairs before the adjuster's inspection could trigger a denial of your claim.

8. **Adjuster Inspection.** A company adjuster will do an inspection of your home to assess the initial damage.

Be sure to ask the adjuster for

- Proper identification
- A business card identifying his/her phone number and address
- Information about what you are required to do next
- Information about what the company will be doing next
 - It is a good idea to ask if you are expected to get estimates for repairs or if the company will be doing that on your behalf.
- Time estimate of how long the adjuster expects the claim settlement process to last

- **Additional Living Expenses.** If you are unable to occupy your home, the adjuster may issue an advance payment for additional living expenses. You may cash the check without in any way compromising your claim or agreeing to a final settlement. However, you should keep receipts for all additional expenses you incur because your home is uninhabitable.
9. **Choosing a Contractor:** You are free to choose the contractor of your choice to perform the repairs on our house. However, it is important to keep in mind that the insurance company's only obligation to you is to return the home to its pre-loss condition. Therefore, if the insurer's contractor will complete the work for less than your contractor, you may end up being responsible for the difference. It is also good to remember that the insurer is responsible for their contractor's work. If you hire your own contractor and that person fails to complete the job or does a poor job, your only recourse is dealing directly with the contractor.

If you decide to collect your own estimates for the costs of repairing your dwelling, be sure that the contractor is licensed by the Minnesota Department of Labor and Industry. You can check a contractor's licensing status by calling (651) 284-5065. If you hire a licensed contractor and he/she takes your money without completing the job, there is a Contractor's Recovery Fund that will help to reimburse you. If you are dealing with an unlicensed contractor and they steal your funds, your only recourse to get your money back would be to sue the contractor.

10. **Actual Cash Value vs. Replacement Cost:** Once you and the company have agreed on the amount and the value of the loss, the company will issue a check for the actual cash value of the item that needs to be replaced. Actual cash value is equal to the purchase price minus the amount of depreciation, based on the age and condition of the item at the time of loss.

If you have replacement coverage, the insurance company will give you another check for the full replacement cost of the lost or damaged item as soon as you provide them with proof that it has been replaced and the cost of replacement.

11. **File Claims as Soon as Possible.** Don't let the bills or receipts pile up. It is important to note that most policies have provisions that limit an insured's entitlement to replacement cost benefits to those situations where the repairs or replacement has been completed within 6 months of the date of loss. If you are unable to complete repairs or replace lost items within this time period, you should write to the company and ask for an extension of this time limit.

For More Information about Insurance:

Minnesota Department of Commerce
800-657-3602 or 651-539-1600
<http://mn.gov/commerce/insurance>

For More Information about Contractors:

Minnesota Department of Labor & Industry
651-284-5065



FLOOD & STORM VICTIMS SHOULD BE PROACTIVE WITH INSURANCE ISSUES

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Commerce officials recommend that affected homeowners take the following three steps to begin the claims process with the National Flood Insurance Program.

Step One:

After a flood, contact your agent or insurance company to file a claim.

- Make sure you have the name of your insurance company and your policy number available. The Minnesota Department of Commerce Consumer Response Team can help track down your information if it has been lost or damaged in the flood.
- Provide a telephone and/or email address where you can be reached at all times.

Step Two:

Separate damaged from undamaged property. Your adjuster will need evidence of the damage to your home and possessions to prepare your repair estimate.

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

Step Three:

File a claim with your insurance company within 60 days of the flood.

- Your adjuster will provide you a proof-of-loss form. Use this form to file your claim.
- This document substantiates the claim and is required for the National Flood Insurance Program (NFIP) or insurance company to make payment.
- You'll receive your claim payment after you and the insurer agree on the amount of damages and the insurer has your complete, accurate, and signed proof-of-loss form.

IMPORTANT CONTACT INFORMATION

National Flood Insurance Program (NFIP)

800-427-4661 www.floodsmart.gov

MN Department of Commerce Consumer Response Team

651-539-1600 or 800-657-3602 (outside Twin Cities metro area)

<http://mn.gov/commerce/insurance>

Insurance Catastrophic Contacts for Homeowners

Contact Information: Minnesota Property Insurers

If your insurance company is not on this list, contact your agent or company directly to start the claim process.

AAA	1-800-222-1333	http://mn-ia.aaa.com
Allied Insurance	1-800-532-1436	www.alliedinsurance.com
Allstate Insurance Company	1-800-54-Storm	www.Allstate.com
American Family	1-800-MYAMFAM (1-800-692-6326)	www.amfam.com
American National General Insurance Company	1-800-333-2860	www.anpac.com
Ameriprise Auto & Home Insurance	1-800-872-5246	www14.ameriprise.com
Amica Mutual	1-800-242-6422	www.amica.com
Austin Mutual	1-800-328-4628	www.austinmutual.com
Auto-Owners Insurance	517-323-1200 1-888-ClaimAO after hours (1-888-252-4626)	www.auto-owners.com
Century Insurance Group	1-800-878-7389	www.centurysurety.com
Country Financial	1-800-846-0100	www.countryfinancial.com
Employers Mutual Casualty	1-888-362-2255	www.emcins.com
Farm Bureau Financial Services	1-800-226-6383	www.fbfs.com
Farmers Insurance Group	1-800-HelpPoint (1-800-435-7764)	www.farmers.com
Foremost Insurance Group	1-800-527-3907	www.foremost.com
GMRC	1-877-467-2252	http://www.grinnellmutual.com/
Harleysville	1-800-892-8877	www.harleysvillegroup.com
Hartford Steam Boiler Inspection & Insurance	1-888-HSB-LOSS (1-888-472-5677)	www.hsb.com
Horace Mann Companies	1-800-999-1030	www.horacemann.com



IF YOUR WEATHER-RELATED CLAIM IS DENIED

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After almost every major storm, some consumers feel that the insurance company improperly rejected their claims or unduly delayed payment of settlements. If you think your claim is being denied unfairly, follow these procedures:

1. **Review the terms of your policy.** Insurance policies are very specific and should indicate the specific perils covered. Be aware that even if fully insured for all perils, some losses will not be covered:
 - Cost of tree and debris removal when structures unharmed
 - Undamaged property, siding or shingles
 - Damage to property not involving structures
2. **Ask Questions.** If there is a disagreement about the claim settlement, ask the company for the specific language in the policy that is in question. Do you and the insurance company interpret your policy differently? If this disagreement results in a claim denial, obtain a written explanation detailing the reason for the denial and the specific policy language under which the claim is being denied.
3. **Appeal to your agent or the insurance company's claims manager.**
 - Explain your side of the matter.
 - Provide copies of supporting documents.
 - Send a letter and documents to the claims executive at the insurance company's headquarters. (The address is usually found on the first page of the policy.)
 - Ask the company for a second inspection by a different adjuster.
4. **Don't Rush into a Settlement.** If the first offer made by an insurance company does not meet your expectations, be prepared to negotiate to get a fair settlement. Seek professional advice if you have any questions regarding the fairness of your settlement.
5. **Appraisal Process.** Most policies have a clause that allows you to ask for an appraisal of the loss. You will be able to select an appraiser, the insurance company will select one, and a third will be mutually agreed upon. Together they will appraise the loss and decide on a value. Check your policy for details on this procedure.

For More Information

Minnesota Department of Commerce
800-657-3602 or 651-539-1600
<http://mn.gov/commerce/insurance>



INSURANCE COMPLAINTS

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When You Have a Dispute with an Insurer or Agent

If you are in a dispute with an insurance company or insurance agent in Minnesota and have been unable to resolve it to your satisfaction, the Minnesota Department of Commerce may be able to help.

Contact the Company or Agent Directly

If you disagree with your insurance company about a claim or have a question relating to a coverage issue, contact the company first.

- Speak with a management representative to try to find a solution.
- Explain the problem in a calm, courteous manner.
- Be accurate.
- Provide dates, amounts, and as many related facts as you can.
- If you still do not agree with the company's position, ask them to provide a written response. Ask them to list the specific rules or language in the policy that allow them to deny or exclude coverage.

Try to resolve the dispute by speaking directly with the agent if you feel your insurance agent:

- Misrepresented what your policy covers.
- Made false statements to persuade your decision about coverage.
- Used other fraudulent methods.

If you still do not agree with the agent's position ask your agent or company for:

- A written response.
- Copies of documents you signed when you applied for insurance.
- Other reasons or facts, which might support the agent's actions.

If you cannot reach an agreeable settlement, you can **complete a complaint form** to request help from our Consumer Response Team.

How the Minnesota Department of Commerce can help

If you are still dissatisfied after contacting the company or the agent, you may wish to contact our Market Assurance Division to ask questions or to file a complaint.

The Minnesota Department of Commerce Consumer Response Team (CRT) is comprised of investigators who respond to consumer phone calls specifically about insurance. The CRT attempts to resolve disputes between consumers and the insurance industry informally. In the Twin Cities metro area call (651) 539-1600 or statewide toll free at 800-657-3602.

When you file a written complaint, we will act as a link between you and the company or agent. We try to resolve the complaint and see that your questions are answered. Your complaint is based on the information and documents you submit. Be sure to include all pertinent information. Include:

- Name of the insurer and/or agent involved in the dispute.
- Policy and claim numbers.
- Details of any previous contact regarding the matter.
- Copies of documents that help verify or explain the problem.
- Your personal contact information (name, address, phone, email, etc.)



SEWER BACKUPS

Backed-up sewers and failed sump pumps can damage flooring, furniture and electrical equipment. Homeowners can find themselves paying thousands of dollars to repair and clean-up the damage.

Sewer system failure:	<p>Occurs when:</p> <ul style="list-style-type: none"> • a city sewer system fails either due to lift stations not working as a result of the power outage • when the system is overwhelmed by the flood water causing it to back up <p>Sewer contamination can be extensive in lower levels of a building.</p>
Sump pump failure:	<p>Occurs when:</p> <ul style="list-style-type: none"> • power to sump pumps stops • the volume of water entering the system exceed the ability of the system to remove it

Neither flood insurance nor a typical homeowner’s insurance policy will cover damage caused by sewer back-ups or the inability of sump pumps to handle runoff water from a major downpour.

To protect a home and property from sewer back-ups or sump pump failures, homeowners must purchase a separate product or endorsement.

The Minnesota Department of Commerce offers these tips to citizens who have suffered damage due to a sewer backup or a sump pump failure:

If You Have Suffered Damage Due to a Sewer Backup:

- Call your insurance company as soon as you can. Be sure your agent knows how to contact you.
- Without endangering yourself, take reasonable steps to prevent additional damage.
- Closely inspect property and cars for damage. Note and photograph any damage.
- Provide your insurance agent with your home inventory. This will assist in settling claims.
- If required to seek temporary housing, check your policy for “loss of use” coverage.
- Be sure everything is considered in your claim. Show proof of claims with written estimates.

FAQs

Does a homeowner’s policy cover flood damage?

No, the homeowner’s policy specifically excludes water damage.

Homeowner’s policies **exclude** damage from:

- | | |
|-----------------|--|
| • Flood | • Overflow of a body of water |
| • Surface water | • Water that backs up from sewers |
| • Waves | • Water from drains or sump pumps |
| • Tidal water | • Water that seeps through the basement walls and floors |

Note: water damage caused by a broken pipe in the house would be covered.

The National Flood Insurance Plan is the only source to get flood insurance for residential property. Your agent should be able to assist you if you need to carry flood coverage.

Will sewer backup coverage apply if there is a flood?

The Sewer Backup Coverage endorsement varies from company to company. Some companies will cover the damage caused by a sewer backup even if it floods. Some companies exclude coverage for sewer backup if it happens at the same time as a flood. Check with your agent to see how your policy will



PUBLIC ADJUSTERS

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The Department of Commerce licenses Public Insurance Adjusters who, for a fee, offer their services to people who may be entitled to benefits under their insurance policy. Public adjusters normally assist an insured person in documenting losses. They also represent the insured in negotiations with the insurance company adjuster. Their fees are typically a percentage of the final insurance settlement.

Although public adjusters may be able to provide valuable services, you are not required to hire one in order to obtain policy benefits.

Before you hire a public adjuster...

1. **Check online** at www.insurance.mn.gov or call the Minnesota Department of Commerce at 1-800-657-3602 or 651-539-1600 to find out if the public adjuster is licensed and/or has a disciplinary action.
2. **Ask** about the fee.
3. **Obtain a written contract** clearly identifying all fees.
4. **Evaluate** whether any additional recovery that you might get based on the public adjuster's services will be enough to offset the fee.

Avoid public adjusters who...

- Represent themselves as being affiliated with a governmental agency
- Refuse to provide a written contract
- Suggest that their services are mandatory or necessary for the insurance claims process.
- Use high pressure sales tactics.

For More Information

Minnesota Department of Commerce
800-657-3602 or 651-539-1600
<http://mn.gov/commerce/insurance>

License Lookup

<http://www.commerce.state.mn.us/LicenseLookupMain.html>

respond.

If I have a sewer or sump pump endorsement to my policy, will I be covered in the event of a flood?

A sewer or sump pump endorsement on your policy does not mean you have coverage for flood. Most companies make it clear that they still do not cover flood damage only sewer damage. Some companies make it clear if flood is the cause directly or indirectly of the sewer or sump pump failure they will not cover any of the damage. Purchasing a sewer or sump pump endorsement should not be viewed as a purchase of flood insurance.

Always send copies. Please do not send original documents.

When we receive your complaint, we open a file and send you a notice that includes the file number we assigned to your case. Please provide this number when you contact our office about your complaint. We will contact the parties named in the complaint. We will ask them to review the matter and provide us with a written response. We will review the response to determine if it:

- Complies with the policy language.
- Complies with the Minnesota Insurance regulations and other rules or directives of the Commissioner.
- Addresses the issues in your complaint and is reasonable in light of approved and accepted business practice.

When our review is complete, we will provide you with a written statement of our position.

- *You may disagree with the results of our review.*
 - If you have additional information that was not included with your original complaint, and feel it might alter the decision, you may submit the information to us for further review. Please be sure to include the file number assigned to your case.
- *We may not be able to provide the exact results you want.*
 - We can only resolve disputes based on the information provided and our authority under Minnesota law.
- *Our authority is limited to companies and agents we license.*
 - We cannot help resolve disputes with self-funded employee health benefit programs and union health and welfare plans. You may wish to contact the United States Department of Labor with questions about these types of entities. Their address and phone number and some other useful contacts are listed at the end of this page.
- *We have limited authority over third party liability claims.*
 - We are unable to force insurers to pay claims. We also cannot help resolve disputes with entities or policies from other states. We cannot decide questions of fact, but we may be able to refer you to the appropriate authority to seek further help.

Our Consumer Response Team tries to resolve as many disputes as possible. We might need to contact you and the insurer or agent multiple times, depending on the case. While we strive to give prompt, quality service, a resolution may not occur immediately.

Thank you for your patience during the complaint process.

For More Information about Insurance

Minnesota Department of Commerce

800-657-3602 or 651-539-1600

<http://mn.gov/commerce/insurance>

Managed Health Care Systems

The Minnesota Department of Health licenses and regulates Health Maintenance Organizations ([HMOs](#)). For more information, visit [Managed Care Regulation portion](#) of the Minnesota Department of Health website or to file a complaint, contact the Managed Care Section at 651-201-5100 or 1-800-657-3916.

Department of Labor

1-866-487-2365

<http://www.dol.gov/dol/contact/>

FEMA (Federal Emergency Management Agency)

1-800-621-3362

<http://www.fema.gov/>

Integrity	1-800-348-1741	www.integrityinsurance.com
Liberty Mutual	1-800-2-CLAIMS	www.libertymutual.com
Met Life	1-800-854-6011	www.metlife.com
Minnesota FAIR Plan	612-338-7584 Twin Cities 800-524-1640 Outside Twin Cities	http://www.mnfairplan.org
National Farmers Union Property & Casualty Co.	1-866-NFU-LOSS (1-866-638-5677)	www.nfuic.com
Nationwide Insurance	1-800-421-3535	www.nationwide.com
North Star Mutual	1-800-622-5230	www.nstarco.com
Old United Casualty	1-800-866-6090	www.oldunited.com
Progressive	1-800-776-4737	http://www.progressive.com/homeowners/
RAM Mutual Insurance Company	218-879-3321	www.rammutual.com
SECURA	1-800-318-2136	www.secura.net
State Farm	1-800-SF Claim (1-800-732-5246)	www.statefarm.com
Travelers	1-800-CLAIM33	www.travelers.com
USAA	1-800-531-USAA (1-800-531-8722)	www.usaa.com
West Bend Mutual	1-877-922-5246	www.thesilverlining.com

For More Information about Insurance

Minnesota Department of Commerce

800-657-3602 or 651-539-1600

<http://mn.gov/commerce/insurance>



AFTER THE STORM IS OVER: WORKING WITH CONTRACTORS

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Tips from the Minnesota Department of Labor and Industry

Do your homework before work begins on your home

The Minnesota Department of Labor and Industry (DLI) reminds homeowners to do some homework before hiring a building contractor after a storm ... or anytime.

Before you hire a contractor:

- visit www.doli.state.mn.us/contractor.html or call the Department of Labor and Industry to verify the contractor is licensed
- ask the DLI if there is a history of disciplinary action against the contractor
- ask the contractor how long and where they have been in business
- ask for references
- do an Internet search to see if past customers have been satisfied with their work
- ask for a Minnesota business address (other than a post office box)
- ask for a local phone number where the contractor can be reached during normal business hours

Avoid contractors who:

- arrive in an unmarked truck or van
- ask you to sign an “estimate” or “authorization” before you have decided to actually hire them
- appear to be willing to do the job at an unusually low price
- only provide a post office box for their business address
- require full or substantial payment before work begins
- refuse to provide you with a written estimate or contract
- refuse to provide you with a state of Minnesota license number
- refuse to provide you with references
- show up at your door unsolicited
- use high-pressure sales tactics

Before you sign a contract:

- understand what you are signing
- read the document carefully, including the fine print
- generally speaking, if your signature is on it, you are obligated to its terms

Make sure the contract includes:

- a detailed summary of the work to be done
- a description of materials to be used
- the total contract price or how the price will be calculated
- specific timelines and provisions that address what will happen if the contractor fails to meet the contractual deadlines

Only sign with a contractor if you have made a firm decision to hire them.

Read the Fine Print

Reading the fine print of a contract is very important. For example, in some cases a contractor will explain the company will work with the homeowner’s insurance carrier to get a good settlement and that the homeowner will



AFTER THE STORM IS OVER: DISASTER RECOVERY FOR MINNESOTANS

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Frequently Asked Questions

Q: I've settled with the insurance company; now what?

Once the dust settles or the water recedes and everyone is safe, homeowners affected by a disaster should immediately call their insurance company and their mortgage servicer - they will be your partners in rebuilding your home.

As soon as the insurance process is underway, you should immediately contact the customer service center or claims center for your mortgage servicer. Most mortgage service companies now have a packet of information ready with instructions on what to do with your insurance settlement check and how to manage the repair and reconstruction of your home.

Q: Why is my insurance settlement check written out to my mortgage servicer?

Assuming you have a mortgage on your home, the insurance settlement check will likely be written to both you and the holder of your mortgage (a bank or mortgage service company). This is because the lienholder has a right under the Uniform Commercial Code to protect its collateral and to make sure the insurance money is used to actually repair the property (remember, the house is the collateral for the loan).

If your damage was relatively minor and your insurance settlement is less than \$10,000, the mortgage servicer will usually endorse the check and return it to you immediately.

If you sustained major damage or a total loss, the mortgage servicer will normally release one third of your settlement check immediately so you can make a down payment with your contractor. As the construction process continues, the mortgage servicer will typically release another third of the money when the construction is 50% completed and the final third upon completion of the entire project. Because the servicer is responsible to the mortgage holder to return your property to its original value, they may require an inspection of the construction work (which they will pay for) before releasing all of the funds.

Q: My contractor says I should have the insurance settlement check written only to me to speed up the rebuilding process. Is this correct?

This is unnecessary and impractical because your mortgage servicer has the right, under the Uniform Commercial Code, to protect its collateral and to make sure the insurance money is used to restore the property to its original value. Most mortgage service companies have a very fast turn-around time and will work with your contractor to begin construction as soon as possible.

Most licensed contractors understand that the mortgage servicer will be included as a payee and most will work with their customers. To check if a contractor is licensed, visit www.doli.state.mn.us/contractor.html or call the Department of Labor and Industry at: 800-342-5354



HANDLING YOUR FINANCES AFTER A DISASTER FACTS AND FINANCIAL INFORMATION FOR DISASTER VICTIMS

As the disaster shifts from response to recovery mode, survivors of the flood - individuals, businesses and communities alike - are facing some serious financial realities. It is important that everyone affected be aware of their individual financial circumstances as they begin rebuilding and know where short and long-term financing may be available.

FIRST, familiarize yourself with what is available from the Federal Emergency Management Agency (FEMA) and the Small Business Administration (SBA) in the form of grants and loans.

In addition to state and federal disaster aid and charitable donation funds, here are some helpful hints on how to organize your financial arrangements and some ideas on other places where cash may be accessible to assist you in the recovery process.

Note: Many of these ideas are just options to explore within your own financial circumstances. They are not general recommendations for everyone.

Always check with your insurance agent and/or company, your financial institution, or your financial advisor before making financial decisions after a disaster.

COMPILING FINANCIAL RECORDS

Records of your finances will be necessary for your short and long-term planning. They will give an organized view of your financial picture and may also be required when you apply for assistance in the form of both grants and loans.

First, locate your personal financial documents.

To replace lost or damaged documents contact your financial institutions and insurance company or agent. If you experience difficulties locating your agent, call the Department of Commerce to find help in locating the whereabouts of your agent.

Replacing Documents? Start here:

<p><i>Your insurance Company or Agent</i></p> <ul style="list-style-type: none"> • Policies • Contracts • Recent billing statements • Cash value statements 	<p><i>Financial Institution (bank, credit union, etc.)</i></p> <ul style="list-style-type: none"> • Credit reports • Loan application records • Account statements
<p><i>Internal Revue Service and Minnesota Department of Revenue</i></p> <ul style="list-style-type: none"> • Tax records • Tax filings for the last three years 	<p><i>Your Local Credit Bureau</i></p> <ul style="list-style-type: none"> • Credit reports

MAKING PAYMENTS

Insurance Premium Payments

Some insurance companies have instituted a deferred premium plan to provide flood victims with some “breathing space” for their immediate financial obligations.

Check with your insurance agent or company to find out if they can offer:



DEPARTMENT OF COMMERCE FLOOD ASSISTANCE INVOLVEMENT

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The Minnesota Department of Commerce is involved with flood assistance in a number of areas:

- General Insurance Information – Consumer Response Team
- Energy Assistance
- Weatherization
- Utility Conservation programs
- Petroleum Tank Release Cleanup Fund

More specifics on each area are summarized as follows.

GENERAL INSURANCE INFORMATION ASSISTANCE

The Minnesota Department of Commerce has developed a one-stop Disaster Information Center to help Minnesota homeowners and businesses address property damage caused by storms or flooding. That information can be found online at: <http://mn.gov/commerce/insurance/topics/disaster-center> .

The Commerce Department's Consumer Response Team (CRT) plays a crucial role in the aftermath of disasters.

The CRT coordinates with:

- Minnesota Homeland Security and Emergency Management
- the Red Cross
- FEMA

Through this coordination and participation in emergency planning and resource meetings, the CRT has visited directly with homeowners across the state that incurred damage as a result of a storm and/or flood and provided them with information about the consumer-assistance services available from the Department of Commerce. In the past few years, CRT has distributed thousands of storm packets to tornado and floor victims.

You can reach a representative from the Consumer Response Team between the hours of 8:00am and 4:30pm, Monday through Friday. CRT contact information is below:

Phone: (651) 539-1600 or (800) 657-3602 (Greater Minnesota)

Fax: (651) 539-0105

Email: consumer.protection@state.mn.us

Address: Minnesota Department of Commerce, Consumer Protection and Education Division
85 7th Place East, St. Paul, MN 55101

ENERGY ASSISTANCE (EAP) AND WEATHERIZATION ASSISTANCE PROGRAMS (WAP)

The Minnesota Energy Assistance Program (EAP) administers funds appropriate to the Low-Income Home Energy Assistance Program (LIHEAP) through the U.S. Department of Health and Human Services (HHS).

The program assists consumers with:

- Home energy costs
- Intervention in energy crisis situations
- Energy-related home repair

EAP is targeted toward:

- Seniors
- People with disabilities
- Families with children under 6 years old
- Households with incomes less than 50 percent of the State Median Income



FLOOD INSURANCE INFORMATION FOR MINNESOTANS

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In recent years, Minnesota floods have left too many uninsured victims suffering severe financial losses. People tend to believe that it will never happen to them, and also do not have the insurance coverage they thought they had. In order to clear up questions about flood insurance, the Minnesota Department of Commerce offers the following important information.

THREE TRUTHS ABOUT FLOOD INSURANCE:

1. A standard homeowner's insurance policy does NOT provide flood coverage.
2. You cannot depend on disaster assistance. Assistance is only available when the President declares the affected area a disaster. Less than 50 percent of floods are declared disasters, therefore, most flood victims are on their own to rebuild.
3. Flood insurance policies are less expensive than paying back a disaster loan.
 - Most disaster aid comes in the form of loans, which must be paid back.
 - The average loan payment on a \$50,000 disaster loan is \$240 per month (\$2,880 per year) for 30 years.
 - Compare that to a \$100,000 flood insurance premium which is about \$400 per year (\$33 per month).

FREQUENTLY ASKED QUESTIONS ABOUT FLOOD INSURANCE

Q: Is flood insurance available to everyone?

A: If your community participates in the National Flood Insurance Program (most Minnesota communities do), you can purchase flood insurance. To find out, ask your city mayor or administrator, or go to FEMA's "Community Status Book" at www.fema.gov/cis/MN.pdf.

Q: Why should I buy flood insurance if I live in a low-risk zone?

A: Even if you live in an area that is not flood prone, it is advisable to have flood insurance. Between 20 and 25 percent of flood claims come from outside high risk areas. The NFIP's Preferred Risk policy, which costs just over \$100 per year, is designed for residential properties located in low to moderate flood risk zones.

Q: Where do I buy flood insurance?

A: You can buy flood insurance from any licensed property insurance agent. Agents selling insurance in Minnesota must be licensed by the Department of Commerce. If an agent cannot verify that he or she is licensed, do not buy from that person. Use the License Lookup Tool at: <http://www.commerce.state.mn.us/LicenseLookupMain.html> to confirm an agent's license status.

Q: How much does flood insurance cost?

A: The average cost for a flood insurance policy is \$500 per year. In low to moderate risk areas flood insurance can cost just a little over \$100 per year.

Q: How does disaster assistance work?

A: Most forms of federal disaster assistance require a presidential declaration. Less than 50% of flooding incidents are declared disasters, therefore, you cannot depend on federal and state government disaster assistance. In the majority of floods, victims are on their own.



Answers to Tough Questions

Talking Points for Community Officials

Working with media, local and state officials, and property owners, you need to be armed with answers to a variety of questions before and after a flood. The following frequently asked questions address the tough issues that are often asked, with preapproved responses to assist your outreach efforts.

Before a Flood

“Since I don’t live in a flood zone, I don’t need flood insurance, right?”

Wrong. Everyone is at risk for flooding. Floods can happen anywhere, at any time. Residents who live in and outside of a high-risk area, also known as Special Flood Hazard Areas (SFHAs), should know their risk and consider protection. More than 20 percent of all flood claims occur outside of SFHAs.

If you live outside of a high-risk area and are eligible for the Preferred Risk Policy (PRP), your flood insurance premium may be as low as \$129 a year, including coverage for your property’s contents.

“I have flood insurance, but after a recent flood, my personal belongings weren’t covered. Why?”

Flood insurance is available for building only, contents only and building and contents. A standard flood policy for a building will cover structural, furnace, water heater, and air conditioner damage; flood debris clean-up; and floor surface damage such as to carpeting and tile.

However, unless you also purchase contents coverage, items such as furniture, collectibles, clothing, jewelry, and artwork will not be covered. You should talk to your insurance agent to make sure your flood policy adequately protects your home and belongings in the event of a flood.

“Why should I purchase a flood insurance policy since the Federal Emergency Management Agency (FEMA) makes disaster assistance available after a flood?”

Disaster assistance is only available if the President declares a federal disaster. If you qualify for disaster assistance funds, it will most likely be a loan that must be repaid, with interest. Flood insurance claims are paid even if a disaster is not declared by the President. A flood insurance policy is also more cost-effective than relying on disaster assistance. The average cost of a \$100,000 flood policy is about \$640 annually.

“Why can’t I get flood insurance if I live in a Special Flood Hazard Area (SFHA)?”

You can and should get flood insurance if you live in an SFHA. These areas are considered to be at high risk for flooding, and the National Flood Insurance Program (NFIP) encourages every homeowner, renter, and business owner who lives and works in an SFHA to invest in flood insurance protection. Flood coverage also is available to anyone who lives in one of more than 21,800 NFIP participating communities across the country (to find out if you live in an NFIP participating community, visit fema.gov/fema/csb.shtm). You can call your insurance agent for more information, or visit FloodSmart.gov to find an agent in your area.

“What can I do if I don’t live in a participating community?”

Contact your local officials and encourage them to take the steps to become a participating community in the NFIP.





“Am I eligible for flood insurance if I live in a condo or apartment?”

Most people who live in NFIP participating communities, including renters and condominium unit owners, are eligible to purchase a flood insurance policy. A maximum of \$250,000 of building coverage is available for single-family residential buildings, \$250,000 per unit for residential condominiums. The limit for contents coverage on all residential buildings is \$100,000, which is also available to renters.

“Where can I get a flood insurance policy if my agent doesn’t sell it?”

Flood insurance is sold and serviced by about 85 private insurance companies in more than 21,800 communities nationwide. The federal government sets the terms and rates.

Claims payments are funded by flood insurance premiums. To purchase a policy, first call your insurance agent. To find an agent in your area, visit [FloodSmart.gov](https://www.floodsmart.gov) or call **1-800-427-2419**.

“Why do I need flood insurance when my home is on a hill?”

Floods can occur in any area, although to varying degrees. If you live on a hill or in an area that has never been flooded, your risk may be significantly reduced, but it is not eliminated. Homes on hills can and do flood from fast moving water due to sudden and heavy rains and can also be damaged by mudflows which is covered by flood insurance.

You should make an informed decision about the flood risks you face before deciding not to purchase flood insurance. Talk to your agent for additional details—you may qualify for a PRP starting as low as \$129 a year.

“Why do I need flood insurance when my home is not on the coast or near a river?”

Some of the most damaging and costly floods occur hundreds of miles from coasts and river banks. Slow moving tropical systems, urban runoff, and flash flooding can occur in communities across the country. You need to be aware of these flood risks and financially prepare your home and business with flood insurance protection.

“Why does the flood map say I’m in a high-risk area when my home is built on high ground?”

Flood Insurance Rate Maps (FIRMs) cannot reflect every variation in the physical geography of an area. Therefore, a FIRM occasionally will show a property as being in a high-risk SFHA, even though the building may be above the Base Flood Elevation (BFE).

However, there is a mechanism for resolving such a situation. A property owner can submit property and elevation materials in support of a request for a Letter of Map Amendment (LOMA) to remove the property from the SFHA. This process involves the property owner and FEMA. If the property is removed from the high-risk area, it is still at risk for flooding, however, flood insurance is now significantly cheaper.

For detailed information regarding the LOMA process, call **1-877-FEMA-MAP (1-877-336-2627)** toll-free.

“I’ve been approached by a company that says for a fee my property can be remapped outside the Special Flood Hazard Area. How does this work?”

Property owners who have reason to believe their flood zone designation is in error should work with their lender or FEMA to try and have their property and/or structure officially removed from the high-risk area. To remove a structure from an SFHA if it is at or above the one-percent-annual-chance flood elevation, property owners can apply for a LOMA. An application and step-by-step instructions can be found at [fema.gov/plan/prevent/fhm/dl_mt-ez.shtm](https://www.fema.gov/plan/prevent/fhm/dl_mt-ez.shtm).



There is no fee for FEMA to review a request; however, the requester is responsible for any costs involved in collecting the supporting data necessary to submit an application.

To remove a structure from an SFHA, property owners can apply for a Letter of Map Revision based on fill (LOMR-F) if the property has been elevated by fill and is at or above the one-percent-annual-chance flood elevation. An application and step-by-step instructions can be found at [fema.gov/plan/prevent/fhm/dl_mt-1.shtm](https://www.fema.gov/plan/prevent/fhm/dl_mt-1.shtm). FEMA does charge a fee for the engineering review of a structure.

After a Flood

“Why did my insurance agent tell me I didn’t need flood insurance and my home just flooded?”

Property owners who live in an SFHA are at high risk for flooding and are strongly encouraged to purchase a flood policy. Property owners are required by law to purchase flood insurance if they have a loan from a federally regulated or insured lender and their structure is located in a high-risk flood area (SFHA).

Those with properties in moderate- to low-risk areas need to understand that floodwaters do not stop at a line on a flood map. More than 20 percent of all flood insurance claims come from moderate- to low-risk areas.

You can take control of your financial security. If your agent doesn’t tell you about your flood insurance options, ask him/her to explain your flood risks and how the coverage works. You can also visit [FloodSmart.gov](https://www.floodsmart.gov) to learn more about your flood risk.

“Will my flood insurance policy cover debris removal?”

Yes. Debris removal is covered under building property flood insurance coverage subject to the terms and conditions of the Standard Flood Insurance Policy (SFIP).

“Why does the NFIP provide flood coverage to repetitive loss properties?”

FEMA is working to address repetitive loss properties (properties with two or more \$1,000 flood insurance claims within a 10-year period). The NFIP works with states, local governments, and Community Rating System (CRS) communities to mitigate these properties through elevation, relocation, floodproofing, local flood control, and acquisition/demolition.

“Will policyholders in non-coastal states be paying more for flood insurance to support losses along the coast?”

Premiums are based on risk, not location. Policyholders with similar flood risk pay the same rate regardless of where they live. For example, if a property has a one percent chance of flooding in a given year, it doesn’t matter whether it’s located on the coast or someplace else—the chance of flooding is the same, one percent. The NFIP does not increase premiums to make up for past losses. Premiums are set in order to pay for future expected losses.

It is important to remember that flooding is a risk across the country. Every region of the United States has suffered historical flooding and is just as susceptible to future flood damage.

“Does the NFIP encourage development in coastal areas that are particularly susceptible to hurricane-induced flooding?”

Many factors, including community development pressures and the desirability of beachfront property, contribute to development in coastal areas.

Although the NFIP doesn’t encourage development, the program does offer flood insurance protection for property owners in these areas, if that community adopts and rigorously enforces floodplain management regulations. The NFIP’s stringent building requirements save the country more than \$1.1 billion every year in losses from flood damage.

NFIP Key Contacts



FEMA PUBLIC AFFAIRS

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FLOOD HAZARD MAPPING

FEMA Map Assistance Center

For questions about regulations and requirements when applying for: LOMAs, LOMRs, LODRs, LOMCs
Phone: 1-877-FEMA MAP (toll-free)
E-mail: FEMAMapSpecialist@mapmodteam.com

Map Service Center

View and purchase digital and paper flood maps
Phone: 1-800-358-9616

FLOOD INSURANCE

FloodSmart Call Center

For consumers who would like a referral to an insurance agent or flood insurance information
Phone: 1-888-435-6637

For agents that want to sign-up for our referral program
Phone: 1-888-786-7693

NFIP HELP Center

Handles referrals from FEMA staff, state officials and policyholders who have underwriting and/or claims complaints/concerns with their Write Your Own carrier
Phone: 1-866-395-7496

FEMA Lender Compliance Officer (Lena Thompson)

Calls from lenders/banks regarding NFIP policies and lending requirements
Phone: 1-202-646-3441

NFIP Telephone Center

Answers general flood insurance and claims questions for WYO companies
Phone: 1-800-427-4661





NFIP Direct Servicing Agent/Customer Service

Answers questions from agents and policyholders who have policies written by independent agents who represent the NFIP Direct

Phone: 1-800-638-6620

NFIP Direct Servicing Agent/Claims

Answers questions about claims from agents and policyholders who have policies written by independent agents who represent the NFIP Direct

Phone: 1-800-767-4341

ADDITIONAL CONTACTS

Mitigation eGrants Helpdesk

Provides technical assistance for the online grant application process

Phone: 1-866-476-0544

E-mail: MTeGrants@dhs.gov

Disaster Assistance

To apply for disaster assistance and check the status of disaster assistance claim

Phone: 1-800-621-FEMA (3362)

FEMA Material Distribution Center

FEMA publications, forms, public awareness materials

Phone: 1-800-480-2520

Language Line Service

Language interpreting assistance (FEMA code needed)

Phone: 1-800-523-1786

The typical form of disaster assistance is a loan that must be repaid with interest. The average payment on a disaster loan of \$50,000 is \$240 per month (\$2,880 per year) for 30 years. In some cases, government grants are also available and do not have to be repaid. The average individual and family one-time grant payment is less than \$2,500. In most cases flood insurance is more affordable and provides better benefits.

Q: What is a “flood?”

A: Most standard insurance policies do not contain a specific definition of flood in the contract. Those that do, commonly define it as a “general and temporary condition of partial or complete covering of normally dry land areas from the rapid accumulation or run-off of surface water.” The National Flood Insurance Program has a very specific definition of a flood that you should make sure you understand when you are buying flood insurance.

Q: Why isn’t a flood covered by most homeowners’ policies?

A: Homeowners’ insurance is intended to cover risks commonly shared by homeowners. Loss due to flooding has not traditionally been viewed as common to most homeowners.

Q: Can I buy flood insurance if I live in a high-risk area?

A: Yes. You can buy flood insurance no matter where you live, as long as your community participates in the NFIP. In fact, if you live in a high-risk area you will be required to purchase flood insurance in order to get a mortgage loan.

Q: Can I buy flood insurance immediately before or during a flood?

A: You can buy flood coverage at any time. However, there is a 30-day waiting period after you’ve applied and paid the premium before the policy is effective, with some exceptions. If the initial purchase of flood insurance is required as part of a loan, there is no waiting period.

If the initial purchase of flood insurance is made during the 13- month period following the effective date of a revised flood map for a community, there is a one day waiting period. This only applies where the Flood Insurance Rate Map is revised to show the building to be in a newly designated flood area when it had not been in a flood area before.

New policies do not cover a “loss in progress” and you cannot increase the amount of insurance coverage you have during a loss in progress.

Q: How do I know what flood zone I live in?

A: Check with your city administrator. You can also view the FEMA flood map for your area at www.msc.fema.gov. You can search by your address.

Q: What does it mean to live in a 100-year flood plain?

A: A 100-year flood plain is an area where the risk of water rising above the base flood elevation is 1 percent a year. It does NOT mean that flooding will occur every 100 years, which is a common misconception.

Q: Can I buy flood insurance if my property has been flooded in the past?

A: You are still eligible to purchase flood insurance if your home, apartment or business has been flooded in prior years, provided that your community is participating in the NFIP.

Q: Is flood insurance only for homeowners?

A: No. Flood insurance is available to protect homes, condominiums, apartments and non-residential buildings, including commercial buildings. A maximum of \$250,000 of building coverage is available for a single-family residence or a condominium unit. The limit for contents coverage on all residential buildings is \$100,000, which is also available to renters. Commercial structures can be insured to a limit of \$500,000 for the building and \$500,000 for the contents.

Q: What types of property may be insured?

A: Almost all walled and roofed buildings that are principally above ground. In most cases, this includes mobile homes anchored to permanent foundations.

Q: What kinds of property are not insurable?

A: Property that is principally below ground including most contents and finishing materials in a basement or an enclosure below the lowest floor above ground level. There are specific requirements as to what is and is not covered in basements.

Q: How do insurers define “basement?”

A: The NFIP definition of a basement includes any part of a building where all sides of the floor are located below ground level. Even though a room may have windows and be used as living quarters, it is still considered to be a basement if the floor is below ground level on all sides.

Q: What coverage is available for basements?

A: Coverage is provided for foundation elements including posts or other support systems. Coverage is also available for utility connections, mechanical equipment necessary for the building, such as furnace, hot water heater, clothes washer and dryer, food freezer, air conditioner, electrical junction, etc. Items such as paneling, carpeting, furniture, etc. are not covered. The individual policy should contain a complete list of elements and equipment covered. It's important to note that some items are included under building coverage and others are covered by content coverage. It is advisable to purchase both building and contents coverage for the broadest protection.

Q: Are losses from water seepage, sewer backup or hydrostatic pressure covered by flood insurance?

A: These losses are covered under a flood insurance policy only if they occur in conjunction with a general and temporary condition of flooding in the area. Surface flood waters must be the cause of the sewer backup, seepage or hydrostatic pressure that results in a loss. The loss must have occurred no later than 72 hours after the flood has receded and the policyholders' coverage must be at least 80 percent of replacement cost or the maximum amount of insurance available under NFIP in order to be covered under the policy. Consumers may wish to consider purchasing a sewer backup rider on their homeowners insurance policy to cover sewer backup that is not associated with flooding.

Q: Is wind-driven rain considered flooding?

A: No. Rain entering through wind-damaged windows, doors or a hole in a wall or roof, resulting in standing water or puddles, is considered windstorm damage, not flood damage. Most homeowners policies provide coverage for wind related damage.

Q: Does flood insurance cover any of the costs of preparing for a flood?

A: Yes. Most flood insurance policies reimburse you for actions you take to prevent flood damage. For example, when flooding is imminent, costs for moving insured contents to a safe location are reimbursed up to \$500 with no deductible. Other costs, such as for sandbags, plastic sheeting and lumber, pumps, fill for temporary levees, and wood to save the building can be reimbursed up to a limit of \$750 with no deductible.

IMPORTANT CONTACT INFORMATION

National Flood Insurance Program

1-888-379-9531 www.floodsmart.gov

Minnesota Department of Commerce, Consumer Response Team

651-539-1600 (Twin Cities metro)

800-657-3602 (outside Twin Cities metro)

<http://mn.gov/commerce/insurance>

Minnesota Department of Commerce, Licensing Division

651-539-1599 (Twin Cities metro)

800-658-3978 (outside Twin Cities metro)

<http://mn.gov/commerce/insurance>

Minnesota's Weatherization Assistance Program (WAP), which receives its funding through the U.S. Department of Energy (DOE), uses energy conservation techniques to reduce the use of energy in low-income households.

Approved measures include:

- Air sealing
- Insulation
- Repair or replacement of the primary heating system
- Baseload measures

To qualify for services of the Weatherization Assistance Program, households must be within 200 percent of the Federal Poverty Income Guidelines.

Weatherization Assistance Funds are considered for households affected by a disaster after all private insurance, FEMA, and other disaster-related resources have been utilized. In addition, qualifying households must be located in a designated disaster area and be directly affected by the disaster.

Homes receiving weatherization services after a disaster must be occupied or will be occupied after the weatherization work is completed. The structure must be habitable or will be habitable once the weatherization work is completed. Weatherization activities may be coordinated with other funds such as a rehab loan program.

Available services for eligible households may include:

- Primary heating system repairs or replacement, including ductwork, venting, flue or chimney repairs
- Insulation
- Repair or replacement of domestic water heating equipment
- Limited clean up for those areas of the dwelling where weatherization and/or health and safety materials will be installed.
- Removal of previously installed weatherization materials and/or health and safety materials that are damaged beyond repair, and will be replaced as part of the current weatherization activities
- Advocacy and referral services

Individuals interested in learning more about these resources should contact their local weatherization assistance service provider or energy assistance service provider, or visit www.staywarm.mn.gov, or contact the Minnesota Department of Commerce, Energy Info Center at 1-800-657-3710

UTILITY CONSERVATION PROGRAMS

There is a limited availability of low-income Weatherization dollars available through Utility Conservation Programs in the affected areas. These dollars may be used for emergency repair and replacement of furnaces and water heaters. The Department will be working with utilities in affected areas to allow flexibility in modifying existing low-income programs for low income customers who have homes damaged by flooding. The overall scope of program availability is much more limited than either the EAP or Weatherization programs. We are encouraging the utilities to coordinate their efforts with other agencies responses.

Program changes in the areas affected may include:

- Waiving one-time participation rules for all flooded homes
- Permitting necessary duct replacements
- Removing limits on the percentage of Conservation Improvement Program Low-Income Weatherization funds that can be used for equipment replacements in the flooded area
- Transferring funds to Community Action Program agencies in the affected area as necessary to meet any budget shortfall this response will create.

PETROLEUM TANK RELEASE CLEANUP FUND (PETROFUND)

When a flood or other natural disaster causes a release from a petroleum storage tank that adversely impacts a building, the Petrofund can provide reimbursement to building owners of up to 50 percent of the pre-natural disaster estimated building market value, as recorded by the county assessor. If a building owner conveys the title of a contaminated property to a state or local unit of government, the building owner can receive reimbursement of up to 50 percent of the pre-natural disaster estimated total market value for up to one acre of property. This assistance is available in both cases when: (a) a natural disaster area has been declared eligible for state or federal emergency aid, (b) the applicant's building has been declared uninhabitable by the Minnesota Pollution Control Agency because of damage caused by the release from a petroleum storage tank; and (c) the applicant has submitted a claim under any applicable insurance policies and has been denied benefits under those policies.

- Premium payment deferrals
- Accelerated claims payment
- Other helpful practices for flood victims

Mortgage Payments

Check with your mortgage lender to see if the terms of your mortgage include forbearance provisions that suspend or reduce payment obligations in the event of such disasters.

These may include:

- Temporary suspension of payments
- Longer period of reduced payments
- Loan restructuring to create a longer payback period

Other Loan Payments

Some financial institutions may offer lower payment plans to customers who qualify for U.S. Small Business Administration loans, disaster housing grants, or other grant/loan programs. Contact FEMA or the Small Business Administration about disaster loans.

Check the Minnesota Fix-Up Fund and Energy Saver Rebate Programs for low cost loans for needed improvements. To identify participating Fix-Up Fund lenders, call the Department of Commerce Office of Energy Security.

Contact local financial institutions that are Minnesota Housing Finance Agency lenders for:

- Direct loans
- Modification of existing credit terms
- Assistance in accessing federal low-cost loans

ORGANIZING YOUR FINANCIAL INFORMATION

Follow these steps to get organized:

1. Make a list of your creditors and their phone numbers.
 - If you have difficulty identifying all of your creditors or lenders, contact your local credit bureau or local collection agencies.
 - Call each creditor and explain the situation.
 - Most creditors will be aware of the situation and will either deal with your case individually or may have an overall procedure in place for flood victims.
2. Get the balance due for each account.
 - Inquire about flexible payment arrangements or availability of settlement.
 - Creditors and lenders will most likely be willing to work out an arrangement with you that will result in repayment that is possible within your financial picture.
3. List all amounts owed.
 - Compare against what money will be available from grants or low-rate loans, payments to be received from insurance claims, or other immediate funds.
 - Keep your total budget in mind.
4. If possible, settle your accounts.
 - Figure out the percent of the owed amount in relation to what is available to offer all creditors.
 - If it is not possible to settle accounts, you can attempt to work out a budget to make a payment offer to each creditor.

Note: To avoid getting confused about whom you talked to and what was said, take good notes!

After every conversation:

- Write down the name of the person you spoke with.
- Write down a summary of the conversation.

It is important to keep good notes, and keep them in separate files if possible. You will be dealing with varied information and multiple contacts.

**If you would like assistance in handling the organization of your finances, contact your local credit counseling services. They will perform the basic organizational steps for you for a low cost or sliding scale fee. Payments can

be made to their office and they will distribute to creditors for you.

PAYMENT ON INSURANCE CLAIMS

If you have flood insurance coverage, you should file your claim with your insurance agent or company. Again, if you have trouble locating your insurance agent, contact the Department of Commerce. You can also call the National Flood Insurance Program.

In the case of auto insurance and other property insurance, the insurer will pay the replacement cost or actual cash value (the depreciated value), even if you have been paid by the government or a benefactor.

Note: Homeowner's insurance does not cover damage from flooding.

Get Started

Report your loss:

- Report the loss as soon as possible.
- Report the nature and extent of the damage.

Document your report:

- Keep records of who you notified.
 - Be sure to include date and time and the name of the person you spoke to.
- Put your notification in writing.
- Keep copies of:
 - Receipts
 - Estimates
 - Correspondence with the insurance agency
 - Notes of your phone conversations
- Take photos of damaged property.

Contact the creditor.

- Insurance settlement checks may be required to include the name of the mortgage lender, financial institution or other creditor that has the property as collateral securing a loan.
- Terms of the mortgage or contract may require the insurance company to put both you and the secured creditor on the check.
- Ask that the creditor to release the check promptly and make all—or as much as possible—of the proceeds available to you.

Auto Insurance

Comprehensive coverage is coverage for damage to a vehicle caused by something “other than a collision”.

Do you have Comprehensive Coverage?	
YES: <ul style="list-style-type: none">• You will be able to recover some funds by submitting a claim to your insurance agent or company.• If your car is up to the windshield in water, most insurers will consider it totaled, since the electrical systems will be ruined. Your insurer will pay the market value of your auto, considering its condition and accessories, plus the value of license tags, gasoline in tank, etc.• Cars, trucks, trailers and other items licensed for public road use are covered for flood damage if you purchased comprehensive coverage for physical damage.	NO: <ul style="list-style-type: none">• You will not be able to recover some funds by submitting a claim to your insurance agent or company.• If you did not have comprehensive coverage, but your vehicle was left at a repair shop or at another location, there may be coverage under the garage policy of another party's insurance.

Homeowner's Insurance

Homeowner's insurance excludes flood coverage so damage resulting from flooding is not covered. Flood insurance, underwritten by the National Flood Insurance Program, is the only way to insure against loss from flooding. However, there may be a few items that are covered under homeowner's policy in the event of flooding. Check your individual policy and check with your agent.

Scheduled personal property floaters and riders might cover some items, even in the case of floods.

Scheduled Personal Property is additional coverage—above the typical coverage in a homeowners' insurance policy. Scheduled personal property protects valuable items that are out of the ordinary and need to carry separate coverage to ensure that their full value is covered in the event of a claim. Each item that the insured wishes to schedule needs to be added separately to the insurance policy and generally an additional premium is charged.

Below are lists of personal property and business property items that may be covered on an all-risk basis for any loss, including flood.

Personal Property	Business Property
<ul style="list-style-type: none">• Jewelry• Fine arts• Antiques	<ul style="list-style-type: none">• Tools• Computers• Sales samples

If you had purchased a rider covering back-up of sewer and water, and it was not caused by the flood, you can file a claim. Your property insurance covers fire, theft, and malicious mischief losses before or after the flood and medical payments to others injured on your property or by your activity.

Read your insurance policy carefully to see what is covered and under what circumstances. Check with your agent if you have questions.

Commercial Property/Business Insurance

These policies may provide some flood coverage. Check your policy and with your insurance agent or company to find out if yours does.

Farm/Ranch Insurance

Flood insurance may be purchased to cover harvested crops (contents -other than household) while stored in an appropriate insured structure.

Traditional farm and ranch insurance does not cover stored grain, silage, hay or other crops against flood, whether scheduled or not. Real property (farm buildings) is also not covered against flood under farm and ranch insurance.

Farm machinery and equipment and livestock may be covered against flood under certain conditions. Equipment may be covered if you have scheduled farm personal property or blanket-unscheduled farm personal property, and livestock may be covered for drowning under "broad form" coverage. Again, check with your insurance agent or company.

Crop Insurance

Multiple Peril Crop Insurance provides protection against losses from nearly all natural disasters, including flood. Coverage is available for losses due to being unable to plant because of flooding.

This insurance generally has a spring deadline for purchase, but if you have this coverage in force and flooding affects your normal crop operations, you should report the problem to your agent. The Federal Crop Insurance Program has extended its deadline for prior year production reports.

Obtain Insurance Premium Returns

If you have made advance premium payments on any of your property policies (auto/homeowner's/farmer's/commercial) covering property which was totally lost, you should arrange to have it returned to you or added as a credit to your account for future premiums.

ACCESSING CASH FROM OTHER ASSETS

Some of these tools for accessing funds to assist your individual rebuilding and recovery should be utilized only in cases of last resort. Depending on your financial situation, some of these options may make sense for you, while others may not. Please discuss these options with your banker, tax adviser, employer (in the case of retirement investments), insurance agent, or other financial counselor before tapping into these resources.

Lines of Credit or Checking Accounts

There are over 400 state and national banks and over 175 state and federal credit unions in Minnesota, as well as federal savings banks and savings associations. All of these financial institutions can be a resource during the recovery time surrounding financial hardships of a flood-related disaster.

Check with your local financial institutions to see if you can qualify for

- Extended lines of credit
- Special low fee checking accounts
- Other helpful programs they may be offering such as:
 - grants
 - low interest loans for individuals and businesses

If you need assistance cashing a check, any area bank or credit union should offer check-cashing services.

Keep in mind that you may also qualify for low rate loans through FEMA and the SBA.

Life Insurance Cash Values

You may want to look at taking out the cash value of your life insurance policies or borrowing against the value, if possible. Your age and the length of time you have had the policy will determine the cash value.

Call your insurance agent or company to obtain your policy values and consult a financial adviser to look into the option as it relates to your financial needs.

Pensions with Hardship Provision

If you have a 401(k) or a 403(b) retirement account, you may be able to borrow from your investment earnings, but only as a last resort.

Note: In most cases, withdrawal from retirement accounts before age 59 1/2 is subject to a 10 percent penalty and income tax on the amount withdrawn. However, if the master plan has a loan and/or hardship provisions, up to \$50,000 in loaned funds and up to specified amounts in the account can be accessed for cases of hardship.

To qualify for the hardship provision, borrowers will need to provide documentation showing that they have suffered substantial financial hardship. Hardship loans are not subject to the 10 percent penalty and income tax, as are withdrawals from the plan.

Check with your employer to see whether their master plan contains a hardship provision, and in the case that it does not, inquire about amending the plan to add the loan and hardship provision retroactively.

Again, consult a financial or tax adviser before using this tool. Access to pension accounts, other than 401(k)'s and 403(b)'s, is subject to other restrictions.

Investment Retirement Accounts (IRAs) and Tax-Sheltered Annuities

Funds withdrawn before age 59 1/2 can only be obtained with a penalty of 10 percent and an income tax charge and it cannot be used as collateral. These plans do not have any hardship provisions.

The government has not waived the penalty and income tax charges on these withdrawals. This option would not be advantageous for most individuals as a way to obtain cash.

TAKING PRECAUTIONS

Unfortunately, disaster situations sometimes attract dishonest people attempting to exploit those who need help quickly. When entering into a contract with anyone who provides a service or product to help your rebuilding and recovery efforts, always check them out.

- Never pay anyone with out-of-pocket cash
- Be wary of paying large sums up front before a project is complete
- Ask for references and call them.
- Keep good records of your contracts and business transactions

Building Contractors and Remodelers

Before signing a contract with a building contractor or clean-up/fix-up people, screen them properly. Ask them to provide a copy of their:

- Licensure
- Certificates of liability
- Workers' compensation insurance coverage
- Proof of bond

You should also call the Department of Commerce to make sure they are licensed. It is also a good idea to ask a claims adjuster or local building official to recommend a contractor to you.

Insurance Claims Adjusters

With regard to insurance claims settlement, a company adjuster or their licensed representative will contact and work with you on your claim. You may be contacted by a licensed public adjuster, who may offer to assist you, but will require a commission or payment.

If you decide to work with a public adjuster, call the Department of Commerce to check if they are licensed. You may also hire a private attorney, but you will be responsible to pay any legal fees. In any case, if you notice something unusual in the adjustment of your claim, immediately report any potential fraud or wrong doing to the Department of Commerce enforcement division.

IMPORTANT CONTACT INFORMATION

FEMA Registration for Disaster Relief

800-621-3362 (800-621-FEMA) OR TTY: 800-462-7585 www.fema.gov

National Flood Insurance Program (NFIP)

800-427-4661 www.floodsmart.gov

U.S. Small Business Administration (SBA)

800-659-2955 www.sba.gov/services/disasterassistance

MN Department of Commerce Consumer Response Team

651-539-1600 or 800-657-3602 (outside Twin Cities metro area)

MN Department of Commerce Licensing Information

651-539-1599 or 800-657-3978 (outside Twin Cities metro area)

MN Department of Commerce Division of Energy Resources

651-539-1886 or 800-657-3710 (outside Twin Cities metro area)

www.energy.mn.gov

IRS Federal Records

800-829-1040

MN Department of Revenue - State Records

651-296-3781 or 800-652-9094 (outside Twin Cities metro area)

MN Department of Labor & Industry

800-342-5354

Q: Do I have to use the insurance settlement to pay off my current mortgage?

No. Your mortgage service company will keep your insurance settlement money in escrow and release it to you in installments so you can repair or rebuild your home. You are not required to pay off your current mortgage and should continue making your normal monthly payments.

Q: If my house is destroyed, am I still required to make mortgage payments?

Even if your house is completely destroyed, the mortgage still exists. Most mortgage service companies will work with you to set up a payment plan, provide a grace period for late charges, and help in any way possible.

Contact your mortgage servicer, inform them of your situation, and ask them to explain what assistance they offer. You may be eligible for a grace period if:

- You have evidence that your ability to make payments has been affected because your place of employment or ability to work was affected by a disaster.
- Your spouse died, is missing, or was injured in the disaster.
- Your property has been damaged or destroyed and is within a federally declared disaster area.

During this grace period most mortgage servicers will waive late fees and stop any late payment collection activities. It's important to contact them to find out what assistance you are eligible for and the requirements for repaying any payments missed during the grace period.

Call the Minnesota Department of Commerce with Questions

Consumer Response Team
Greater Minnesota: 800-657-3602
Twin Cities Metro: 651-539-1600
<http://mn.gov/commerce/insurance>

not have to pay any more than the amount of their deductible. They will ask the homeowner to sign an “authorization” form to allow them to contact the insurer. Many of the forms state that by signing, the homeowner agrees to have the contractor perform the work allowed by the insurance company in exchange for the insurance claim proceeds.

The homeowner may be left with the mistaken impression that they are still free to pursue bids from other contractors, even after signing the “authorization” document. However, some of these forms contain small print (sometimes on the back of the document) that state if the homeowner cancels the contract after three business days, the homeowner will owe the contractor a percentage (usually from 15 to 50 percent) of the total claim settlement. This becomes a problem if the homeowner finds another contractor that they prefer to the original contractor.

Make sure the contractor is licensed

DLI licenses residential builders, remodelers, roofers and manufactured home installers. To work in Minnesota, these professionals must be licensed. If you hire an unlicensed contractor, you will not have access to the Contractor’s Recovery Fund, which is available to compensate consumers who have suffered losses due to a contractor’s fraudulent, deceptive or dishonest practices.

What is the Contractor’s Recovery Fund?

The purpose of the Contractor’s Recovery Fund is to compensate consumers who have suffered losses due to a licensed contractor’s fraudulent, deceptive or dishonest practices, conversion of funds or failure to perform. All licensed contractors are required to pay a fee to the fund.

The total amount that can be paid out against any one licensed contractor is \$75,000. If multiple claims are filed against the same contractor they are divided among the claimants. In that case, you may not be able to recover your entire loss. To better protect yourself, request that your contractor obtain a performance bond for your specific project. A performance bond would provide a specific level of protection for your project.

If you have a problem or complaint with a residential building contractor

Contact the Construction Codes and Licensing’s Enforcement Services unit at (651) 284-5069 to discuss your situation with an investigator who may offer suggestions about how to resolve the dispute. If the dispute cannot be resolved, you may submit a written request for a formal investigation.

Contact the Construction Codes and Licensing’s Enforcement Services unit at:

Phone: (651) 284-5069

Fax: (651) 284-5749

E-mail: DLI.Contractor@state.mn.us