



# Getting Back On Your Feet After Hurricane Sandy

Client Advisories

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Many people are suffering as a result of Hurricane Sandy—from the inconvenience of power outages and interrupted services to the inability to find gasoline for vehicles and power generators to complete losses of homes and businesses. I have put together what I hope is useful information on insurance coverage, tax benefits and disaster assistance.

Note that, technically, we experienced a storm and not a hurricane, which is helpful when it comes to insurance. Damage and losses from a storm mean that regular insurance deductibles apply instead of hurricane deductibles, which can be 1% to 5% of your property's value. For more information on this topic, see [http://money.cnn.com/2012/11/01/real\\_estate/sandy-hurricane-deductible](http://money.cnn.com/2012/11/01/real_estate/sandy-hurricane-deductible).

## **Tips on Insurance Coverage:**

1. Identify and review all insurance policies. For example, homeowners should have homeowners, auto and umbrella insurance; businesses should have commercial property and business interruption insurance.
2. Ask your insurance broker and your attorney for assistance in determining your insurance coverage. You may not be aware of some coverage that may be available to you.
3. Promptly notify your insurance companies.
4. Review whether you have coverage from third parties. For example, your business may be named as an additional insured on another business' insurance policy.
5. Document all damage to property, expenses to prevent or mitigate further damage, losses due to interruption in business, etc. Ask your accountant to assist you in tracking your expenses and calculating your losses.
6. Submit a proof of claim within the time and in the manner provided in your insurance policies.

**Taxes:**

The IRS has announced that certain qualified disaster relief payments made to individuals are excludable from taxable income. For example, payments to cover necessary personal, family and living expenses and payments to repair your house and replace its contents, which expenses are not covered by insurance. For more information on this topic, see <http://www.irs.gov/uac/Hurricane-Sandy-Qualified-Treatment-of-Payments>. You should ask your accountant or a tax attorney for assistance on tax issues.

**Useful Websites:**

Federal Emergency Management Agency (FEMA)

FEMA Disaster Relief

IRS Disaster Assistance and Emergency Relief for Individuals and Businesses

IRS Help for Victims of Hurricane Sandy

IRS – qualified disaster relief payments excludable from taxable income

USA.gov (compilation of federal information)

NJ Hurricane Sandy Information Center

NJ Office of Emergency Management

NY State Division of Homeland Security and Emergency Services

NY City Office of Emergency Management

**Donations:**

If you would like to help, please consider making a charitable donation to the **American Red Cross**

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