Be Wary of Scams Perpetrated by Contractors After Hurricane Sandy, Warns the I.I.I.

November 7, 2012

IN THIS PRESS RELEASE

Contractor Fraud

SHARE THIS

• DOWNLOAD TO PDF

SPONSORED BY

FOR IMMEDIATE RELEASE

New York Press Office: (212) 346-5500; media@iii.org

NEW YORK, November 7, 2012? If your home was damaged or destroyed by Hurricane Sandy, being on the lookout for fraud is probably the last thing on your mind. Unfortunately, disasters all too often bring out unscrupulous contractors who prey on disaster victims, according to the Insurance Information Institute (I.I.I.).

After a disaster, professionals often go door-to-door to offer their services in neighborhoods that have sustained damage. While many of these business people are reputable, some are not. For the many homeowners who are victims of contractor fraud, it can force delays in rebuilding or even completely halt the rebuilding process after a catastrophe.

However, following some basic guidelines can help you avoid being defrauded in the wake of Hurricane Sandy.

Contractor Fraud

- 1. If a contractor comes to offer services, ask to see the salesperson?s drivers license and write down his or her license number and the vehicle?s license plate number.
- 2. Investigate the track record of any roofer, builder or contractor you are considering hiring. Look for professionals who have a solid reputation in your community. Use a local, licensed, bonded and insured contractor. You can call your Better Business Bureau for help. Also, get references and never give anyone a deposit until after you have thoroughly researched their background.
- 3. Ask to see any contractor?s proof of liability and workers compensation insurance.
- 4. Occasionally, even licensed contractors develop financial difficulties, have employee or credit problems, or fail to keep their license current. Contact your local contractor license board before signing any contract or advancing any large payments for work.
- 5. Ask your insurance professional for a list of reputable contractors if you don?t know of any yourself.
- 6. Do *not* be rushed into signing a contract with any company. Instead, collect business cards and get more than one written estimate for the proposed job. Get everything in writing including cost, work to

be done, time schedules, guarantees, payment schedules and other expectations that should be detailed.

- 7. Never sign a contract containing blanks; unacceptable terms might be added later.
- 8. Beware of building contractors that encourage you to spend a lot of money on temporary repairs. Payments for temporary repairs are covered as part of your total insurance settlement. If you pay a contractor a large sum for a temporary repair job, you may not have enough money for permanent repairs. In most cases, you should be able to make the temporary repairs yourself. Ask your insurance professional for guidance. And remember to keep receipts.
- 9. Never pay a contractor in full or sign a completion certificate until the work is finished and you are sure the reconstruction is up to current code.

A common scam is for a so-called ?contractor? to convince a homeowner that a large deposit must be provided before repair work can begin, according to the I.I.I. Frequently, the job will be started, but not completed and these con artists are never heard from again.

Another fraud scheme is to use inferior materials and perform shoddy work that is not up to code in order to pocket more profit.

While the choice of a contractor or service provider is yours, if it leads to more damage, which an insurer will have to pay to have repaired, the insurer has the option to subrogate against the contractor who did the faulty work? whether the contractor is licensed or not.

If you believe you have been approached by an unlicensed or unscrupulous contractor, or have been encouraged to fabricate an insurance claim, contact your insurance company, the local police or the National Insurance Crime Bureau hotline at 1-800-TEL-NICB (1-800-835-6422). You may also text your information to TIP411, keyword ?FRAUD?, and remain anonymous if you so desire.

RELATED LINKS

Podcast: Disaster Victims: Beware of Crooked Contractors

Facts and Statistics: Insurance Fraud

The I.I.I. has a full library of educational videos on its You Tube Channel. Information about I.I.I. mobile apps can be foundhere.

THE I.I.I. IS A NONPROFIT, COMMUNICATIONS ORGANIZATION SUPPORTED BY THE INSURANCE INDUSTRY.

Insurance Information Institute, 110 William Street, New York, NY 10038; (212) 346-5500; www.iii.org

Back to top