



MONEYWISE

VALUING PEOPLE. VALUING MONEY.

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THIS MONTH'S TOPIC:

FINANCIAL RECOVERY FOLLOWING A NATURAL DISASTER

Natural disasters can occur any time and often come with little warning. Disasters may take many forms, such as fire, storms, flooding, or ice. While it's best to be financially prepared before adverse weather events, there are steps you can take to protect your property and finances in the aftermath.

DOCUMENT YOUR LOSSES

First, it is important to document your property damage and loss. You will be required to offer written documentation before submitting claims for an insurance policy and to qualify for assistance programs. It is important to include as much detail as possible for each item such as manufacturer, model, serial number, age, new value, current value, and the damages incurred. Taking pictures of damages to submit with written documentation is helpful. If you have experienced significant loss, this can be a difficult and time-consuming task. Allow family members, neighbors, and volunteers to assist in the process.

UNDERSTAND HOMEOWNER'S INSURANCE

A house is typically insured at 80% of its current replacement cost. Replacement cost is the amount of money it would take to rebuild a similar home based on today's construction prices. If your home is insured for less than 80% of the replacement cost, you may receive a prorated or reduced amount on your claims. To determine the reduced



or prorated amount you can anticipate receiving from your claim, talk with your insurance agent based on the specific terms of your policy. The difference between the replacement cost of repairs and amount you receive from insurance will be an out-of-pocket expense.

TRACK YOUR ACTIONS

Following a natural disaster, you will face many decisions that can affect your family's financial well-being. Be sure to document all conversations. Specifically, record Who (Who did you speak with?), When/Where (When and where did the conversation occur?), and What (What did you talk about?). To help you stay organized, consider getting a notebook, calendar, and large envelope. In the notebook, record details regarding the disaster, to-do lists, and contact information for organizations and individuals with



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whom you have been working. Use the calendar to record appointments, deadlines, and actions taken. Finally, use the large envelope to store disaster-related receipts.

OTHER CONSIDERATIONS

If you will be out of your home for an extended period while repairs are made, take these steps:

1. Cancel or pause home-based services such as phone, internet, cable, or utilities that you will not be using.
2. Complete a change of address form at the post office to ensure you receive your mail.
3. Notify your mortgage company of disaster damage to your property.
4. If you have vehicle damage or loss, contact your auto insurance agent.

You may also need to replace important papers that were lost or damaged in the storms, such as birth certificates, photo identification, or property titles. Contact your county Extension office which can provide a comprehensive list of how to do this in Kentucky.

Also, be certain not to sign anything from any insurance company indicating final payment to you.

Disaster-related damages may continue to surface for several weeks or months. If you are concerned about your ability to pay your bills, contact your creditors or lenders to explain your situation. You may be able to arrange a modified payment plan.

BE WARY OF SCAMS

Finally, be cautious of scams for home repairs, advance fee loans, protection from foreclosure, and charity scams or fraud. In general, be alert to people who are soliciting door-to-door or who demand cash payments. Be certain to read all paperwork before you sign contracts. If you are confused by language or wording of the contract, do not sign the paperwork until someone else has read the contract and you understand what you are signing.

For home-repair companies, check references and compare bids. Be certain to have a contractor detail everything in writing, including an estimated price, before the work begins. Do not make the final payment to contractors until the work is complete. Protect yourself by being wary of loans that seem too easy to get or that guarantee financing. Often these will have large upfront fees. Do not give out credit card numbers, bank account information, or your Social Security number to people or companies you do not know.

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