

After a Disaster Strikes

This was compiled after many Northern California residents were forced to flee their homes due to wildfires in October 2017. FEMA declared Butte, Lake, Mendocino, Napa, Nevada, Orange, Sonoma, and Yuba counties as federal disaster areas on October 10, 2017, and Federal assistance then became available.

During trying times your priority is to provide comfort and shelter your family and friends. After taking care of your emotional and mental health, here is information to help manage your finances. See this overview of actions you should take now and later.

Emergency Financial Actions

1. Insurance

- a. **Document the damage!** As soon as possible get estimates of property values before and after the fire. Take pictures and video of the damage; create an estimate of the dollar amount of damages of destroyed real and personal property. [*Sources of estimates: Zillow.com; appraisals from real estate, insurance, or professional appraisers; and property tax statements*]
- b. **Request a copy of your policy.** Call your insurance agent immediately to report the claim and request a copy of your policy (if it was destroyed by fire).
- c. **Review your coverage.** Evaluate your insurance to determine what real and personal property is and is not covered and at what cost. For instance, does your property coverage include replacement cost, extended replacement cost, or only the purchase cost of your home? Does your policy include additional endorsements to cover specific valuables? Later, research and know what it will cost to rebuild your home (one source for building estimates is: HMFacts.com)

2. Cash Management

- d. **Establish a mailing address.** Put a hold on your mail – pick it up at the Post Office or rent a private mailbox. Have your mail re-directed to your new mailing address. Communicate via e-mail whenever possible – it's a permanent record.
- e. **File insurance and FEMA claims as soon as possible.** File your insurance claim first and after reviewing your insurance coverage, determine whether you need additional FEMA aid, which is available to uninsured or underinsured individuals and families (not

businesses¹). You'll need to have insurance information on hand when you apply for FEMA aid so have your policy with you when you apply (more about this later).

- f. **Save your receipts and paperwork:** FEMA and/or your insurance company might require receipts to reimburse you for your living expenses.
- g. **Call your mortgage lender.** Many lenders will agree or have already offered to a temporary (e.g., 90-day) reprieve of your mortgage payments.
- h. **Continue to pay your insurance premiums.** Although you are paying insurance for a home and property that might not be available to you, your policy could include other coverages, for instance, living expenses while your home is not available, or personal liability coverage, so keep paying these premiums so your policy doesn't inadvertently lapse.

Financial Resources Available

3. Agencies Providing Financial Assistance and Resources

- a. **FEMA:** For losses not covered by insurance, aid might be available to individuals during an open enrollment period for housing assistance and other needs. The application (estimated to take 18-20 minutes to complete) can be accessed on-line here:

<https://www.disasterassistance.gov/> Currently, FEMA has not established any in-person assistance disaster recovery centers in California. For more information on FEMA Individual Disaster Assistance, visit the following website:

<https://www.fema.gov/individual-disaster-assistance>

Aid applications can be processed over the phone at: 1-800-621-3362 (711 VRS: 1-800-621-3362; TTY: 1-800-462-7585). If you'd like to receive SMS texts regarding the status of your application, text 43362. FEMA has a free smartphone app for status updates.

- b. **California:** Though there is currently no individual assistance available from the state of California; keep posted on this status by checking the State's Office of Emergency Services here:

- <http://www.caloes.ca.gov/ICESite/Pages/California-Wildfire-Resources.aspx>
- wildfirerecovery.org

- c. **Loans:**

- **Insurance policies:** If you have a cash value insurance policy with current built-up cash value, you might be able to take a loan from your policy.

¹ For businesses affected by the recent disasters in need of financial assistance, FEMA is directing them to the Small Business Administration for loans. See "Financial Resources Available" section on following page.)

- Small Business Administration: For businesses affected by the fires, “low-interest, long-term disaster loans” to repair or replace uninsured/underinsured property are available. Details on interest rates being charged were not immediately available. <https://www.sba.gov/funding-programs/disaster-assistance>
 - US Department of Agriculture and Farm Service Agency Loans. For farmers and ranchers to recover from physical and/or crop production losses up to \$500,000.
- d. **Red Cross**: The Red Cross, AICPA, and National Endowment for Financial Education have jointly created a workbook to help individuals prepare and recover from natural disasters (particularly, see the “At A Glance” recovery checklist in Chapter 6):
- <http://rdcrss.org/2i2FuS6>

Actions to Take Later

- 4. After Satisfying Your Emergency Needs:** Additional considerations for after your immediate financial requirements have been addressed:
- a. **IRS:** For certain taxpayers affected by wildfires, the IRS has postponed certain tax filing deadlines between October 8, 2017, and January 31, 2018. Taxpayers might be granted additional time to file through January 31, 2018. Call the IRS hotline 1-866-562-5227 if you need assistance²:
- If your tax returns were destroyed by fire, you can get copies of previous years’ returns by filing IRS’ **Form 4506** – Request for Copy of Transcript of Tax Form
 - Also, see **Publication 547**, “Casualties, Disasters, and Thefts,” for an explanation of how to calculate casualty losses on your tax return.
 - **Publications 584 and 584B**, personal and business property casualty loss workbooks
 - Know that the IRS will never call you by telephone. If you receive a call from the IRS claiming you should call them immediately, it’s not the IRS.
- b. **Watch out for scammers!** Beware of anyone trying to: steal your mail, ask for your Social Security number, or ask you to provide them direct deposit information for your bank accounts (so they can send you money, for example) – fraudsters will use emergencies as an opportunity to steal your data if you’re not alert. Check these government agencies’ websites to see the most common current frauds being committed:
- Federal Bureau of Investigation (FBI): fbi.gov/scams-safety/fraud
 - Securities and Exchange Commission (SEC): sec.gov/investor/brokers.htm

² IRS: <https://www.irs.gov/newsroom/tax-relief-for-victims-of-wildfires-in-california>

- Financial Industry Regulatory Authority Inc. (FINRA):
finra.org/Investors/ProtectYourself/InvestorAlerts/FraudsAndScams/
 - United States Federal Government: usa.gov/topics/consumer/scams-fraud.shtml
- c. **Renewing your home insurance:** Policyholders don't always take the time to read through renewal paperwork thoroughly, but be alert for terms that have changed from your previous policy that might result in increased premiums³. If you feel your insurance company is not dealing with you fairly, the California Department of Insurance might be able to help. Consumer hotline: 1-800-927-4357 (TTY: 1-800-482-4833)

Going Forward:

Refrain from being pressed into an immediate decision if it doesn't feel right (for example: hiring a contractor, giving someone sensitive information, etc.). If you don't have one already, consider creating a "digital" estate plan where your important documents are stored in an electronic, on-line vault or save them to a USB drive and store it in a bank safe deposit box.

³ <http://www.latimes.com/business/lazarus/la-fi-lazarus-fire-insurance-20171011-story.html>