After a Disaster: Avoiding Scams

COMMERCE DEPARTMENT

Stop. Verify. Report.

Disasters bring out helpers — and scammers. Take your time before signing anything or paying anyone.





Watch for common red flags

Be cautious if someone:

- ⇨ Shows up uninvited at your door
- ⇨ Pressures you to sign immediately
- ⇨ Demands full payment upfront
- ⇨ Claims they can get you a larger insurance settlement
- ⇨ Offers “free” upgrades or materials
- ⇨ Refuses to provide references or proof of insurance

A reputable contractor typically:

- ⇨ Provides a written contract
- ⇨ Uses a payment schedule tied to completed work
- ⇨ Does not require full payment before work begins

Before hiring a contractor

Ask for:

- ⇨ Business license information
- ⇨ Proof of liability insurance
- ⇨ Proof of workers’ compensation coverage
- ⇨ References from previous customers
- ⇨ A written estimate

Verify:

- ⇨ Online reviews
- ⇨ Better Business Bureau information
- ⇨ State licensing information
- ⇨ Insurance coverage documentation
- ⇨ Never pay anything up front

Be careful with assignment of benefits (AOB)

Some contractors may ask you to sign a document called an Assignment of Benefits. This can transfer some or all of your insurance claim rights to the contractor. Before signing:

- ⇨ Read the document carefully
- ⇨ Ask questions
- ⇨ Talk with your insurer
- ⇨ Consider seeking legal advice

You may be giving up important rights without realizing it.





Protect yourself from fraud

- ⇨ Keep copies of all contracts and receipts
- ⇨ Document all communications
- ⇨ Get everything in writing
- ⇨ Don't feel pressured to make immediate decisions
- ⇨ Trust your instincts if something feels wrong

Report suspected fraud

If you believe you have encountered a scam:

- ⇨ Contact your insurance company
- ⇨ Report concerns to the Minnesota Department of Commerce
- ⇨ Contact local law enforcement if necessary

Remember:

- ⇨ If someone says you must sign today, that's usually a reason to wait until tomorrow.

Consumer Service Center
651-539-1600

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mn.gov/commerce